No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering

Sentry Select Primary Metals Corp.
Uranium, Nickel, Molybdenum

Maximum: $175,000,000 (17,500,000 Units)

Each Unit consisting of a Class A Share and one full Class A Share Purchase Warrant

This prospectus qualifies the issuance of units (the “Units”) of Sentry Select Primary Metals Corp. (the “Corporation”), a corporation incorporated under the laws of Ontario. Each Unit will be made up of one Class A Share (“Class A Share”) and one full Class A Share purchase warrant (“Warrant”).

The Corporation will invest in an actively managed portfolio (the “Portfolio”) consisting primarily of securities of mining and exploration issuers. For at least the first three years, the Manager intends to focus on issuers that are engaged in the production of and/or exploration for uranium, nickel and molybdenum. The Manager believes that such securities are attractive investments because of the positive fundamental outlook for the price of uranium, nickel and molybdenum due to (i) increasing demand from industrial countries and developing economies, such as China and (ii) limitations of supply. The Manager also believes that securities of these issuers are currently undervalued as they are often valued by the market based on low historical prices and many issuers have the potential for production growth and/or promising exploration prospects that are not fully reflected in the current valuations.

The Corporation’s investment objective is to provide the holders of Class A Shares (the “Shareholders”) with long-term capital appreciation.

Sentry Select Capital Corp. (the “Manager” or “Sentry Select”) will be responsible for managing the Corporation and has been investing in issuers in the mining sector since 1997.

Each Warrant will entitle the holder to purchase one Class A Share at a subscription price of $12.00 at any time on or before 4:00 pm (Toronto time) on June 30, 2009.

Price: $10.00 per Unit
Minimum Purchase: 200 Units

<table>
<thead>
<tr>
<th>Price to the Public</th>
<th>Agents’ Fees</th>
<th>Net Proceeds to the Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Unit</td>
<td>$10.00</td>
<td>$0.525</td>
</tr>
<tr>
<td>Total Minimum Offering</td>
<td>$100,000,000</td>
<td>$5,250,000</td>
</tr>
<tr>
<td>Total Maximum Offering</td>
<td>$175,000,000</td>
<td>$9,187,500</td>
</tr>
</tbody>
</table>

Notes:
(1) The offering price was established by negotiation between the Agents (defined below) and the Manager.
(2) Before deducting the expenses of this offering (the “Offering”) and organizational expenses (estimated at $900,000) which, together with the Agents’ fees, will be paid out of the proceeds of the Offering. The Manager has agreed to pay all expenses incurred in connection with the Offering that exceed 1.50% of the gross proceeds of the Offering.
(3) There will be no closing unless a minimum of 10,000,000 Units are sold. If subscriptions for a minimum of 10,000,000 Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date.
(4) The Corporation has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days following the closing of the Offering, to purchase up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering will be $201,250,000 the Agents’ fees will be $10,565,625 and the net proceeds to the Corporation will be $190,684,375. See “Plan of Distribution”.

(continued on next page)
Provided that the Corporation qualifies as a mutual fund corporation within the meaning of the Tax Act and the Class A Shares and the Warrants are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange) such Class A Shares and Warrants will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans. See “Eligibility for Investment”.

See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in Units. There can be no assurance that the Corporation will be able to achieve its capital appreciation objective. An investment in the Units is speculative and involves a high degree of risk and may result in the loss of a substantial portion of an investor’s investment.

The Toronto Stock Exchange (“TSX”) has conditionally approved the listing of the Class A Shares and Warrants subject to the Corporation fulfilling all of the requirements of the TSX on or before August 14, 2007. The Class A Shares will be listed for trading under the symbol “PME”. The Warrants will be listed for trading under the symbol “PME.WT”.

Canaccord Capital Corporation, National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Dundee Securities Corporation, GMP Securities L.P., Richardson Partners Financial Ltd., Wellington West Capital Inc., Berkshire Securities Inc., Desjardins Securities Inc., Haywood Securities Inc., Jory Capital Inc., Industrial Alliance Securities Inc., MGI Securities Inc., Research Capital Corporation, and Union Securities Ltd. (collectively, the “Agents”) conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, on behalf of the Corporation, and Blake, Cassels & Graydon LLP on behalf of the Agents. The Agents may over-allot and may effect transactions to cover their over-allotted position. See “Plan of Distribution”.

Subscriptions will be received for the Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time. Closing of the Offering is expected to occur on or about June 14, 2007, but no later than July 13, 2007. The Offering of Class A Shares and Warrants will be conducted through the book-based system administered by CDS Clearing and Depository Services Inc. Beneficial owners of Class A Shares and Warrants will not receive physical certificates evidencing their ownership. See “Description of Class A Shares, Class J Shares and Warrants — Book-Based System”.

(continued from cover)
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GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“Additional Dividend” means a Dividend that, if necessary, will be made in each year to Shareholders of record on December 31 in order that the Corporation will generally not be liable to pay income tax, as described under “Dividends”.

“Agency Agreement” means the agency agreement dated as of May 25, 2007 among the Corporation, the Manager and the Agents.


“Business Day” means any day on which the TSX is open for business.

“CDS” means CDS Clearing and Depository Services Inc.

“CDS Participants” means participants in CDS.

“Class A Share” means a class A share of the Corporation.

“Class J Shares” means the class of shares of the Corporation designated as “Class J Shares”.

“Closing” means the closing of the Offering on the Closing Date.

“Closing Date” means the date of the Closing, which is expected to be on or about June 14, 2007, or such later date as the Corporation and the Agents may agree, but in any event not later than July 13, 2007.

“Corporation” means Sentry Select Primary Metals Corp., a corporation incorporated under the laws of Ontario.

“CRA” means the Canada Revenue Agency.

“Custodian” means State Street Trust Company Canada, in its capacity as custodian under the Custodian Agreement.

“Extraordinary Resolution” means a resolution passed by the affirmative vote of at least 662/3% of the votes cast, either in person or by proxy, at a meeting of Shareholders called for the purpose of considering such resolution.

“Management Agreement” means the management agreement to be entered into on or prior to the Closing between the Corporation and the Manager.

“Manager” means the manager of the Corporation, Sentry Select.

“Monthly Redemption” means a redemption of Class A Shares pursuant to the procedures described under “Redemption of Class A Shares — Monthly Redemption”.

“Monthly Redemption Date” with respect to particular Class A Shares means the second last Business Day of the month in which the Class A Shares were surrendered for a Monthly Redemption in that month.

“Monthly Redemption Price” means the lesser of:

(a) 90% of the “market price” (as defined) of the Class A Shares on the principal market on which the Class A Shares are quoted for trading during the 20 trading day period ending immediately before the Monthly Redemption Date; and

(b) 100% of the “closing market price” (as defined) on the principal market on which the Class A Shares are quoted for trading on the Monthly Redemption Date.

“Net Asset Value” or “NAV” means the net asset value of the Corporation, as determined by subtracting the aggregate amount of the liabilities of the Corporation from the total assets.
“NI 81-102” means National Instrument 81-102 Mutual Funds of the Canadian Securities Administrators, as it may be amended from time to time.

“Offering” means the offering of a minimum of 10,000,000 Units and a maximum of 17,500,000 Units at the Offering Price, as contemplated in this prospectus.

“Offering Price” means a price of $10.00 per Unit.

“Ordinary Dividends” means dividends other than capital gains dividends.

“Other Metals” refers to metal and mineral issuers that produce and/or engage in the exploration of metals and minerals other than uranium, nickel and molybdenum.

“Over-Allotment Option” means the option granted by the Corporation to the Agents, exercisable for a period of 30 days following Closing, to purchase an aggregate of up to 15% of the aggregate number of Units issued at Closing at the Offering Price, solely to cover over-allotments, if any.

“Portfolio” means the assets held by the Corporation from time to time as described under “Investments of the Corporation — The Portfolio”.

“Portfolio Securities” means the securities that are in the Portfolio.

“Private Issuer” means an issuer with securities for which a market quotation is not readily available, other than cash equivalents.

“Redemption Payment Date” means the date on or before the 10th Business Day following the applicable Monthly Redemption Date.

“Registrar and Transfer Agent” means Computershare Investor Services Inc.

“Sentry Select” means Sentry Select Capital Corp.

“Servicing Fee” means the servicing fee the Manager will pay the investment dealers equal to 0.40% annually of the NAV per Class A Share for each Class A Share held by the clients of the registered dealer.

“Shareholders” means holders of Class A Shares.

“Subscription Price” means the subscription price of one full Warrant which is $12.00.

“Tax Act” means the Income Tax Act (Canada) and the regulations thereunder.

“TSX” means the Toronto Stock Exchange.

“Unit” means one Class A Share and one full Warrant.

“Valuation Time” means 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Days of March, June, September and December.

“Warrant” means one full Class A Share purchase warrant entitling the holder to purchase one Class A Share at the Subscription Price at any time on or before the Warrant Expiry Time.

“Warrant Expiry Time” means the date and time upon which all unexercised Warrants expire and thereafter are null and void, being 4:00 pm (Toronto time) on June 30, 2009.

“Warrant Indenture” means the Warrant Indenture dated as of the Closing Date between the Corporation and Warrant Trustee applicable to the Warrants.

“Warrant Trustee” means Computershare Trust Company of Canada, pursuant to the Warrant Indenture.

“Warrantholder” means a holder of one or more Warrants.
PUBLIC INFORMATION

Certain information contained in this prospectus relating to mining and metals markets and certain participants in those markets is taken from and based solely upon publicly available information including industry associations, regulatory authorities, government agencies, industry commentators and information published by mining and metal issuers. Neither the Manager, the Corporation nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Corporation or the Manager. The forward looking statements are not historical facts but reflect the Corporation’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this prospectus.
# PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

## THE CORPORATION

The Corporation is a corporation incorporated under the laws of the Province of Ontario. It has been created with the intention of providing capital appreciation.

## THE OFFERING

<table>
<thead>
<tr>
<th>Offering:</th>
<th>The Offering consists of Units. Each Unit consists of one Class A Share and one full Warrant. Each Warrant will entitle the holder to acquire one Class A Share at a Subscription Price of $12.00 at any time on or before the Warrant Expiry Date.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount:</td>
<td>Minimum: $100,000,000 (10,000,000 Units)</td>
</tr>
<tr>
<td></td>
<td>Maximum: $175,000,000 (17,500,000 Units)</td>
</tr>
<tr>
<td>Offering Price:</td>
<td>$10.00 per Unit</td>
</tr>
<tr>
<td>Minimum Purchase:</td>
<td>200 Units ($2,000)</td>
</tr>
<tr>
<td>Rationale for the Corporation:</td>
<td>The Corporation will invest in an actively managed portfolio (the “Portfolio”) consisting primarily of securities of mining and exploration issuers. For at least the first three years, the Manager intends to focus on issuers that are engaged in the production of and/or exploration for uranium, nickel and molybdenum. The Manager believes that such securities are attractive investments because of the positive fundamental outlook for the price of uranium, nickel and molybdenum due to (i) increasing demand from industrial countries and developing economies, such as China and (ii) limitations of supply. The Manager also believes that securities of these issuers are currently undervalued as they are often valued by the market based on low historical prices and many issuers have the potential for production growth and/or promising exploration prospects that are not fully reflected in the current valuations.</td>
</tr>
<tr>
<td>Investment Objectives:</td>
<td>The Corporation’s investment objective is to provide Shareholders with long-term capital appreciation.</td>
</tr>
<tr>
<td>Investment Methodology and Strategy:</td>
<td>The net proceeds from the Offering will be invested in a portfolio consisting primarily in securities of issuers that are engaged in the production and/or exploration of metal and minerals. The Manager will actively manage the Corporation’s investments that will include rotation of weightings within the different metals. The Manager will use a combination of a top-down and value driven, bottom-up analysis to identify issuers for the Portfolio. This approach will involve the use of computer based research incorporating and rating a number of factors including profitability, liquidity, operating and administrative costs, cash flow and management. The Manager’s research process will also include the performance of specific resource property analysis. The Manager will draw from expertise in the metals and minerals mining industry available to it to assist in the evaluation of the underlying properties held by issuers. Subject to the Corporation’s investment...</td>
</tr>
</tbody>
</table>
restrictions, the Manager may from time to time purchase physical metals and/or minerals.

The following table sets out the approximate allocation of investments within the Portfolio as if the Portfolio Securities had been purchased on March 31, 2007.

### Approximate Initial Allocation of Issuers Within the Portfolio

<table>
<thead>
<tr>
<th>Sector</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uranium</td>
<td>50%</td>
</tr>
<tr>
<td>Nickel</td>
<td>20%</td>
</tr>
<tr>
<td>Molybdenum</td>
<td>20%</td>
</tr>
<tr>
<td>Other Metals</td>
<td>10%</td>
</tr>
<tr>
<td>Total Portfolio</td>
<td>100%</td>
</tr>
</tbody>
</table>

There can be no assurance that the Portfolio will have the metal and mining sector mix described above. The Manager will from time to time, at its discretion, change the allocation of the metal and mining sectors described above.

Manager:

Sentry Select is the manager of the Corporation. Sentry Select has been investing in the mining sector since 1997. Sentry Select is also responsible for providing or arranging for the provision of administrative services required by the Corporation. See “Management of the Corporation — The Manager”.

Sentry Select has taken the initiative in organizing the Corporation and accordingly, may be a “promoter” of the Corporation within the meaning of applicable securities legislation. See “Promoter”.

Historical Performance of Sentry Select Funds with Similar Investment Focus:

The Manager does not manage another product that has the identical investment objectives and investment focus as the Corporation. However, the Manager intends to use substantially the same investment methodology and strategy for the Corporation as it does for Sentry Select Mining Opportunities Class and Sentry Select Precious Metals Growth Fund, funds managed by Sentry Select that have similar investment focuses.

Kevin MacLean will be the portfolio manager responsible for the Portfolio and has been managing the Sentry Select Mining Opportunities Class since inception (March 2006), the Sentry Select Precious Metals Growth Fund since August 2004 and the Precious Metals and Mining Trust (MMP.UN) since inception (June 2006). The Sentry Select Precious Metals Growth Fund was the top performer in the precious metals category in 2005 and 2006, and was recently recognized for the best risk-adjusted performance (over three years) in its category at this year’s Canadian Lipper Fund Awards. According to Globefund.com, Sentry Select Mining Opportunities Class had the highest one-year return of all funds in the natural resources asset class as at March 31, 2007. As at March 31, 2007 Sentry Select managed over $600 million of assets invested in metals and mining issuers.

The following shows the historical annualized total returns for Sentry Select Mining Opportunities Class and Sentry Select Precious Metals Growth Fund as at March 31, 2007 (including the reinvestment of distributions) net of fees. This information does not reflect the expected performance of the
Corporation and is provided only to illustrate the experience and historic investment results obtained by Sentry Select in funds with a similar investment focus. This information is not, and should not be construed as, indicative of the future performance of the Units. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.

Annual Total Returns as at March 31, 2007\(^{(1)(2)}\)

<table>
<thead>
<tr>
<th>Fund</th>
<th>1 year</th>
<th>3 year</th>
<th>5 year</th>
<th>Since Inception(^{(3)})</th>
</tr>
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<tr>
<td>Sentry Select Mining Opportunities Class — Series A</td>
<td>45.2%</td>
<td>—</td>
<td>—</td>
<td>45.2%</td>
</tr>
<tr>
<td>Sentry Select Precious Metals Growth Fund — Series A</td>
<td>24.0%</td>
<td>31.1%</td>
<td>26.3%</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

(1) These funds are open-end mutual funds, do not have a market price and are not publicly listed on the TSX. In addition, these funds are subject to different expenses from the Corporation.

(2) Source: Sentry Select.

(3) Sentry Select Mining Opportunities Class inception date was March 27, 2006 and the inception date for Sentry Select Precious Metals Growth Fund was December 19, 1997.

Dividends: The Corporation does not intend to pay monthly cash dividends.

Market Purchase: The Corporation may purchase Class A Shares in the market for cancellation. If Class A Shares are offered on the TSX at prices that are less than 90% of the latest determined NAV per Class A Share, the Manager intends to offer to purchase such Class A Shares if it determines that such purchases are in the best interest of Shareholders. Purchases of Class A Shares by the Corporation will be subject to compliance with any applicable regulatory requirements and limitations.

Termination of the Corporation: The Corporation does not have a fixed termination date but may be terminated at any time with the approval of Shareholders by an Extraordinary Resolution and passed at a duly convened meeting of Shareholders called for the purpose of considering such Extraordinary Resolution.

**RISK FACTORS**

An investment in the Units is subject to certain risk factors, including the following:

1. the NAV per Class A Share will vary according to the value of the securities in which the Corporation invests;
2. no guaranteed return;
3. risk of loss of a substantial portion of investment due to speculative nature of investment;
4. the NAV per Class A Share and the trading price will be highly sensitive to commodity prices and, in particular, metals and minerals prices, and currency fluctuations;
5. investing in companies involved in mining exploration and development can be speculative and involve a high degree of risk regardless of the skill and experience of the issuer’s management;
6. no public market for molybdenum or uranium;
7. small capitalization companies generally are not as liquid as larger capitalization ones, and can be more difficult to buy and sell, with larger bid and ask spreads and more price volatility;
8. Class A Shares may trade in the market at a premium or a discount to the NAV per Class A Share and there can be no guarantee that Class A Shares will trade at a price equal to the NAV per Class A Share;
9. there can be no assurance that the Corporation will be able to achieve its capital appreciation objectives;
10. risks associated with performance of the securities in the Portfolio, including risks specific to investments in metals and minerals such as: (a) exploration and mining risks; (b) insurance risks; (c) title risk; (d) foreign country risk; (e) government regulation; and (f) environmental regulation;
11. a high turnover rate of the Portfolio can increase costs and lower the Corporation’s return;
12. increased financial investor demand and exchange traded funds may increase the volatility of issuers;
13. there is no organized exchange for trading uranium or molybdenum such that the spot prices are reported by industry sources and can be subject to large fluctuations;
14. some of the Corporation’s assets may be invested in foreign securities and consequently, the Canadian dollar equivalent of the Corporation’s net foreign denominated assets would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar;
15. uncertainties in valuation of the Corporation’s investment in physical metals or minerals;
16. risk associated with Private Issuers;
17. risks associated with the composition and concentration of the Portfolio;
18. reliance on management of the Corporation;
19. if a Shareholder does not exercise, or sells, the Warrants, then the value of the Class A Shares held by that Shareholder may be diluted as a result of the exercise of Warrants by others;
20. the Corporation's lack of operating history;
21. no market existing for the Class A Shares or Warrants;
22. the Corporation is not subject to regulation as a mutual fund or trust company;
23. the potential for conflicts of interest;
24. there is no assurance that the Manager will be able to invest the net proceeds of the Offering to reach the proposed initial weightings in a timely manner, which may negatively affect the Corporation's ability to fulfill its investment objectives;
25. risks associated with taxation of the Corporation; and
26. there can be no assurance that income tax laws and government incentive programs relating to the resource industry under the Tax Act will not be changed in a manner which adversely affects the dividends received by the Corporation and the Shareholders and/or the value of the Class A Shares or the securities in which the Corporation invests.

See “Risk Factors”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Tax Treatment of the Corporation

At the Closing Date, provided that Class A Shares are listed on a prescribed stock exchange in Canada (which includes the TSX), the Corporation will qualify, and intends to continue to qualify, as a mutual fund corporation under the Tax Act.

Tax Treatment of Shareholders Resident in Canada

Ordinary Dividends received by individuals on the Class A Shares will be subject to the gross-up and dividend tax credit rules for dividends received from taxable Canadian corporations. An enhanced gross-up and dividend tax credit is available for certain eligible dividends received from Canadian resident public corporations.
which are designated as such by the Corporation. Ordinary Dividends received by corporations (other than specified financial institutions) will generally be deductible in computing taxable income.

Ordinary Dividends received by private corporations (and certain other corporations) will generally be subject to a refundable tax under Part IV of the Tax Act. Corporations (other than private corporations and certain other corporations) should consult with their own tax advisors regarding the application of a 10% tax under Part IV.1 of the Tax Act to Ordinary Dividends received on the Class A Shares which are deductible in computing taxable income.

The amount of any capital gains dividend received by a Shareholder from the Corporation will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

A disposition, whether by way of redemption or otherwise, of a Class A Share held as capital property will result in a capital gain or capital loss to the holder thereof.

The exercise of a Warrant will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Shareholder who holds Warrants as capital property will, upon the disposition of a Warrant other than pursuant to the exercise thereof, realize a capital gain (or capital loss) in the taxation year of the Shareholder in which the disposition occurs to the extent that the proceeds of disposition of the Warrants, net of any reasonable costs of the disposition, exceed (or are less than) the adjusted cost base of such Warrant to the Shareholder.

For a detailed explanation of the Canadian federal income tax considerations generally relevant to investors, see “Canadian Federal Income Tax Considerations.”

**SUMMARY OF FEES AND EXPENSES PAYABLE BY THE CORPORATION**

The following table contains a summary of the fees and expenses payable by the Corporation. All fees and expenses of the Corporation will be paid in cash. For further particulars, see “Fees and Expenses”.

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees payable to the Agents</td>
<td>$0.525 per Unit (5.25% of the Unit price).</td>
</tr>
<tr>
<td>Expenses of Issue</td>
<td>The Corporation will pay the expenses incurred in connection with the Offering of Units by the Corporation, estimated to be $900,000. The Manager has agreed to pay all expenses incurred in connection with the Offering that exceed 1.5% of the gross proceeds of the Offering.</td>
</tr>
<tr>
<td>Fee payable to the Manager</td>
<td>An annual fee of 1.60% of NAV, calculated and payable monthly in cash or Class A Shares at the option of the Manager, plus an amount equal to the Servicing Fee payable to registered dealers of 0.40% of NAV as described below plus applicable taxes.</td>
</tr>
<tr>
<td>Manager Performance Fee</td>
<td>The Corporation will pay the Manager a performance fee calculated as at December 31 of each year, commencing with December 31, 2008. The performance fee will be an amount for each Class A Share then outstanding equal to 20% of the amount by which the NAV per Class A Share of the Corporation (calculated without taking into account the performance fee) (the “Adjusted NAV per Class A Share”) exceeds the Threshold Amount. For December 31, 2008, the Threshold Amount is $12. Thereafter the Threshold Amount for each subsequent year is the greater of 110% of the previous Threshold Amount and 110% of the NAV per Class A Share at December 31 of the previous year less the amount of any cash dividends payable for the year in respect of which the Threshold Amount is being determined.</td>
</tr>
<tr>
<td>Operating expenses of the Corporation</td>
<td>The Corporation will pay all ordinary expenses incurred in connection with the operation and administration of the Corporation estimated to be $300,000 per annum. The Corporation will also be responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Corporation which may be incurred from time to time.</td>
</tr>
<tr>
<td>SUMMARY OF FEES PAYABLE BY THE MANAGER</td>
<td></td>
</tr>
<tr>
<td>Servicing Fee</td>
<td>The Manager will pay to registered dealers a Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Class A Share for each Class A Share held by clients of the registered dealer.</td>
</tr>
<tr>
<td>Broker Performance Fee</td>
<td>The Manager will also pay to registered brokers a performance fee equal to their pro rata share, based on the number of Class A Shares held by their client on December 31 in any year, of 20% of the performance fee that the Manager is paid from the Corporation as of such December 31 (commencing with December 31, 2008 and only in respect of a December 31 as of which the Manager is paid a performance fee).</td>
</tr>
</tbody>
</table>
THE CORPORATION

The Corporation is a corporation incorporated under the laws of Ontario. See “Management of the Corporation”.

The principal office of the Corporation and Sentry Select is located at 130 King Street West, Suite 2850, Toronto, Ontario M5X 1A4.

INVESTMENTS OF THE CORPORATION

Rationale of the Corporation

The Corporation will invest in an actively managed portfolio (the “Portfolio”) consisting primarily of securities of mining and exploration issuers. For at least the first three years, the Manager intends to focus on issuers that are engaged in the production of and/or exploration for uranium, nickel and molybdenum. The Manager believes that such securities are attractive investments because of the positive fundamental outlook for the price of uranium, nickel and molybdenum due to (i) increasing demand from industrial countries and developing economies, such as China and (ii) limitations of supply. The Manager also believes that securities of these issuers are currently undervalued as they are often valued by the market based on low historical prices and many issuers have the potential for production growth and/or promising exploration prospects that are not fully reflected in the current valuations.

THE URANIUM INDUSTRY

Demand

The only significant commercial use for uranium is to fuel nuclear power plants for the generation of electricity. Nuclear power is the third most common source of electricity in the world.

World Electricity Generation


Demand for uranium increased following the 1973 ‘oil shock’, when orders for new nuclear reactors jumped and existing reactors stockpiled the metal. However, the expansion of nuclear power was less rapid than had been predicted, partly a result from the accidents at Three Mile Island in 1979, which led to a moratorium on new nuclear power plants in the United States, and Chernobyl in 1986 that led to a slowdown in reactor construction worldwide.

According to the International Energy Agency, the share of electricity in total energy consumed is forecast to rise from 16 per cent in 2004 to 21 per cent in 2030 and that as a result of world population growth and
economic growth in Asia, world net electricity demand is also expected to nearly double between 2002 and 2030. As a result, demand for nuclear energy will increase. According to the World Nuclear Association, as of January 2007 there were 435 reactors in operation, 28 under construction, 64 planned and 158 proposed.

**Supply**

According to Cameco Corp. the world’s largest producer, production from world uranium mines supplies only 62 per cent of the requirements of power utilities. The balance comes from secondary sources, such as inventories held by utilities and governments, reprocessed reactor fuel, and recycled materials from the Russian HEU (highly-enriched uranium) program. Under this agreement, which came into effect in 1993, Russia dismantles a significant portion of their nuclear weapons, downblends the HEU into low-enriched uranium (LEU) and sells it to USEC Inc., an American firm, which resells the LEU as reactor fuel. The program aims to recycle 500 tonnes of HEU by 2013.

As a result of declining demand and increased supply, uranium prices decreased and utilities drew down inventories.

**Uranium Inventories Held by U.S. Utilities**

![Graph showing uranium inventories](image)

Source: Ux Consulting, GMP Securities LP (GMP)

**Outlook**

The Manager believes that strong demand relative to supply will support relatively high uranium prices over the next few years due to a number of factors including:

- Demand for nuclear power is expected to increase, partly due to expected increase in world net electricity demand. Also bolstering demand for nuclear power are high crude oil prices, which have led many governments to consider alternative sources of energy, and increasing concern over carbon emissions and global warming, which has led to a reappraisal of the environment benefits of nuclear power.
There is inelastic demand from nuclear power plants with regards to the price of uranium. According to the OECD Nuclear Energy Agency, fuel costs make up about 20 per cent of the costs of nuclear-generated electricity, whereas fuel costs in fossil fuel-fired plants account for approximately 80 per cent of total cost.

**Monthly Fuel Costs to U.S. Electric Utilities**

(2005 cents per kilowatt hour)

Source: Global Energy Decisions, Nuclear Energy Institute.

- Decreasing inventory levels held at utilities.
- Indications from the Russian government that it does not expect to extend the HEU agreement beyond 2013 due to its own needs to maintain inventories to supply its growing reactor program.
- There have not been many discoveries of large deposits, due to a lack of exploration during the prolonged period of depressed uranium prices. As well, it has been difficult to bring uranium mines into production quickly due to regulatory and political factors.
- The October 2006 flooding of the Cigar Lake project in northern Saskatchewan, the second largest uranium deposit in the Athabasca Basin, and the possible delay in production startup to 2010 and full production to 2013, when it would account for approximately 10 per cent of current global demand.
Annual Uranium World Total Supply and Demand


THE NICKEL INDUSTRY

Demand

According to the London Metal Exchange, approximately 65 per cent of all nickel is used to produce stainless steel. The other end uses are nickel alloys, chemicals, electroplating, catalysts, and batteries.

Consumption and Use of Nickel

Source: London Metal Exchange

Nickel consumption is driven primarily by demand for stainless steel products. Most stainless steels have varied resistance to corrosion and can be recycled. Steel is a metal alloy of iron and carbon where carbon acts as a hardening agent. There are many varieties of stainless steel with the most common alloys being chrome, nickel and manganese.
Nickel demand is expected to increase over the next few years, driven by a projected doubling by 2010 of Chinese stainless steel production.

On a longer-term basis, stainless steel growth is underpinned by low intensity usage in China. According to Inco’s chart below, as countries industrialize, capital intensity increases such that China will need approximately 9 kilograms per capita by 2009 which equates to 180,000 to 240,000 tonnes more nickel per year, or a 13 to 17 per cent increase in global demand.

Source: Brook Hunt, Canaccord Adams estimates

Source: Inco
Supply

The main sources of supply of nickel are:

i) mine production
ii) stainless steel scrap
iii) nickel inventories

i) Mine Production

As shown in the graph below, primary mine production will not be sufficient to meet demand growth.

![World Nickel Production Forecast](image)

Source: Inco

Nickel deposits can primarily be classified into two categories: laterite and sulphide. Currently, nickel laterite deposits make up 73 per cent of the global nickel resources, but only 44 per cent of production. Traditionally, nickel sulphide deposits have been mined due to their simple metallurgical recovery. Since many of the sulphide deposits have already been mined, longer-term more nickel will be produced from laterite deposits. Laterite deposits have several challenges including technological problems with the concentrating process, remote location, and environmental concerns due to surface mining methods. As a result of these challenges, the construction and ramp-up of mines have been delayed and capital expenditures have nearly doubled as shown in the table below. Laterite deposits have also suffered from higher operating costs since these deposits require larger smelters and therefore consume larger amounts of energy than sulphide deposits.

<table>
<thead>
<tr>
<th>Project (in construction)</th>
<th>Estimated capex</th>
<th>Actual capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goro (CVRD)</td>
<td>US$1.4 billion</td>
<td>US$3.0 billion</td>
</tr>
<tr>
<td>Ravensthorpe (BHP Billiton)</td>
<td>US$0.7 billion</td>
<td>US$2.2 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mine</th>
<th>Estimated Operating cost</th>
<th>Actual Operating cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murrin Murrin (Minara Resources)</td>
<td>US$2,425/tonne</td>
<td>US$6,967/tonne</td>
</tr>
<tr>
<td>Bulong (Preston Resources)</td>
<td>US$1,766/tonne</td>
<td>US$7,937/tonne</td>
</tr>
</tbody>
</table>

Source: Company publications
ii) Stainless steel scrap

The amount of scrap available tends to increase with increases in the nickel price. BHP Billiton believes there is limited elasticity of scrap supply since it was largely utilized during the price spike in 2004-2005.

iii) Nickel inventories

In 2006, London Metal Exchange inventories have been below historical standards. Canaccord Adams projects inventories will trend even lower. When inventories are very low, there is an increased chance for price spikes since even small supply disruptions can be material.

Nickel Inventory (in weeks)

Source: Bloomberg, Metals Bulletin, Canaccord Adams estimates

Outlook

The Manager believes that strong demand relative to supply will support relatively high nickel prices over the next few years due to a number of factors including:

- CRU, a commodities analysis and consulting firm, expects global demand for stainless steel, largest uses of nickel, to grow approximately 5 per cent a year underpinned by strong demand from China.
- To meet the expected demand in the period 2006 to 2011, CRU estimates that approximately 320,000 tonnes of new nickel capacity is required.
- High prices have caused some substitution, but it is unlikely to be significant due to the small proportion used in most stainless steel products. In high-end applications that require high corrosion resistance, nickel is difficult to substitute.
- Supply in the medium to longer-term is expected to come mainly from large laterite deposits that are challenged by metallurgy, lack of infrastructure, and cost overruns on construction and operations.
Demand

Due to its chemical properties, molybdenum is used mainly for alloying to enhance a material's strength and resistance to high temperature and corrosion. The largest use of molybdenum is as an alloy in steel products.

Stainless steels are required in corrosion-resistant applications such as water distribution systems and equipment used for food handling, chemical processing, hospitals and laboratories. Alloy steels include the stronger and tougher steels needed to make petroleum pipelines, nuclear power plants, automotive and aircraft engine parts, high-speed drills, cutters, and saw blades and pollution control equipment. Other major uses include strengthening cast iron for large mining, milling and crushing equipment, petroleum refining catalysts, lubricants, paint pigments, and smoke and flame retardants.

According to UBS, Global demand for molybdenum has risen from 220 million pounds in 1992 to about 393 million pounds in 2005, representing a compound annual growth rate of over 4 per cent. The United States, Japan, Germany and China are the largest markets, together accounting for roughly half of total world demand.
Molybdenum Demand

Projected demand assumes 4% growth

Climax Mine opens 1918

Molybdenum demand to 2005

Source: International Molybdenum Association, Blue Pearl Mining Ltd.

Supply

Economic deposits of molybdenum primarily occur in large, bulk-tonnage porphyry deposits. Approximately three-quarters of global molybdenum production is a by-product from copper-producing mines, up steeply from the late 1970s when over half of global production came from primary molybdenum mines. This is the result of the development from the 1980s onward of numerous Chilean copper mines that produce molybdenum as a by-product, and the general weakness of molybdenum prices that made the economic development of new primary molybdenum mines uneconomic.

Global Mine Production of Molybdenum (000s tonnes)

The following graph shows the geographical distribution of global mine production of molybdenum, as well as reserves and reserve base for each country. Three countries — United States, Chile and China — account for approximately 75 per cent of the world supply.

Global Molybdenum Supply


Global supply has not kept up with demand, partly the result of the increase in the percentage of molybdenum produced as a by-product from copper mines. Many of the copper mines brought into production over the past twenty-five years have utilized solvent extraction-electrowinning (SX-EW) to recover copper, a process that does not recover molybdenum unless a separate circuit is installed.

Due to the supply-demand imbalance, global molybdenum inventories as measured in months of consumption have dramatically decreased over the past five years.

Global Molybdenum Inventories

Source: International Molybdenum Association, CRU, GMP.
The Manager believes that strong demand relative to supply will support relatively high molybdenum prices over the next few years due to a number of factors including:

- A high rate of substituting molybdenum with other metals (e.g., tungsten, vanadium) is not economically feasible due to molybdenum’s unique chemical properties.

- CRU, a commodities analysis and consulting firm, expects global demand for stainless steel, one of the largest uses of molybdenum, to grow approximately 5 per cent a year from 2006 to 2011, underpinned by strong demand from China.

- High oil and natural gas prices the past three years have spurred a boom in pipeline construction, which require molybdenum for its corrosion-resistant properties. According to the Pipeline & Gas Journal (September 2006), international pipeline construction activity indicates that 45,505 miles of oil and gas pipelines are planned, and an additional 6,793 miles of pipeline are in various stages of construction.

- According to GMP, the by-product supply of molybdenum from copper mines is unlikely to significantly increase as many of the planned copper mines are located in the Democratic Republic of Congo, where deposits are rich in copper and cobalt, but host relatively insignificant molybdenum content.

- According to Haywood Securities Inc., grade maximization of molybdenum through “selective mining” by copper producers is not expected to increase from 2005 levels, and could be difficult to sustain over a long time.

- According to GMP, there is limited recycling of molybdenum. In the Western World, approximately 9 million pounds of molybdenum is recovered from old catalysts, used in industrial emission control devices, representing only 2.2 per cent of the 2006 global supply of around 410 million pounds.

- Reduced exports from China, following the government’s introduction on January 1, 2007 of a 15 per cent export tax on unwrought molybdenum and molybdenum powder.

**Investment Objectives**

The Corporation’s investment objective is to provide Shareholders with long-term capital appreciation.
Investment Methodology and Strategy

The net proceeds from the Offering will be invested in a portfolio consisting primarily in securities of issuers that are engaged in the production and/or exploration of metal and minerals. The Manager will actively manage the Corporation’s investments that will include rotation of weightings within the different metals.

The Manager will use a combination of a top-down and value-driven, bottom-up analysis to identify issuers for the Portfolio. This approach will involve the use of computer based research incorporating and rating a number of factors including profitability, liquidity, operating and administrative costs, cash flow and management. The Manager’s research process will also include the performance of specific resource property analysis. The Manager will draw from expertise in the metals and minerals mining industry available to it to assist in the evaluation of the underlying properties held by issuers. The Manager initially intends to focus on equities with:

- high cash flow and free cash flow yields on invested capital;
- those with low multiples to net asset value based on below market metal price assumptions;
- those that have undervalued, in-development metal and mineral deposits that are expected to grow in value as they advance to production;
- those with advanced exploration deposits that the Manager considers to have a high probability of commercial viability and substantial potential for expansion prior to commencement of feasibility studies and production financing; and
- those that represent discounted financing opportunities, particularly those with additional leverage from warrants.

From time to time the Portfolio will include cash and cash equivalents which may at times constitute a significant portion of the Portfolio. The Manager believes that in ordinary market conditions cash and cash equivalents would constitute less than 10% of the net asset value of the Portfolio.

Subject to the Corporation’s investment restrictions, the Manager may from time to time purchase physical metals and/or minerals. The Manager may, on behalf of the Corporation, from time to time purchase futures, forward contracts, options on metals and/or minerals, and any other derivative contract relating to metals and/or minerals.

Although the Manager expects that the investment strategy focus for at least the first 3 years of the Corporation will be uranium, nickel and molybdenum, the Manager has the right to change the focus to securities of issuers that are engaged in the production of and/or exploration for, Other Metals.

It is anticipated that the Corporation’s Portfolio will have a high turnover rate. This can increase trading costs, which lower the Corporation’s return. It also increases the possibility that Shareholders will receive capital gains dividends.

Historical Performance of Sentry Select Funds with Similar Investment Focus

The Manager does not manage another product that has the identical investment objectives and investment focus as the Corporation. However, the Manager intends to use substantially the same investment methodology and strategy for the Corporation as it does for Sentry Select Mining Opportunities Class and Sentry Select Precious Metals Growth Fund, funds managed by Sentry Select that have similar investment focuses.

Kevin MacLean will be the portfolio manager responsible for the Portfolio and has been managing the Sentry Select Mining Opportunities Class since inception (March 2006), the Sentry Select Precious Metals Growth Fund since August, 2004 and the Precious Metals and Mining Trust (MMP.UN) since inception (June 2006). The Sentry Select Precious Metals Growth Fund was the top performer in the precious metals category in 2005 and 2006, and was recently recognized for the best risk-adjusted performance (over three years) in its category at this years Canadian Lipper Fund Awards. According to Globefund.com, Sentry Select Mining Opportunities Class had the highest one-year return of all funds in the natural resources asset class as at
March 31, 2007. As at March 31, 2007 Sentry Select managed over $600 million of assets invested in metals and mining issuers.

The following shows the historical annualized total returns for Sentry Select Mining Opportunities Class and Sentry Select Precious Metals Growth Fund as at March 31, 2007 (including the reinvestment of distributions) net of fees. This information does not reflect the expected performance of the Corporation and is provided only to illustrate the experience and historic investment results obtained by Sentry Select in funds with a similar investment focus. This information is not, and should not be construed as, indicative of the future performance of the Units. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>3 year</th>
<th>5 year</th>
<th>Since Inception(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentry Select Mining Opportunities Class — Series A</td>
<td>45.2%</td>
<td>—</td>
<td>—</td>
<td>45.2%</td>
</tr>
<tr>
<td>Sentry Select Precious Metals Growth Fund — Series A</td>
<td>24.0%</td>
<td>31.1%</td>
<td>26.3%</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

(1) These funds are open-end mutual funds, do not have a market price and are not publicly listed on the TSX. In addition, these funds are subject to different expenses from the Corporation.

(2) Source: Sentry Select.

(3) Sentry Select Mining Opportunities Class inception date was March 27, 2006 and the inception date for Sentry Select Precious Metals Growth Fund was December 19, 1997.

The Portfolio

The following table sets out the approximate allocation of investments within the Portfolio as if the Portfolio Securities had been purchased on March 31, 2007.

<table>
<thead>
<tr>
<th>Portfolio Securities</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uranium</td>
<td>50%</td>
</tr>
<tr>
<td>Nickel</td>
<td>20%</td>
</tr>
<tr>
<td>Molybdenum</td>
<td>20%</td>
</tr>
<tr>
<td>Other Metals</td>
<td>10%</td>
</tr>
<tr>
<td>Total Portfolio</td>
<td>100%</td>
</tr>
</tbody>
</table>

There can be no assurance that the Portfolio will have the metal and mining sector mix described above. The Manager will from time to time, at its discretion, change the allocation of the metal and mining sectors described above.

INVESTMENT RESTRICTIONS

The Corporation may not:

(a) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) if as a result more than 10% of the Corporation’s total assets would consist of securities issued by such issuer;

(b) borrow money in excess of 5% of the Corporation’s total assets after giving effect to the borrowing;

(c) make loans or guarantee obligations, except that the Corporation may purchase and hold debt obligations (including bonds, debentures or other obligations and certificates of deposit, bankers’ acceptances and fixed time deposits) in accordance with its investment objectives;

(d) purchase securities on margin or sell securities short;
(e) invest for the purpose of exercising control over management of any issuer;

(f) invest more than 10% of its total assets (on a fair market value basis) in securities of Private Issuers or any other investment that would be “taxable Canadian property” within the meaning of the Tax Act;

(g) invest in any securities of an entity that would be a foreign affiliate of the Corporation for purposes of the Tax Act;

(h) invest in any security that is a tax shelter investment within the meaning of the Tax Act;

(i) hold securities of any non-resident corporation or trust or other entity (or of a partnership which holds such securities) if the Corporation (or partnership) would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act, or invest in any interest in a non-resident trust other than an “exempt foreign trust” as defined in proposed section 94 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and non-resident trusts released on November 9, 2006 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(j) undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Corporation failing to qualify as a “mutual fund corporation” within the meaning of the Tax Act;

(k) purchase real estate or real estate mortgage loans (other than securities issued by issuers that invest in real estate);

(l) act as an underwriter except to the extent that the Corporation may be deemed to be an underwriter in connection with the sale of securities in its Portfolio;

(m) purchase or sell derivatives except as permitted by NI 81-102 (as if the Corporation were subject to NI 81-102); or

(n) invest in mutual funds (within the meaning of NI 81-102).

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Corporation will not be considered a violation of the restriction (except for the restrictions in paragraphs (f), (g), (h), (i) and (j) which must be complied with at all times and may necessitate the selling of securities from time to time). If the Corporation receives from an issuer subscription rights to purchase securities of that issuer, and if the Corporation exercises such subscription rights at a time when the Corporation’s Portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, the Corporation has sold at least as many securities of the same class and value as would result in the restriction being complied with.

The foregoing investment restrictions may not be changed without the approval of the Shareholders, by a resolution passed by two-thirds of the votes cast at a meeting of Shareholders called for such purpose, unless such changes are necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time. See “Shareholder Matters”.

Borrowing

The Corporation may borrow from an arm’s length financial institution an amount not exceeding 5% of the value of the total assets of the Corporation for the purpose of making investments in accordance with its investment objectives and restrictions, for working capital purposes and to pledge its assets to secure the borrowings. Initially, the Corporation does not intend to borrow.
MANAGEMENT OF THE CORPORATION

Directors and Officers of the Corporation

The names, municipality of residence, office and principal occupation of each of the directors and officers of the Corporation are as follows:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Office with the Corporation</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOHN F. DRISCOLL ..................</td>
<td>President, Chief Executive Officer and Director</td>
<td>Chairman, President and Chief Executive Officer, Sentry Select</td>
</tr>
<tr>
<td>Toronto, Ontario</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JOHN VOOGALID ......................</td>
<td>Chief Financial Officer</td>
<td>Senior Vice-President, Treasurer, Sentry Select</td>
</tr>
<tr>
<td>King City, Ontario</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JACK MCOUAT .......................</td>
<td>Director</td>
<td>Principal Consultant and Director, Watts, Griffis and McOuat Limited</td>
</tr>
<tr>
<td>Toronto, Ontario</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RICHARD ZARZECZNY ..................</td>
<td>Director</td>
<td>President, Canadian Enerdata Limited</td>
</tr>
<tr>
<td>Stouffville, Ontario</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PHILLIP JOHNSON .....................</td>
<td>Director</td>
<td>President, Pinnacle Reefs Ltd.</td>
</tr>
<tr>
<td>Toronto, Ontario</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

During the past five years, all of the directors and officers of the Corporation have held the principal occupations noted opposite their respective names, or other occupations with their current employer or a predecessor company.

The following is a brief description of the background of the directors and officers of Sentry Select Primary Metals Corp. that are not listed under “The Manager”.

Jack F. McOuat, P.Eng., Director

Jack F. McOuat, P.Eng., was one of the initial founders of Watts, Griffis and McOuat Limited (an engineering and geological consulting firm) in 1962 and was with the firm until his retirement in 2004. Mr. McOuat has over 45 years experience in the mining industry. Mr. McOuat received his Bachelor of Applied Science Degree (Geological Engineering) from the University of Toronto in 1956 and was awarded an Hon. D. Eng. from the Technical University of Nova Scotia in 1987.

Richard J. Zarzeczny, Director

Richard J. Zarzeczny is the President of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and natural gas market analysis and price forecasting. Mr. Zarzeczny founded Canadian Enerdata Limited in 1984. He is publisher/editor of the Canadian Gas Price Reporter, the leading publication for Canadian natural gas prices and price indices. He graduated from Simon Fraser University in 1980 with a Master of Arts Degree in Economics specializing in econometrics and in 1975 received a Master of Arts Degree in Mathematics from the University of Regina.

Philip Johnson, Director

Philip Johnson has been President of Pinnacle Reefs Ltd., a private consulting company that provides management consulting and financial services largely to emerging and senior oil and gas companies, since 1988. From 1972 to 1988, Mr. Johnson held various coordination and management capacities at Imperial Oil Limited, including Vice-President of the Commercial Department. Mr. Johnson’s responsibilities included wholesale petroleum product sales, acquisition of crude oil for refineries, scheduling of refineries, product pipeline operations and the lubricants business. During his tenure he was seconded to Exxon Mobil Corporation as Coordinator of World Petroleum Product Sales and then Coordinator of World Downstream Strategic Planning.
Mr. Johnson serves as a director of European Goldfields Limited, CAPVEST Income Corp., Canadian Income Management CIM Limited, Universal Infrastructure Corp. and Global Alternatives Inc. as well as several private corporations. Mr. Johnson is Vice-Chairman of the North South Institute, an institute that develops policy on international economic development and conflict resolution. Mr. Johnson has been a member of the CJCF Charitable Fund, a fund that provides seed capital to charitable ventures, since 1973 and served as its Chairman for five years. Mr. Johnson received a Master of Arts (International Relations) degree in 1970 from the Patterson School of International Affairs at Carleton University where Lester B. Pearson was his thesis advisor.

The Manager

Sentry Select Capital Corp., the Manager of the Corporation, is a Canadian wealth management company that manages approximately $8 billion in gross assets as of March 31, 2007. The company offers a diverse range of investment products including closed-end trusts, mutual funds, principal-protected notes and flow-through limited partnerships, covering a variety of domestic and global mandates. With 30 reporting issuers, Sentry Select is the leading manager and/or advisor to entities listed on the Toronto Stock Exchange.

Sentry Select is the manager of the Corporation and, as such, is responsible for making all investment decisions of the Corporation in accordance with the investment objectives, strategy and criteria and for arranging for the execution of all Portfolio transactions. The Manager is also responsible for providing or arranging for required administrative services to the Corporation including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Corporation; preparing financial statements and financial and accounting information as required by the Corporation; ensuring that Shareholders are provided with financial statements and other reports as are required by applicable law from time to time; ensuring that the Corporation complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Corporation’s reports to Shareholders and the Canadian securities regulatory authorities; determining the amount of dividends to be made by the Corporation; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

Sentry Select is required to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Corporation, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in the circumstances.

The Management Agreement between the Corporation and Sentry Select shall have an initial term commencing on the Closing Date and expiring on the fifth anniversary. The Management Agreement will renew automatically for successive five-year terms following the initial term provided that there has been no breach or material default of the terms of the Management Agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Corporation or Sentry Select to the other. Except in connection with the termination of the Corporation, in the event of such termination of the Management Agreement by the Corporation:

Sentry Select shall be entitled to receive from the Corporation an amount equal to:

(i) five times 1.6% of the net asset value calculated as at the close of business on the date of termination of the management agreement; and

(ii) five times the performance bonus paid in respect of the completed calendar year immediately preceding the date of termination of the management agreement, plus applicable taxes.

Sentry Select may resign as manager of the Corporation upon 60 days’ notice to the Shareholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of Sentry Select, its successor must be approved by the Shareholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the Shareholders may remove the Manager and appoint a successor manager.

Sentry Select is entitled to fees for its services under the Management Agreement as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by Sentry Select on behalf of the Corporation. In addition, Sentry Select and each of its directors, officers, employees and agents will be
indemnified by the Corporation for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Sentry Select or any of its officers, directors, employees or agents in the exercise of its duties as Manager, if they do not result from Sentry Select’s wilful misconduct, bad faith, negligence or breach of its obligations under the Management Agreement and the Corporation has reasonable grounds to believe that the action or inaction that gave rise to the claim was in the best interests of the Corporation.

The management services of Sentry Select under the Management Agreement are not exclusive and nothing in the Management Agreement prevents Sentry Select from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Corporation) or from engaging in other activities. See “Conflicts of Interest”.

The name and municipality of residence of each of the directors, applicable officers of Sentry Select and their principal occupation are as follows:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Office</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOHN F. DRISCOLL Toronto, Ontario</td>
<td>Chairman, President, Chief Executive Officer and Director</td>
<td>Chairman, President and Chief Executive Officer, Sentry Select</td>
</tr>
<tr>
<td>HON. MICHAEL A. MEIGHEN Toronto, Ontario</td>
<td>Director</td>
<td>Counsel to Ogilvy Renault (law firm) and Member of the Senate of Canada</td>
</tr>
<tr>
<td>DONALD J. WORTH Willowdale, Ontario</td>
<td>Director</td>
<td>Independent Businessman</td>
</tr>
<tr>
<td>SIMON B. SCOTT Oakville, Ontario</td>
<td>Director</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>FRANK POTTER Toronto, Ontario</td>
<td>Director</td>
<td>Chairman, Emerging Market Advisors Inc. (consulting firm) and Corporate Director</td>
</tr>
<tr>
<td>H. GARFIELD EMERSON Toronto, Ontario</td>
<td>Director</td>
<td>Principal, Emerson Advisory and Corporate Director</td>
</tr>
<tr>
<td>DAVID M. SCHWARTZ Toronto, Ontario</td>
<td>Senior Vice-President and Chief Operating Officer</td>
<td>Senior Vice-President and Chief Operating Officer, Sentry Select</td>
</tr>
<tr>
<td>JOHN VOOGGLAID King City, Ontario</td>
<td>Senior Vice-President, Chief Financial Officer and Treasurer</td>
<td>Senior Vice-President, Chief Financial Officer and Treasurer, Sentry Select</td>
</tr>
<tr>
<td>KEVIN R. MACLEAN Oakville, Ontario</td>
<td>Vice-President and Senior Portfolio Manager</td>
<td>Vice-President and Senior Portfolio Manager, Sentry Select</td>
</tr>
<tr>
<td>GLENN G. MACNEILL Toronto, Ontario</td>
<td>Vice-President, Investments</td>
<td>Vice-President, Investments, Sentry Select</td>
</tr>
<tr>
<td>JAMES ALEXANDER (SANDY) McIntyre</td>
<td>Senior Vice-President and Senior Portfolio Manager</td>
<td>Senior Vice-President and Senior Portfolio Manager, Sentry Select</td>
</tr>
<tr>
<td>GORDON R. HIGGINS Toronto, Ontario</td>
<td>Vice-President, Equities</td>
<td>Vice-President, Equities, Sentry Select</td>
</tr>
<tr>
<td>RANIERO CORSINI Mississauga, Ontario</td>
<td>Senior Vice President, Global Structured Products</td>
<td>Senior Vice President, Global Structured Products, Sentry Select</td>
</tr>
<tr>
<td>LAURA LAU Toronto, Ontario</td>
<td>Senior Portfolio Manager</td>
<td>Senior Portfolio Manager, Sentry Select</td>
</tr>
</tbody>
</table>
The following is a brief description of the background of the key management of Sentry Select.

**John F. Driscoll, Chairman, President, Chief Executive Officer and Director**

Mr. Driscoll is the founding President, Chairman and Chief Executive Officer of Sentry Select Capital Corp. He also founded and has been Chairman of NCE Resources Group since 1984, and Chairman and Founder of Petrofund Energy Trust since 1988. He is also Chairman of Inter Pipeline Fund, Strategic Energy Fund, Endev Energy Inc. and C.A. Bancorp. since October 2002, May 2002, October 2003 and January 2006 respectively. Mr. Driscoll has been president, since 1981, of J.F. Driscoll Investment Corp., a company specializing in investment management and related advisory and consulting services. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. He has more than 30 years of diversified business experience. He is a member of the CFA Institute (formerly the Association for Investment Management and Research) and also attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as public and private energy and investment related companies. During the last 20 years, issuers of which Mr. Driscoll was chairman or CEO have invested or managed the investment of more than $10.5 billion. He is Vice-Chair of the Royal Ontario Museum Foundation Board of Directors.

**Honourable Michael A. Meighen, Q.C., Director**

Senator Meighen is a Director of Sentry Select. He currently chairs the Investment Review Committee of the Cundill Funds and is a Director of Paribas Participations Limitée and J.C. Clark Ltd. In 1990, Senator Meighen was appointed to the Senate of Canada, where he serves on the Senate Standing Committees on Banking, Trade and Commerce, National Security and Defence, and Fisheries. He also chairs the Senate Subcommittee on Veterans Affairs. Senator Meighen is counsel to the law firm Ogilvy Renault and has practised litigation and commercial law in Montreal and Toronto. Senator Meighen received his Bachelor of Arts Degree from McGill University in 1960 and his Civil Law Degree from Université Laval in 1963 and has received an Honorary Doctorate of Laws from each of Mount Allison University and the University of New Brunswick.

**Donald J. Worth, Director**

Mr. Worth held the position of Vice-President, Global Mining Group at the Canadian Imperial Bank of Commerce prior to his retirement in August 1997 following over 30 years at such bank. Earlier in his career, Mr. Worth held various positions in the mining operations of Asarco Mexicana, Lake Asbestos of Québec and Canadian Gypsum. He is a past President of the Canadian Institute of Mining, Metallurgy and Petroleum and holds a Masters of Applied Science degree in Mining Engineering from the University of Toronto. Mr. Worth is presently a Director of several resource companies and has served as a trustee of Labrador Iron Ore Royalty Income Fund since 1995.

**Simon B. Scott, Q.C., Director**

Mr. Scott was a partner of Borden Ladner Gervais LLP or a predecessor firm from 1972 to 2005 where he practised corporate law with a primary focus on merger and acquisitions transactions and in major structured finance transactions both within Canada and international markets. Mr. Scott received his Bachelor of Laws degree from Osgoode Hall Law School of York University, Toronto, in 1964 and was appointed Queen’s Counsel in 1983. Mr. Scott has been on the Board of Directors of Caradon Limited, Hercules Canada Inc., Pointing
Frank Potter, Director

Mr. Potter is Chairman of Emerging Markets Advisors Inc. in Toronto. He has an extensive background in international banking and is a former Executive Director of The World Bank. More recently he was senior advisor at the Department of Finance in Ottawa. He sits on a number of boards, both corporate and not-for-profit, including Canadian Tire Corporation Limited and the Penn West Energy Trust.

H. Garfield Emerson, Q.C.

Mr. Emerson is the Principal, Emerson Advisory and a corporate director. He is the former National Chair of the law firm of Fasken Martineau DuMoulin LLP. Prior to joining Fasken Martineau in August, 2001, Mr. Emerson was the President and Chief Executive Officer of NM Rothschild & Sons Canada Limited, an investment banking firm that he established in Canada in 1990 and which is an affiliate of NM Rothschild & Sons Limited of London, England, and Rothschild & Cie of Paris, France. From 1970 to 1990, Mr. Emerson was a partner of the Toronto law firm, Davies, Ward & Beck and appointed Queen’s Counsel in 1980. Mr. Emerson is currently a director of CAE Inc. and Wittington Investments, Limited and Vice Chair of the Auditing and Assurance Standards Oversight Council. He is the former Chairman of the Board of Directors of Rogers Communications Inc. (1993-2006) and a former director of Canada Deposit Insurance Corporation, University of Toronto Asset Management Corporation and Sunnybrook Health Sciences Centre. Mr. Emerson has a Bachelor of Arts (Hons) and a Bachelor of Laws, both from the University of Toronto. From August 28 to November 20, 1998, Mr. Emerson was a director of Livent Inc. (“Livent”) when the Ontario Securities Commission issued a cease trading order in August 1998 at the request of Livent in respect of Livent’s securities. Mr. Emerson resigned as a director of Livent in November 1998 and Livent filed for protection under Canadian and United States insolvency and creditors’ protection legislation within 12 months of Mr. Emerson’s resignation.

David M. Schwartz, Senior Vice-President and Chief Operating Officer

Mr. Schwartz is Senior Vice-President and Chief Operating Officer of Sentry Select. Mr. Schwartz has over 38 years of experience in the mutual fund industry. In April 1995, he joined NCE Resources Group as Vice-President. From 1991 to 1994, Mr. Schwartz served as Vice-President, Sales, Spectrum United Mutual Funds. Prior to that, he was President, The Guardian Group of Funds Ltd., and Senior Vice-President, Investors Group. Mr. Schwartz received his Bachelor of Arts degree in Economics from McGill University.

John Vooglaid, Senior Vice-President, Chief Financial Officer and Treasurer

Mr. Vooglaid is Senior Vice-President and Chief Financial Officer of Sentry Select. Since June 1988, he has been a Vice-President and Treasurer of the NCE Resources Group. From 1978 to June 1986, Mr. Vooglaid was with the resource audit group of a major public accounting firm. Mr. Vooglaid received his Chartered Accountant’s diploma in 1982. He earned a Bachelor of Arts (Honours) Degree in Economics from the University of Toronto in 1977.

Kevin R. MacLean, Vice-President and Senior Portfolio Manager

Mr. MacLean has over 27 years of experience in the Canadian resource sector, with particular emphasis on mining and precious metals and energy. From 1989 to 1997, he was Vice-President and Senior Portfolio Manager at Cavelti Capital Management Ltd., where he managed almost $500 million in precious metals and resource investments. From 1997 to 2001, he was a Senior Gold Mining Equity Analyst for RBC Capital Markets, and in 2001, received number one analyst rankings in the Precious Metals and Diamonds category by Brendan Woods Analyst Rankings. He obtained a B.Ap.Sc Degree in Engineering Science from the University of Toronto in 1977 and received his CFA designation in 1988.
Glenn G. MacNeill, Vice-President, Investments

Mr. MacNeill is Vice-President, Investments of Sentry Select, having responsibility for Sentry Select’s investment activities. Mr. MacNeill has more than 30 years of financial and petroleum related experience, including portfolio management, corporate finance and equity/debt analysis. Prior to joining Sentry Select in April 1999, Mr. MacNeill served as an oil and gas research analyst at HSBC Securities and an energy equity analyst with Scotia Capital Markets, where he covered integrated oil companies and a selection of petroleum companies. Mr. MacNeill also served as a portfolio manager with Imperial Life/Laurentian Financial Inc. for six years. Mr. MacNeill is currently the portfolio manager of Strategic Energy Fund, Sentry Select Energy Growth Fund, the Sentry Select Canadian Resource Fund and all NCE Flow-Through Investment Products. He is supported by a team of analysts and traders in Toronto and two consultants in Calgary. He and his investment team have extensive experience in oil and gas royalty trusts, energy companies and private investment opportunities. Total assets under Mr. MacNeill and his team’s direct management total over $900 million, with another $1.0 billion in energy assets in other Sentry Select managed products. Mr. MacNeill is a Professional Engineer and received a Bachelor of Science Degree in Mechanical Engineering from Queen’s University in Kingston, Ontario.

James Alexander (Sandy) McIntyre, Senior Vice-President and Senior Portfolio Manager

Mr. McIntyre is Senior Vice-President and Senior Portfolio Manager of Sentry Select. Mr. McIntyre has over 30 years of investment management experience and specializes in oil and gas royalty trusts, commercial and industrial income trusts and REITs. Mr. McIntyre and his team of analysts manage approximately $3 billion in income fund assets. Prior to joining Sentry Select in 2000, Mr. McIntyre spent 20 years with Jones Heward Investment Management Inc., a wholly owned subsidiary of the Bank of Montreal, where he was a member of the Investment Policy Committee with responsibility for high yield investments, including royalty and income trusts. He received a Bachelor of Arts from the University of Toronto in 1974, where he majored in English and Philosophy.

Gordon R. Higgins, Vice-President, Equities

Mr. Higgins is Vice-President, Equities of Sentry Select. Prior to joining Sentry Select in May 2004, Mr. Higgins was Vice-President, North American Equities at Howson Tattersall/Lancet Asset Management and, prior to that, was Vice-President, Canadian Equities of Elliott & Page/Manulife Insurance. He graduated from the University of Toronto in 1983 with a Bachelor of Commerce degree and received his Masters in Business Administration from York University in 1987. Mr. Higgins also holds both the Chartered Accountant and Chartered Financial Analyst designations.

Raniero Corsini, Senior Vice-President, Global Structured Products

Mr. Corsini received his Bachelor of Science degree in Business Administration from United States International University. He joined Sentry Select in 2001 as Vice-President of International Business Development. Prior to joining Sentry Select, he was the Managing Director, National Sales for Bonham & Co. Asset Management and before that, he was Managing Director, National Sales for SVC O’Donnell from 1999 to 2001. Prior to this, Mr. Corsini was Vice-President, Sales with BPI Mutual Funds from 1994 to 1999.

Laura Lau, Senior Portfolio Manager

Ms. Lau is a Senior Portfolio Manager with Sentry Select. Ms. Lau has over 13 years of experience in the financial services industry. Prior to joining Sentry Select in May 2004, Ms. Lau worked as an Investment Analyst for three major mutual fund companies. Ms. Lau received her Chartered Financial Analyst designation in 2003. She graduated from the University of Toronto with a Bachelor of Applied Science Degree in Industrial Engineering in 1992. She has completed the Canadian Securities, Derivatives Fundamentals, Options Licensing, Futures Licensing, and Risk Management courses.
Richard D’Archivio, Vice-President, Finance

Mr. D’Archivio is Vice-President, Finance of Sentry Select. Prior to joining Sentry Select in July 2005, Mr. D’Archivio was a Senior Manager in the audit and business advisory group of Deloitte & Touche LLP where he specialized in the asset management and banking industry groups. Prior to joining Deloitte & Touche LLP in June 2002, Mr. D’Archivio was a Manager with Arthur Andersen LLP where he also practiced in the financial institutions industry group since September 1997. Mr. D’Archivio received his Bachelor of Business Administration degree from the Schulich School of Business at York University in 1997. He received his Chartered Accountant’s designation in 2000 and Chartered Financial Analyst designation in 2002.

Kevin Cohen, Vice President, Operations and General Counsel

Mr. Cohen is Vice President, Operations and General Counsel with Sentry Select. Prior to joining Sentry Select in February 2006, Mr. Cohen practiced corporate and securities law with Torys LLP from 2004 to 2006. From 2002 to 2004, Mr. Cohen attended the Richard Ivey School of Business at the University of Western Ontario, graduating in 2004 with a Masters of Business Administration degree. From 1994 to 2002, Mr. Cohen practiced law in Vancouver after obtaining his Bachelor of Laws degree in 1994 from the University of British Columbia.

Ryan Caughey, Corporate Secretary

Mr. Caughey joined Sentry Select in July 2006. Mr. Caughey practiced corporate and securities law with Osler, Hoskin & Harcourt LLP from 2003 to 2006. Mr. Caughey obtained his Bachelor of Laws degree in 2002 from Queen’s University and his Honours Bachelor of Arts degree in 1998 from the University of Western Ontario.

The Custodian

State Street Trust Company Canada will act as custodian of the assets of the Corporation pursuant to a custodian agreement (the “Custodian Agreement”) and has the power to appoint sub-custodians. The Custodian will also carry out certain aspects of the day-to-day administration of the Corporation, including calculating net income and net realized capital gains of the Corporation and maintaining the books and records of the Corporation concerning the assets of the Corporation that are under its custodianship. State Street Fund Services Toronto Inc. will calculate NAV pursuant to an accounting services agreement.

CONFLICTS OF INTEREST

The management services of Sentry Select under the Management Agreement are not exclusive and nothing in the Management Agreement prevents Sentry Select from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Corporation) or from engaging in other activities. Investments in securities purchased by the Manager on behalf of the Corporation and other investment funds managed by the Manager will be allocated to the Corporation and such other investment funds on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the Corporation and the other investment funds.

Certain directors of the Manager may become insiders of certain issuers in which the Manager may consider as an investment for the Corporation and, as such, may from time to time have knowledge of undisclosed material information with respect to such issuers. The Manager has implemented and maintains policies and procedures to prevent any such director from making or influencing investment decisions made by the Manager and to prevent the transmission of such information to those officers and employees of the Manager who make or participate in making such investment decisions including those made on behalf of the Corporation.

Pursuant to National Instrument 81-107 the Manager will establish an independent review committee to review conflicts of interest.
DIVIDENDS

The Corporation does not intend to pay regular dividends or other distributions, but may do so at the discretion of the Manager from time to time. In order to ensure that the Corporation will not be liable for income tax under Part I of the Tax Act, an Additional Dividend will be automatically payable in each year to Shareholders of record on December 31. The Additional Dividend will be satisfied by the issuance of additional Class A Shares or cash, at the discretion of the Manager. Any Additional Dividend payable in Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares of such shares. Immediately following payment of such a dividend on the Class A Shares, the Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after the consolidation will be equal to the number of Class A Shares outstanding immediately prior to the payment of such dividend.

Each Shareholder will be mailed annually, on or about March 31, the information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Corporation to the Shareholder in the preceding taxation year of the Corporation. See “Canadian Federal Income Tax Considerations”.

DESCRIPTION OF THE CLASS A SHARES, CLASS J SHARES AND WARRANTS

The Corporation is authorized to issue an unlimited number of Class A Shares and 100 Class J Shares of which, before giving effect to the offering under this prospectus, there are issued and outstanding 100 Class J Shares.

The holders of Class J Shares are not entitled to receive dividends. The holders of the Class J Shares will be entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of $1.00 per share. The Class J Shares rank prior to Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Corporation to the extent of $1.00 per Class J Share.

A trust established for the benefit of the holders from time to time of the Class A Shares owns all of the issued and outstanding Class J Shares.

The Corporation may issue securities from time to time, at the discretion of the Board of Directors.

Class A Shares

The Corporation is authorized to issue an unlimited number of Class A Shares. Holders of Class A Shares have right of redemption as described under “Redemption of Class A Shares” and shall be entitled to receive dividends and other distributions declared by the Corporation as described under “Dividends”.

Except as described under “Shareholder Matters”, holders of Class A Shares shall not have voting rights. On termination or liquidation of the Corporation, the holders of outstanding Class A Shares of record are entitled to receive on a pro rata basis all of the assets of the Corporation remaining after payment of all debts and liabilities of the Corporation and the liquidation rights of the Class J Shares. See “Shareholder Matters — Termination of the Corporation”.

Warrants

The following is a summary only and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Warrant Indenture mentioned hereinafter. The Warrants and Class A Shares will trade separately.

The Warrants will be governed by the Warrant Indenture.

One Warrant entitles the holder to subscribe for one full Class A Share at a Subscription Price equal to $12.00 at any time prior to the Warrant Expiry Time. Class A Shares will be authorized and reserved by the Corporation for issue on exercise of the Warrants. Warrants will be issued in registered form to CDS. A Warrant does not entitle the holder thereof to any rights whatsoever as a Shareholder of the Corporation.

Under the Warrant Indenture, the Corporation may, from time to time, purchase Warrants in the market, by private contract or otherwise.

Warrantholders have no voting rights or preemptive rights or any other rights which a holder of Class A Shares may have.
The Warrants are exercisable at any time between the Closing Date and the Warrant Expiry Time. The subscription form must be accompanied by payment of the Subscription Price. Payment of any service charge, commission or other fee payable in connection with the exercise or trade of Warrants shall be the responsibility of the Warrantholder. The Warrantholder must also pay all stamp, issue, registration or other similar taxes and duties (if any) consequent upon the issue or delivery of the relative Class A Share or Class A Shares to or to the order of a third party. The date on which the Warrants are deemed to be exercised is the date on which the subscription form relative thereto and the Subscription Price are lodged with the Warrant Trustee at its offices specified above.

**Dilution to Existing Shareholders**

If a Shareholder wishes to retain its current percentage ownership in the Corporation and assuming that all Warrants are exercised, it should purchase all of the Class A Shares for which it may subscribe pursuant to the Warrants delivered under the Offering. If that Shareholder does not do so and other holders of Warrants exercise any of their Warrants, that Shareholder’s current percentage ownership in the Corporation will be diluted.

The subscription rights in effect under the Warrants for Class A Shares of the Corporation issuable upon the exercise of the Warrants shall be subject to adjustment from time to time if, prior to the Expiry Time, the Corporation shall, in certain circumstances:

- (a) subdivide, re-divide or change its outstanding Class A Shares into a greater number of Class A Shares;
- (b) reduce, combine or consolidate its outstanding Class A Shares into a smaller number of Class A Shares;
- (c) distribute to holders of all or substantially all of the Corporation’s outstanding Class A Shares any assets or securities of the Corporation including rights, options or warrants to acquire Class A Shares of the Corporation or securities convertible into or exchangeable for Class A Shares of the Corporation or property or assets, including evidence of indebtedness (other than in connection with regular dividends or the distribution and exercise of the Warrants);
- (d) reclassify the Class A Shares or reorganize the capital of the Corporation; or
- (e) consolidate, amalgamate, or merge the Corporation with or into any other corporation, trust or other entity, or sell or convey the property and assets of the Corporation as an entirety or substantially as an entirety (other than in connection with the redemption or retraction of Class A Shares).

**Expiry of Warrants**

The Warrants will expire at 4:00 p.m. (Toronto Time) on June 30, 2009. Warrants not exercised prior to the Warrant Expiry Time will be void and of no value.

**Book-Based System**

On the date of Closing, the Corporation will deliver to CDS a certificate evidencing the aggregate number of Class A Shares and Warrants subscribed for under the Offering. Class A Shares and Warrants must be purchased, transferred and surrendered for retraction only through a CDS Participant and all rights of an owner of Class A Shares and/or Warrants must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS and the CDS Participant through which the owner holds such Class A Shares or Warrants. Upon purchase of any Class A Shares or Warrants, the owner will receive only the customary confirmation. References in this prospectus to a holder of Class A Shares and/or Warrants means, unless the context otherwise requires, the owner of the beneficial interest in such Class A Shares and/or Warrants.

Neither the Corporation, the Custodian, the Manager nor the Agents will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Class A Shares or Warrants or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.
The ability of a beneficial owner of Class A Shares or Warrants to pledge such Class A Shares or Warrants or otherwise take action with respect to such owner’s interest in such Class A Shares or Warrants (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Market Purchases

The Corporation may purchase Class A Shares in the market for cancellation. If Class A Shares are offered on the TSX at prices that are less than 90% of the latest determined NAV per Class A Share, the Manager intends to offer to purchase such Class A Shares if it determines that such purchases are in the best interest of Shareholders. Purchases of Class A Shares by the Corporation will be subject to compliance with any applicable regulatory requirements and limitations.

Modification

The rights of the holders of the Warrants may be modified in accordance with the terms of the Warrant Indenture. For that purpose, among others, the Warrant Indenture will contain provisions which will make binding on all Warrantholders resolutions passed at meetings of the holders of Warrants by votes cast at such meetings by holders of not less than 66⅔% of the Warrants present at the meeting or represented by proxy and voted on such resolutions, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the Warrants then outstanding.

REDEMPTION OF CLASS A SHARES

Monthly Redemption

Class A Shares may be surrendered at any time by the holders thereof for redemption on the relevant Monthly Redemption Date as is described below. Upon receipt by the Corporation of the redemption notice, in the manner described below under the heading “Redemption of Class A Shares — Exercise of Redemption Right”, the holder thereof shall be entitled to receive a price per Class A Shares (the “Monthly Redemption Price”) equal to the lesser of:

(a) 90% of the “market price” of the Class A Shares on the principal market on which the Class A Shares are quoted for trading during the 20 trading day period ending immediately before the Monthly Redemption Date; and

(b) 100% of the “closing market price” on the principal market on which the Class A Shares are quoted for trading on the Monthly Redemption Date.

For the purposes of this calculation, “market price” will be an amount equal to the weighted average of the closing price of the Class A Shares for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Class A Shares traded on a particular day, the “market price” shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than 10 of the 20 trading days, the “market price” shall be the average of the following prices established for each of the 20 trading days: the average of the last bid and last asking prices of the Class A Shares for each day there was no trading; the closing price of the Class A Shares for each day that there was trading if the exchange or market provides a closing price; and the average of the highest and lowest prices of the Class A Shares for each day that there was trading if the market provides only the highest and lowest prices of Class A Shares traded on a particular day. The “closing market price” shall be an amount equal to the closing price of the Class A Shares if there was a trade on the date and the exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of Class A Shares if there was trading and the exchange or other market provides only the highest and lowest prices of Class A Shares traded on a particular day; or the average of the last bid and last asking prices of the Class A Shares if there was no trading on that date.

The Monthly Redemption Price payable by the Corporation in respect of any Class A Shares surrendered for redemption shall be satisfied by way of a cash payment on the Redemption Payment Date, provided that the entitlement of Shareholders to receive cash upon the redemption of their Class A Shares is subject to the limitations that: (i) at the time such Class A Shares are tendered for redemption, the outstanding Class A Shares shall be listed for trading on a stock exchange or quoted on another market which the Manager
considers, in its sole discretion, provides representative fair market value prices for the Class A Shares; and (ii) the normal trading of Class A Shares is not suspended or halted on any stock exchange on which the Class A Shares are listed (or, if not listed on a stock exchange, on any market on which the Class A Shares are quoted for trading) on the Monthly Redemption Date or for more than 10 trading days during the 20 day trading period ending immediately before the Monthly Redemption Date.

It is anticipated that the Monthly Redemption will not be the primary mechanism for Shareholders to dispose of their Class A Shares.

Resale of Class A Shares Tendered for Redemption

The Corporation has entered into an agreement (a “Recirculation Agreement”) with Canaccord Capital Corporation (the “Recirculation Agent”) whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption pursuant to a Monthly Redemption prior to the relevant Redemption Payment Date provided that the holder of the Class A Shares so tendered has not withheld consent thereto. The Corporation may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the Shareholder on the applicable Redemption Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission, provided that such amount will not be less than the Monthly Redemption Price.

Subject to the Corporation’s right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Monthly Redemption Date, any and all Units which have been surrendered to the Corporation for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Monthly Redemption Date, unless not redeemed thereon, in which event such Class A Shares will remain outstanding.

Exercise of Redemption Right

The redemption right must be exercised by causing written notice to be given at least ten Business Days prior to a Monthly Redemption Date and in the manner described below. If a Shareholder makes such a surrender within the last 10 Business Days in the case of a Monthly Redemption, the Class A Shares will be redeemed on the Monthly Redemption Date in the next month and the Shareholder will receive the Monthly Redemption Price determined with reference to the Monthly Redemption Date in the next month. Such surrender will be irrevocable upon the delivery of notice to the Registrar and Transfer Agent or CDS through a CDS Participant, except with respect to those Units which are not paid for by the Corporation on the relevant Redemption Payment Date.

A Shareholder who holds his or her Class A Shares through a CDS Participant and who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of a Shareholder, a written notice of a Shareholder’s intention to redeem Class A Shares. A Shareholder who desires to redeem Class A Shares should ensure that the CDS Participant is provided with notice (the “Redemption Notice”) of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the Registrar and Transfer Agent, in advance of the required time. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

By causing a CDS Participant to deliver to CDS a notice of the Shareholder’s intention to redeem such Class A Shares, a Shareholder shall be deemed to have irrevocably surrendered his or her Class A Shares for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered regarding an owner’s intent to redeem which CDS or the Registrar and Transfer Agent determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner’s instructions will not give rise to any obligations or liability on the part of the Corporation to the CDS Participant or to the owner.
CALCULATION OF NET ASSET VALUE

For reporting purposes other than financial statements, the Net Asset Value of the Corporation on a particular date will be equal to (i) the total assets of the Corporation, less (ii) the aggregate value of the liabilities of the Corporation (the Warrants will not be treated as liabilities for these purposes), less (iii) the stated capital of the Class J Shares ($1.00 per share). Net Asset Value will be calculated weekly. If the Corporation uses specified derivatives, the Corporation will calculate Net Asset Value daily.

Net Asset Value of the Corporation on a particular date will be calculated at the close of such date by determining the total market value of the Corporation’s assets and subtracting the Corporation’s liabilities. The value of a Class A Share is established by dividing the Net Asset Value of the Corporation by the number of Class A Shares of the Corporation owned by Shareholders that day. That amount is known as the net asset value per Class A Share (“Net Asset Value per Class A Share”) of the Corporation. The Corporation will be valued in Canadian dollars.

Unless otherwise required by law, the value of the assets held by the Corporation is determined as follows:

(a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to shareholders of record on a date before the date as of which the net asset value of the Corporation is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;

(b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (a) in the case of a security which was traded on the day as of which the Net Asset Value of the Corporation is being determined, the closing sale price; (b) in the case of a security which was not traded on the day as of which the Net Asset Value of the Corporation is being determined, a price which is the average of the closing recorded bid and asked prices; or (c) if no bid or asked quotation is available, the price last determined for such security for the purpose of calculating the Net Asset Value of the Corporation. The value of interlisted securities shall be computed in accordance with directions laid down from time to time by the Manager; and provided however that if, in the opinion of the Manager, stock exchange or over the counter quotations do not properly reflect the prices which would be received by the Corporation upon the disposal of shares or securities necessary to effect any redemptions of securities, the Manager may place such value upon such shares or securities as appears to the Manager to most closely reflect the fair value of such shares or securities;

(c) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Corporation or by the predecessor in title of the Corporation, shall be the lesser of (a) the value based on reported quotation in common use and (b) that percentage of the market value of securities of the same class, the resale of which is not restricted or limited by reasons of any representation, undertaking or agreement, equal to the percentage that the acquisition cost of the Corporation was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made when the date on which the restrictions will be lifted is known;

(d) the value of all assets of the Corporation valued in terms of a currency other than Canadian currency and liabilities payable in a currency other than Canadian currency shall be translated to Canadian currency using the closing rate of exchange as quoted by customary banking sources on the date of valuation;

(e) upon writing any covered clearing corporation option, option on futures or over the counter option, the premium received by the Corporation shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over the counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized loss or gain on investment. The deferred credit will be deducted in calculating the NAV of the Corporation. Any securities that are subject of a written option shall be valued at their current market value;
(f) a long position in an option or a debt like security shall be valued at the current market value of the position;

(g) physical uranium, molybdenum or other metals which are not traded on a recognized public exchange will be valued based upon prices published by industry sources;

(h) physical metals traded on a recognized public exchange will be valued based on the last price for each particular type of physical metals as determined by the closing price of the nearest month contract;

(i) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;

(j) the value of a standardized future shall be:

(i) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or

(ii) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;

(k) margin paid or deposited in respect of standardized futures or forward contracts shall be reflected as an account receivable and, if not in the form of cash, shall be noted as held for margin;

(l) each transaction of purchase or sale of portfolio securities effected by the Corporation shall be reflected in the computation of the Net Asset Value of the Corporation not later than the first computation of the Net Asset Value of the Corporation made after the date on which the transaction becomes binding; and

(m) the issue or redemption of Class A Shares of the Corporation shall be reflected in the computation of the Net Asset Value of the Corporation not later than the next computation of the Net Asset Value of the Corporation made after the time as at which the Net Asset Value per Class A Share is determined for the purpose of the issue or redemption of the Class A Shares of the Corporation.

The liabilities of the Corporation include:

(a) all bills and accounts payable;

(b) all administrative expenses payable and/or accrued;

(c) all obligations for the payment of money or property, including the amount of any declared but unpaid dividends;

(d) all allowances authorized or approved by the Manager for taxes or contingencies; and

(e) all other liabilities of the Corporation of whatever kind and nature.

During any period of suspension there will be no calculation of the Net Asset Value per Class A Share and the Corporation will not be permitted to issue or redeem any Class A Share. The calculation of the Net Asset Value per Class A Share will resume when trading in the Corporation’s securities and specified derivatives resumes.

The NAV per Class A Share on each Thursday (or if a Thursday is not a Business Day, the Business Day following such Thursday) will be provided by Sentry Select to Shareholders on request by calling toll-free 1-888-739-4623 or through the Internet at www.sentryselect.com.
SHAREHOLDER MATTERS

Meetings of Shareholders

A meeting of Shareholders may be convened by Sentry Select at any time and must be convened if requisitioned by the holders of not less than 5% of the Class A Shares then outstanding by a written requisition specifying the purpose of the meeting. Not less than 21 days’ and not more than 50 days’ notice will be given of any meeting of Shareholders. The quorum at any such meeting is two Shareholders present in person or by proxy except for the purpose of any meeting called to consider item (d) under “Shareholder Matters — Acts Requiring Shareholder Approval” in which case the quorum shall be Shareholders holding 20% of the outstanding Class A Shares. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Shareholders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Shareholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Shareholder will be entitled to one vote for each whole Class A Share registered in the Shareholder’s name.

The Corporation does not intend to hold annual meetings of Shareholders.

Acts Requiring Shareholder Approval

The following matters require the approval of two-thirds of the votes cast by Shareholders voting thereon (other than item (e) which require approval by a simple majority vote) at a meeting called and held for such purpose:

(a) a change in the investment objectives of the Corporation as described under “Investments of the Corporation — Investment Objectives”;

(b) a change in the investment restrictions of the Corporation as described under “Investment Restrictions”;

(c) any change in the basis of calculating fees or other expenses that are charged to the Corporation which could result in an increase in charges to the Corporation other than a fee or expense charged by a person or company that is at arm's length to the Corporation;

(d) a change of the manager of the Corporation, other than a change resulting in an affiliate of such person assuming such position or, except as described herein, a change in the trustee of the Corporation, other than a change resulting in an affiliate of such person assuming such position;

(e) a reduction in the frequency of calculating the NAV per Class A Share; and

(f) any approval required by corporate or other applicable law.

Reporting to Shareholders

The Corporation will deliver to Shareholders financial statements of the Corporation as required by the applicable securities legislation.

Proxy Voting Guidelines

The voting rights attached to securities held by the Corporation will be executed in accordance with Sentry Select’s proxy voting guidelines. The following is a summary of the Sentry Select proxy voting guidelines:

As a fiduciary, Sentry Select is obligated to vote proxies in the best interests of its clients. Sentry Select has developed a structure that is designed to ensure that proxy voting is conducted in an appropriate manner, consistent with clients’ best interest, and within the framework of Sentry Select’s Proxy Voting Policy. Absent specific client guidelines, Sentry Select’s policy is to vote proxies for a security in a manner that is consistent with the investment objectives and strategies of the Corporation.

Sentry Select generally votes routine items as recommended by the issuer’s management and board of directors.
Sentry Select considers routine items to be those that do not change the structure, bylaws, or operations of an issuer in any way that is material to shareholder value. Routine items generally include: routine election or re-election of directors; appointment or election of auditors, in the absence of any controversy or conflict regarding the auditors; issues relating to timing or conduct of annual meetings; and name changes.

On non-routine items, such as matters related to corporate governance and shareholder rights, Sentry Select votes in favour of provisions that it believes will increase the effectiveness of an issuer’s board of directors. Sentry Select believes that in most instances, the board and the issuer’s management are in the best position to make the determination how to best increase the board’s effectiveness. Sentry Select generally votes against proposals to entrench management and adversely affect shareholders rights and share value. Sentry Select generally opposes any effort by management to restrict or limit shareholder participation in shareholder meetings and in favour of efforts to enhance shareholder participation. Sentry Select generally believes that decisions relating to a company’s capital structure are best left to management, absent apparent reasons why they should not be. Sentry Select supports efforts by companies to adopt compensation and incentive programs to attract and retain the highest caliber management possible and to align the interests of the board, management and employees with those of shareholders, but Sentry Select also evaluates whether the level of compensation is appropriate or excessive. Sentry Select generally votes against proposals to entrench management and adversely affect shareholders rights and share value.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Corporation and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Tax Act, are resident in Canada, hold their Class A Shares and/or Warrants as capital property, and deal at arm’s length with and are not affiliated with the Corporation. This summary is based upon the facts set out in this prospectus, the current provisions of the Tax Act and counsel’s understanding of the current published administrative policies and assessing practices of the CRA made publicly available prior to the date hereof and relies as to certain factual matters on certificates of officers of the Corporation and Canaccord Capital Corporation. This summary is based on the assumption that the Class A Shares will at all times be listed on a prescribed stock exchange in Canada (which currently includes the Toronto Stock Exchange). This summary is based on the assumption that the Corporation was not established and will not be maintained primarily for the benefit of non-residents of Canada and that at no time will the total fair market value of shares of the Corporation held by persons who are non-residents of Canada and/or partnerships (other than Canadian partnerships under the Tax Act) exceed 50% of the fair market value of all outstanding shares of the Corporation. This summary is based upon the assumption that the investment objectives, investment strategy and Investment Restrictions will at all relevant times be as set out under the heading “Investments of the Corporation”, that the Corporation will at all times comply with the same, and that no issuer of Portfolio Securities will be a foreign affiliate (as defined in the Tax Act) of the Corporation. This summary also takes into account the Proposed Amendments. There is no certainty that the Proposed Amendments will become law as proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Class A Shares or Warrants. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which may differ from the Canadian federal considerations described herein. This summary does not apply to Shareholders that are “financial institutions” as defined in section 142.2 of the Tax Act or “specified financial institutions” as defined in section 248 of the Tax Act.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.
Tax Treatment of the Corporation

Following the closing of the Offering, the Corporation will qualify as a “mutual fund corporation” and a “financial intermediary corporation” as defined in the Tax Act. The Corporation has informed counsel that it intends to file the necessary election under the Tax Act so that it will be deemed to be a “public corporation” effective from the beginning of its first taxation year, and therefore can qualify as a mutual fund corporation throughout its first taxation year. The Corporation has advised counsel that it intends to continue to qualify as a mutual fund corporation throughout each taxation year in which any Class A Shares are outstanding and this summary assumes that will be the case. An additional condition to qualify as a mutual fund corporation for purposes of the Tax Act is that the Corporation may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act. If certain Proposed Amendments released on September 16, 2004 are enacted as proposed, the Corporation would cease to qualify as a mutual fund corporation for purposes of the Tax Act if, at any time after 2004, the fair market value of all issued and outstanding shares of the Corporation held by non-residents, or partnerships that are not “Canadian partnerships” for purposes of the Tax Act, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding shares of the Corporation unless not more than 10% (based on fair market value) of the Corporation’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. If the Corporation were not to qualify as a mutual fund corporation at all times, the income tax considerations as described below and under “Eligibility for Investment” would in some respects be materially different. As a mutual fund corporation, the Corporation is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Corporation is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“capital gains dividends”) which are treated as capital gains in the hands of the Shareholders of the Corporation (see “Tax Treatment of Shareholders”).

In computing income for a taxation year, the Corporation will be required to include in income the amount of all dividends received by the Corporation in the year. In computing taxable income, the Corporation will generally be permitted to deduct the amount of all dividends received by it from taxable Canadian corporations. The Corporation will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations, including non-resident corporations.

As a “financial intermediary corporation” the Corporation is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Corporation and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Corporation on “taxable preferred shares” under the Tax Act. As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Corporation is generally subject to a refundable tax of 33 1/3% under Part IV of the Tax Act on taxable dividends received by the Corporation during the year to the extent that such dividends were deductible in computing the Corporation’s taxable income for the year. This tax is refundable upon payment by the Corporation of sufficient Ordinary Dividends.

To the extent that the Corporation earns net income, after expenses, from sources other than taxable capital gains, (including dividends from non-Canadian sources, interest income and other income), the Corporation will be subject to income tax on such income and no refund of such tax will be available.

The Corporation is required to compute all amounts, including interest, dividends, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar.

Generally, in computing the amount of its Canadian income taxes, the Corporation will be entitled to claim credits in respect of foreign taxes paid by the Corporation and foreign taxes withheld at source to the extent permitted by the detailed rules in the Tax Act. To the extent that a tax credit is not claimed, the Corporation will be able to deduct any foreign withholding taxes paid.
The Corporation will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing the Class A Shares and Warrants. Such issue expenses, including the Agents’ fees, will be deductible by the Corporation rateable over a five-year period subject to reduction in any taxation year which is less than 365 days. Generally, the Corporation will also be entitled to deduct administrative expenses and interest payable by it on money borrowed to purchase securities. Any non-capital losses incurred by the Corporation may generally be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted in computing the taxable income of the Corporation.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments to the Tax Act (the “October 2003 Tax Proposals”) that would require, for taxation years commencing after 2004, that there be a reasonable expectation of profit from a business or property for a taxpayer to realize a loss from such business or property, and that make it clear that profit in this sense does not include capital gains. As part of the February 23, 2005 Federal Budget, the Department of Finance announced that it has developed a more modest legislative initiative and that it will, at an early opportunity, release an alternative tax proposal for comment. No such alternative proposal has been released as of the date hereof. Under the October 2003 Tax Proposals, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer carried on and can reasonably be expected to carry on the business, or has held and can reasonably be expected to hold, the property. If the deduction of losses of the Corporation was limited in a particular year under the October 2003 Tax Proposals or any alternative tax proposals, the taxable income of the Corporation in future years would be increased, and the Corporation may increase the amount of capital gains dividends paid to Shareholders in order to obtain a refund of tax with respect to net realized capital gains. There can be no assurance that such alternative proposal will not adversely affect the Corporation.

The Corporation will be entitled for each taxation year throughout which it is a mutual fund corporation to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Class A Shares during the year (“capital gains refund”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Corporation for such taxation year which may arise upon the sale of securities included in the Portfolio in connection with redemptions of Class A Shares.

In determining the income of the Corporation, gains or losses realized upon dispositions of Portfolio Securities of the Corporation will constitute capital gains or capital losses of the Corporation in the year realized unless the Corporation is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Corporation has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Corporation will purchase the Portfolio Securities with the objective of earning dividends and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Corporation will elect in accordance with subsection 39(4) of the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Corporation on the disposition of Canadian securities are taxed as capital gains or capital losses.

Generally, the Corporation will include gains and deduct losses on income account in connection with any purchases of physical metals or minerals as well as in connection with investments made through futures, forwards, options or other derivative securities, except where such derivatives are used to hedge securities held on capital account, and will recognize such gains or losses for tax purposes at the time they are realized by the Corporation.

**Tax Treatment of Shareholders**

Shareholders of the Corporation must include in income Ordinary Dividends paid to them by the Corporation. For individual Shareholders, Ordinary Dividends will be subject to the usual gross-up and dividend tax credit rules applicable to taxable dividends paid by taxable Canadian corporations. An enhanced gross-up and dividend tax credit is available for “eligible dividends” received after 2005 from a corporation resident in
Canada which are so designated by the Corporation. For corporate Shareholders, Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

A Shareholder which is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a 33\% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on Class A Shares to the extent that such dividends are deductible in computing the corporation's taxable income. Corporations (other than a “private corporation” or a “financial intermediary corporation” as defined in the Tax Act) should consult their own advisors regarding the application of the 10% tax under Part IV.1 of the Tax Act to Ordinary Dividends paid on Class A Shares.

The amount of any capital gains dividend received by a Shareholder from the Corporation will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

Where an Ordinary Dividend or a special capital gains dividend is paid in Class A Shares, or paid in cash and reinvested in Class A Shares, the cost of such Class A Shares acquired by a Shareholder will be equal to the amount of the dividend, or the amount of cash so reinvested, as the case may be. For the purposes of the determining the adjusted cost base to a Shareholder, when Class A Shares are acquired, the cost of the newly acquired Class A Shares will be averaged with the adjusted cost base of all of the Class A Shares owned by the Shareholder as capital property immediately before that time.

Having regard to the dividend policy of the Corporation, a person acquiring Class A Shares may become taxable on income or capital gains accrued or realized before such person acquired such shares.

**Tax Treatment of Warrants**

A purchaser of a Unit offered by this prospectus will be required to allocate the price paid for a Unit on a reasonable basis between the Class A Share and the Warrant in order to determine their respective costs to the purchaser for purposes of the Tax Act. The Corporation will allocate $9.03 to each Class A Share and $0.97 to each full Warrant. Although the Corporation believes this allocation to be reasonable, it is not binding upon the CRA or a holder. A successful challenge by the CRA to this allocation will affect the adjusted cost base calculations accordingly.

**Exercise of Warrants**

No gain or loss will be realized by a holder upon exercise of a Warrant. When a Warrant is exercised, the cost to the holder of the Class A Share acquired through such exercise of the Warrant thus acquired will be the aggregate of the adjusted cost base, for that holder, of the Warrant and the price paid for such Class A Share upon exercise of the Warrant. The cost to a holder of a Class A Share acquired upon the exercise of a Warrant must be averaged with the adjusted cost base (determined immediately before the exercise of the Warrant) of all other Class A Shares of the Corporation held by the holder as capital property at the time of the exercise of the Warrant to determine the adjusted cost base of each Class A Share thereafter. In the event a holder who acquires Class A Shares also holds other Class A Shares of the Corporation, the adjusted cost base will be determined by averaging the adjusted cost base of all the Class A Shares of the Corporation of that holder held as capital property.

**Disposition or Expiry of Warrants**

The disposition of a Warrant or expiry of an unexercised Warrant will generally result in a capital gain (or capital loss) to the holder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrant to the holder. The expiry of an unexercised Warrant will generally result in a capital loss equal to the adjusted cost base of the Warrant to the holder. See discussion of capital gains and losses generally under “Disposition of Class A Shares” below.
Disposition of Class A Shares

Upon the redemption or other disposition of a Class A Shares by a Shareholder, a capital gain (or a capital loss) will be realized by the Shareholder to the extent that the proceeds of disposition of the Class A Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. Generally, one half of a capital gain (a taxable capital gain) is included in computing income and one half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act.

Where the holder of a Class A Share is a corporation, a trust of which a corporation is a beneficiary or a partnership of which a corporation is a member, in certain circumstances the amount of any capital loss otherwise determined may be reduced by the amount of Ordinary Dividends previously received on the Class A Share. These rules may also apply where a trust or partnership is a member of a partnership or a beneficiary of a trust that owns Class A Shares.

Individuals (other than certain trusts) who realize net capital gains, or receive dividends on the Class A Shares, may be subject to an alternative minimum tax under the Tax Act on the disposition of Class A Shares as a consequence of receiving capital gains dividends. A “Canadian controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its “aggregate investment income” for a taxation year, which includes taxable capital gains.

Class A Shares will generally qualify as “Canadian securities” for purposes of making an election under the Tax Act to deem such shares held by the investor to be capital property and to deem any disposition of the shares held to be a disposition of a capital property for the purposes of the Tax Act. This election is not available to all taxpayers under all circumstances and therefore investors considering making such an election should consult their tax advisors.

**ELIGIBILITY FOR INVESTMENT**

Provided that the Class A Shares and Warrants are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange), the Class A Shares and the Warrants as the case may be will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans. Investors are advised to consult with their tax advisors as to the consequences of acquiring Class A Shares in a trust governed by a registered education savings plan in light of the acquisition of an interest in the trust that holds the Class J Shares.

**USE OF PROCEEDS**

The Corporation will use the proceeds from the sale of Units as follows (excluding the Units sold pursuant to the exercise of the Over-Allotment Option):

<table>
<thead>
<tr>
<th>Minimum Offering</th>
<th>Maximum Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross proceeds to the Corporation</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>Agents’ fees</td>
<td>$ 5,250,000</td>
</tr>
<tr>
<td>Expenses of issue</td>
<td>$ 900,000</td>
</tr>
<tr>
<td>Net proceeds to the Corporation</td>
<td>$ 93,850,000</td>
</tr>
</tbody>
</table>

The Corporation will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in securities in accordance with the investment objectives and restrictions of the Portfolio as described herein. See “Investments of the Corporation”. The Manager anticipates that the net proceeds of the Offering will be substantially invested within 30 to 60 days from the Closing Date. Pending such investment, the cash portion of the net proceeds will be invested in money market instruments.
PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Agents, Sentry Select and the Corporation, the Agents have agreed to offer the Units for sale, as agents of the Corporation, on a best efforts basis, if, as and when issued by the Corporation. The Agents will receive a fee equal to $0.525 for each Unit sold and will be reimbursed for reasonable out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase Units that are not sold.

The Corporation has granted the Agents an Over-Allotment Option, exercisable in whole or in part at any time and from time to time during the period of 30 days following the Closing, to purchase up to 15% of the aggregate number of Units issued at the Closing on the same terms set forth above, which additional Units are qualified for sale hereunder. To the extent that the Over-Allotment Option is exercised, the additional Units will be purchased at the Offering Price and the Agents will be entitled to a fee of $0.525 per Unit in respect of each Unit purchased.

If subscriptions for a minimum of 10,000,000 Units have not been received within 90 days following the date of issuance of a final receipt for the prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed for Units on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Cash proceeds from subscriptions will be held by the Agents until Closing. If the minimum Offering is not achieved and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing is expected to take place on or about June 14, 2007, or such later date that is on or before July 13, 2007, as may be agreed upon by the Corporation and the Agents.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units, the Class A Shares or the Warrants. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over-allot and may effect transactions to cover their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering (including the costs of creating the Corporation, the costs of printing and preparing this prospectus, legal expenses of the Corporation, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents’ fees, be paid from the gross proceeds of the Offering. The Offering expenses are estimated to be $900,000. The Manager has agreed to pay all expenses incurred in connection with the Offering that exceed 1.50% of the gross proceeds of the Offering.

Fees and Other Expenses

Pursuant to the terms of the Management Agreement, Sentry Select is entitled to a fee at an annual rate of 1.60% of NAV, plus an amount equal to the Servicing Fee payable to registered dealers of 0.40% of NAV plus applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on the average NAV calculated at each Valuation Time during that month. The Manager will pay to registered dealers the
Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Class A Share for each Class A Share held by clients of the dealers. The management fee will be paid in cash.

The Corporation will pay the Manager a performance fee calculated as at December 31 of each year, commencing with December 31, 2008. The performance fee will be an amount for each Class A Share then outstanding equal to 20% of the amount by which the NAV per Class A Share of the Corporation (calculated without taking into account the performance fee) (the “Adjusted NAV per Class A Share”) exceeds the Threshold Amount. For December 31, 2008, the Threshold Amount is $12. Thereafter the Threshold Amount for each subsequent year is the greater of 110% of the previous Threshold Amount and 110% of the NAV per Class A Share at December 31 of the previous year less the amount of any cash dividends payable for the year in respect of which the Threshold Amount is being determined.

For example, if the NAV per Class A Share (without taking into account the performance fee) is $13.00 at December 31, 2008, then the Manager would receive a performance fee of $0.20 per Class A Share (($13.00-$12.00) × 20%). The NAV per Class A Share would be $12.80 ($13.00 less the performance fee of $0.20). The Threshold Amount for 2009 would then be $14.08 ($12.80 × 110%) (assuming no distributions were payable for the year).

The Manager will also pay to registered brokers a performance fee equal to their pro rata share, based on the number of Class A Shares held by their client on December 31 in any year, of 20% of the performance fee that the Manager is paid from the Corporation as of such December 31 (commencing with December 31, 2008 and only in respect of a December 31 as of which the Manager is paid a performance fee).

The Corporation will pay for all expenses incurred in connection with the operation and administration of the Corporation. All fees and expenses of the Corporation will be paid in cash. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Shareholders; (b) fees payable to the Registrar and Transfer Agent; (c) fees payable to the Custodian for acting as custodian of the assets of the Corporation; (d) banking fees and interest with respect to any borrowing; (e) fees payable to the auditors and legal advisors of the Corporation; (f) regulatory filing, stock exchange and licensing fees; and (g) expenditures incurred upon the termination of the Corporation. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Sentry Select is entitled to indemnity by the Corporation. See “Management of the Corporation”. The aggregate annual amount of these fees and expenses is estimated to be $300,000, excluding any banking fees and interest which will increase with the Corporation’s utilization of any borrowing. The Corporation will also be responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Corporation which may be incurred from time to time.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Sentry Select will receive the fees described under “Fees and Expenses” for its services to the Corporation and will be reimbursed by the Corporation for all expenses incurred in connection with the operation and administration of the Corporation.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

(a) the Management Agreement described under “Management of the Corporation — The Manager”;
(b) the Agency Agreement described under “Plan of Distribution”;
(c) the Custodian Agreement described under “Management of the Corporation — The Custodian”; and
(d) the Warrant Indenture described under “Description of the Class A Shares and Warrants — Warrants”.

Copies of the foregoing agreements, after the execution thereof, may be inspected during business hours at the principal office of the Corporation during the course of distribution of the Units offered hereby. Any of the foregoing contracts that are not executed prior to the filing of this prospectus will be filed with the securities regulatory authorities forthwith after such contract is entered into.
RISK FACTORS

The following are certain considerations relating to an investment in Units which prospective investors should consider before purchasing such securities:

Performance of Issuer

The NAV per Class A Share will vary according to the value of the securities in which the Corporation invests, which will depend, in part, upon the performance of the issuers of such securities. The value of the securities acquired by the Corporation will be affected by business factors and risks that are beyond the control of the Manager or the Corporation. In addition, the performance of certain of the Portfolio Securities may be affected by business factors and risks other than their exposure to metal and mineral prices, which may be more determinative of such Portfolio Securities’ performance. Some of these factors and risks are: (i) some of the issuers in which the Corporation invests may have limited operating histories; (ii) operational risks related to specific business activities of the respective issuers; (iii) quality of underlying assets; (iv) financial performance of the respective issuers and their competitors; (v) volatility in the price of metal and mineral prices; (vi) environmental risks; (vii) political risks; (viii) fluctuations in exchange rates; (ix) fluctuations in interest rates; and (x) government regulations, including regulations to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The amount of dividends available for payment to Shareholders will depend in part on the amount of dividends paid by the issuers of the Portfolio Securities.

The Corporation may make investments in securities that have low trading volumes. Accordingly, it may be difficult for the Corporation to make trades in these securities without adversely affecting the price of such securities and consequently the NAV of the Corporation.

The Net Asset Value per Class A Share, as calculated by the Manager, may not reflect the price for which the Class A Shares can actually be sold.

No Guaranteed Return

There is no guarantee that an investment in the Corporation will earn any positive return in the short term or long term.

Loss of Entire Investment

An investment in the Units is speculative and may result in the loss of a substantial portion of an investor’s investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the securities of the Corporation.

Uninsurable Risks

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, explosions, blow-outs, formations of abnormal pressure, flooding or other conditions may occur from time to time. A mining issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on such mining issuer’s financial position.

Exploration and Mining Risks

The business of exploration for metals and minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At the time of investment in a mining issuer by the Corporation, it may not be known if such mining issuer’s properties have a known body of ore of commercial grade. Unusual or unexpected formations, formation pressures, fires, explosions, rock bursts, power outages, labour disruptions, flooding, cave-ins, landslides and the inability of the mining issuer to obtain suitable machinery, equipment or labour are all risks which may occur during exploration for and development of mineral deposits. Substantial expenditures are required in order to establish reserves through drilling, to develop metallurgical processes to extract the metal from the ore, to develop the mining, production, gathering or
processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals, as applicable, will be discovered in sufficient quantities by the issuers in which the Corporation may invest to justify commercial operations or that such issuers will be able to obtain the funds required for development on a timely basis or at all. The economics of developing mining properties is affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in the prices of ore which can be obtained on the metal markets, and such other factors as land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting and environmental protection. There is no certainty that the expenditures to be made by the mining issuer in the exploration and development of the interests described herein will result in discoveries of commercial quantities of a resource.

No Public Market for Molybdenum or Uranium

There is no public market for the sale of molybdenum or uranium. The Corporation and the Manager, on behalf of the Corporation, may not be able to acquire molybdenum or uranium, or once acquired, sell it on economically acceptable terms. The pool of potential purchasers and sellers is limited and each transaction may require the negotiation of specific provisions.

High Turnover

It is anticipated that the Corporation’s Portfolio will have a high turnover rate. This can increase trading costs, which lower the Corporation’s return. It also increases the possibility that a Shareholder will receive taxable capital gains.

Commodity Price and Currency Fluctuations

The operations and financial condition of the majority of issuers in which the Corporation will invest and, accordingly, the amount of dividends paid on, and the value of, such securities, will be dependent significantly on commodity prices applicable to such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of dividends paid on, and the value of, such securities.

In particular, the operational results and financial condition of issuers included in the Portfolio are especially sensitive to metal and mineral prices. Metal and mineral prices have fluctuated widely during recent years and are affected by supply and demand factors, political events, weather and general economic conditions, among other things. Any decline in metal or mineral prices could have an adverse effect on the dividends received from the issuers included in the Corporation’s Portfolio and the value of such issuers’ securities.

In addition, metal and mineral prices are denominated generally in U.S. dollars. Accordingly, a decrease in the value of the U.S. dollar against the Canadian dollar could reduce the amount of dividends paid on such securities.

As the Portfolio may include securities traded in U.S. dollars or other foreign currencies, the NAV of the Corporation and distributable cash, when measured in Canadian dollars, will be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar.

No Assurance of Title or Boundaries, or of Access

While a mining issuer may have registered its mining claims, as applicable, with the appropriate authorities and filed all pertinent information to industry standards, this can not be construed as a guarantee of title. In addition, a mining issuer’s properties may consist of recorded mineral claims or licences which have not been legally surveyed, and therefore, the precise boundaries and locations of such claims or leases may be in doubt and may be challenged. A mining issuer’s properties may also be subject to prior unregistered agreements or transfers or land claims, and a mining issuer’s title may be affected by these and other undetected defects.
Foreign Country Risk

A mining issuer’s mining property interests may be located in foreign jurisdictions, and its exploration operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the mining issuer.

Government Regulation

A mining issuer’s operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rate of exchange, return of capital and labour relations. Such factors may adversely affect the mining issuer’s business and/or its mining property holdings. Although a mining issuer’s exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the mining issuer’s operations. Amendments to current laws and regulations governing the operations of a mining issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the mining issuer.

Environmental Regulation

A mining issuer’s operations may be subject to environmental regulations enacted by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas which would result in environmental pollution. A breach of such legislation may result in the imposition on the mining issuer of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has lead to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of a mining issuer’s operations.

Financial Investor Demand and Exchange Traded Funds of Issuers

Increased financial investor demand and exchange traded funds may inflate demand for issuers which may contribute to increased volatility and in certain circumstances may contribute to significant reductions in the value of issuers.

Valuation of Molybdenum, Uranium and Other Physical Metals and Minerals

The valuation of molybdenum and uranium may be difficult to determine because independent pricing information may not be available. In addition, the Corporation may have some of its assets in other metals or minerals that by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Corporation to any such investment differs from the actual value, the fair market value of the Corporation may be understated or overstated, as the case may be.

Private Issuers

Investments in Private Issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. This may impair the Corporation’s ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in Private Issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk.

The value attributed to securities of Private Issuers for the purposes of the calculation of the Net Asset Value will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. The process of valuing investments in Private Issuers will inevitably
be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

Trading Price of the Class A Shares Relative to Net Asset Value

Securities of certain exchange listed investment funds in Canada have traded at a discount from their net asset values. This risk associated with securities of a listed mutual fund is a risk separate and distinct from the risk that the Corporation’s NAV may decrease. The Corporation cannot predict whether the Class A Shares will trade at a discount from, a premium to, or at the NAV per Class A Share.

No Assurances on Achieving Objectives

There is no assurance that the Corporation will be able to achieve its capital appreciation objectives.

Composition of Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time but will be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than other closed-end funds.

Reliance on Management

Investors will be dependent on the management of the Manager. Investors who are not willing to rely on the management of the Manager should not invest in the Units.

There is no certainty that Sentry Select will not be terminated as Manager prior to the termination of the Corporation or that Kevin MacLean will not leave the employ of Sentry Select.

Warrants

If a Shareholder does not exercise, or sells, the Warrants, then the value of the Class A Shares held by that Shareholder may be diluted as a result of the exercise of Warrants by others.

Operating History

The Corporation is a newly organized investment fund with no previous operating history. There is currently no public market for the Class A Shares, and there can be no assurance that an active public market will develop or be sustained after completion of the Offering.

Illiquid Securities

If the Manager is unable or determines that it is inappropriate to dispose of some or all of the Portfolio Securities prior to the Termination Date, Shareholders may, subject to applicable laws, receive distributions of securities in specie upon the termination of the Corporation, for which there may be an illiquid market or which may be subject to resale restrictions. In addition, if the Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Manager, if the market for such securities is particularly illiquid. Also, there is no assurance that the Manager will be able to invest the net proceeds of the Offering to reach the proposed initial weightings in a timely manner, which may negatively affect the Corporation’s investment objectives.

Status of the Corporation

As the Corporation is not a mutual fund as defined under Canadian securities laws, the Corporation is not subject to the Canadian policies and regulations that apply to open-end mutual funds.

Conflict of Interest

The directors and officers of the Manager and its affiliates and associates may engage in the promotion, management or investment management of any other investment fund which invests primarily in issuers.
Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the businesses of issuers of Portfolio Securities and the treatment of mutual fund corporations under the Tax Act will not be changed in a manner which adversely affects the dividends received by the Corporation and the Shareholders and/or the value of the Class A Shares and Warrants or the securities in which the Corporation invests.

Taxation of the Corporation

On October 31, 2003 the Department of Finance released a Proposed Amendment relating to the deductibility of losses under the Tax Act which is proposed to apply to taxation years beginning after 2004. Under such Proposed Amendment, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Proposed Amendment were to apply to the Corporation, certain losses of the Corporation may be limited with after-tax returns to Shareholders reduced as a result. On February 23, 2005, the Minister of Finance announced that an alternative proposal to replace this Proposed Amendment would be released. No such alternative proposal has been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect the Corporation.

Currently, a corporation will be deemed not to be a mutual fund corporation if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals which propose that a corporation would lose its status as a mutual fund corporation if the aggregate fair market value of all shares issued by the corporation held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all shares issued by the corporation where, at that time or any previous time, more than 10% (based on fair market value) of the corporation’s property is taxable Canadian property or certain other types of property (the “September 16th Tax Proposals”). If the September 16th Tax Proposals are enacted as proposed, and if these circumstances applied to the Corporation, the Corporation would thereafter cease to be a mutual fund corporation and the income tax considerations as described under “Canadian Federal Income Tax Considerations” and under “Eligibility for Investment” would in some respects be materially different and detrimental to a holder of Class A Shares. The September 16th Tax Proposals do not currently provide any means of rectifying a loss of mutual fund corporation status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes pending further consultation with interested parties.

In determining its income for tax purposes, the Corporation will treat gains or losses on the disposition of securities in the Portfolio as capital gains and losses. The Corporation will elect under subsection 39(4) of the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. In addition, in accordance with the CRA’s published administrative practice, derivatives used to hedge capital items will be treated and reported for purposes of the Tax Act on capital account and paid by way of capital gains dividends to holders of Class A Shares on this basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these dispositions of non-Canadian securities or hedge transactions of the Corporation are not on capital account, the net income of the Corporation for tax purposes and the taxable component of dividends to Shareholders could increase.

LEGAL OPINIONS

The matters referred to under “Eligibility for Investment” and “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Borden Ladner Gervais LLP, on behalf of the Corporation, and Blake, Cassels & Graydon LLP on behalf of the Agents.
PROMOTER

Sentry Select has taken the initiative in organizing the Corporation and accordingly may be considered to be a “promoter” of the Corporation within the meaning of the securities legislation of certain provinces of Canada. Sentry Select will receive fees from the Corporation and will be entitled to reimbursement of expenses incurred in relation to the Corporation as described under “Fees and Expenses”.

AUDITORS

The auditors of the Corporation are Deloitte & Touche LLP, Suite 1400, BCE Place, 181 Bay Street, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc. will be appointed the registrar and transfer agent for the Class A Shares and the Warrants.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in several of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.
AUDITORS’ CONSENT

We have read the prospectus of Sentry Select Primary Metals Corp. (the “Corporation”) dated May 25, 2007 relating to the issue and sale of Units of the Corporation. We have complied with Canadian generally accepted standards for an auditor’s involvement with an offering document.


Toronto, Canada
May 25, 2007

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Licensed Public Accountants
AUDITORS’ REPORT

To the Directors of
Sentry Select Primary Metals Corp.

We have audited the statement of financial position of Sentry Select Primary Metals Corp. (the “Corporation”) as at May 25, 2007. This financial statement is the responsibility of the Corporation’s manager. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the Corporation’s manager, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at May 25, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
May 25, 2007

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Licensed Public Accountants
SENTRY SELECT PRIMARY METALS CORP.
STATEMENT OF FINANCIAL POSITION
May 25, 2007

ASSETS
Cash ....................................................................... $100
Investment in portfolio securities .................................................. —
Total ....................................................................... $100

SHAREHOLDER'S EQUITY
Shareholder’s Equity (Note 1): 100 Class J Shares ......................... $100

Approved by the Board of Directors

(Signed) JOHN F. DRISCOLL
Director

(Signed) JACK McOuat
Director

The accompanying notes are an integral part of this financial statement.
SENTRY SELECT PRIMARY METALS CORP.
NOTES TO STATEMENT OF FINANCIAL POSITION
May 25, 2007

1. NATURE OF OPERATIONS

Sentry Select Primary Metals Corp. (the “Corporation”) is established under the laws of the Province of Ontario. The Corporation is authorized to issue Units (the “Units”). Each Unit will be made up of one Class A Share (“Class A Share”) and one full Class A Share Purchase Warrant (“Warrant”).

The net asset value (the “NAV”) per Class A Share will be calculated as of 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a business day, the business day following such Thursday) and on the last business days of March, June, September and December (the “Valuation Time”). The NAV on a particular date will be equal to the aggregate value of the assets of the Corporation less the aggregate value of the liabilities of the Corporation, including any income, net realized capital gains or other amounts payable to Shareholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Class A Share on any day will be obtained by dividing the NAV of the Corporation on such day by the number of Class A Shares then outstanding.

The Corporation’s investment objectives are to: provide the holders of Class A Shares (the “Shareholders”) with long-term capital appreciation above the original issue price of $10.00 per Class A Share.

Each Warrant entitles the holder to purchase one Class A Share at a subscription price of $12.00 at any time on or before 4:00 pm (Toronto time) on June 30, 2009.

The NAV per Class A Share will vary depending on a number of market factors, including interest rates, volatility in the equity markets and changes in the market price of the portfolio securities.

The Corporation is also authorized to issue 100 Class J Shares, of which there are 100 Class J Shares outstanding. The Class J Shares are entitled to one vote per share, are redeemable and retractable at a price of $1.00 per share and rank prior to Class A Shares. A trust established for the benefit of the holders of the Class A Shares owns all of the issued and outstanding Class J Shares.

2. MANAGEMENT FEES AND OTHER EXPENSES

Sentry Select is the manager of the Corporation and, as such, is responsible for providing or arranging for required general and administrative services to the Corporation including the management of its portfolio investments.

Sentry Select is entitled to a fee of 1.60% of NAV, plus an amount equal to the Servicing Fee (described below) payable to the registered dealers of 0.40% of NAV plus applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on the average NAV calculated at each Valuation Time during that month. The management fee will be paid in cash.

The Corporation will pay the Manager a performance fee calculated as at December 31 of each year, commencing with December 31, 2008. The performance fee will be an amount for each Class A Share then outstanding equal to 20% of the amount by which the NAV per Class A Share of the Corporation (calculated without taking into account the performance fee) (the “Adjusted NAV per Class A Share”) exceeds the Threshold Amount. For December 31, 2008, the Threshold Amount is $12. Thereafter the Threshold Amount for each subsequent year is the greater of 110% of the previous Threshold Amount and 110% of the NAV per Class A Share at December 31 of the previous year less the amount of any cash dividends payable for the year in respect of which the Threshold Amount is being determined.

The Manager will pay to the registered dealers the Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Class A Share for each Class A Share held by clients of the registered dealers.

State Street Trust Company Canada (the “Custodian”) acts as custodian of the assets of the Corporation and is also responsible for certain aspects of the Corporation’s day-to-day operations. In consideration for the services provided by the Custodian, the Corporation will pay a monthly fee to be agreed upon between the Custodian and Sentry Select.

The Corporation is responsible for all expenses incurred in connection with the operation and administration of the Corporation. All fees and expenses of the Corporation will be paid in cash. Sentry Select will be reimbursed by the Corporation for all expenses incurred in connection with the operation and administration of the Corporation.
CERTIFICATE OF THE ISSUER AND THE PROMOTER

Dated: May 25, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the Securities Act (British Columbia), by Part 9 of the Securities Act (Alberta), by Part XI of The Securities Act, 1988 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part XV of the Securities Act (Ontario), by Section 63 of the Securities Act (Nova Scotia), by Section 13 of the Securities Act (New Brunswick), by Part XIV of The Securities Act (Newfoundland and Labrador), by Part II of the Securities Act (Prince Edward Island), by Part 3 of the Securities Act (Yukon Territory), by the Securities Act (Northwest Territories) and by the Securities Act (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the Securities Act (Québec) and the regulations thereunder.

SENTRY SELECT PRIMARY METALS CORP.

(Signed) JOHN F. DRISCOLL  (Signed) JOHN VOOGLAID
Chief Executive Officer and President  Chief Financial Officer and Treasurer

On behalf of the Board of Directors of Sentry Select Primary Metals Corp.

(Signed) RICHARD ZARZECZNY  (Signed) PHILLIP JOHNSON
Director  Director

SENTRY SELECT CAPITAL CORP.
(as Promoter)

(Signed) JOHN F. DRISCOLL
Chairman, President and Chief Executive Officer
CERTIFICATE OF THE AGENTS

Dated: May 25, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the Securities Act (British Columbia), by Part 9 of the Securities Act (Alberta), by Part XI of The Securities Act 1988, (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part XV of the Securities Act (Ontario), by Section 64 of the Securities Act (Nova Scotia), by Section 13 of the Securities Act (New Brunswick), by Part XIV of The Securities Act (Newfoundland and Labrador), by Part II of the Securities Act (Prince Edward Island), by Part 3 of the Securities Act (Yukon Territory), by the Securities Act (Northwest Territories) and by the Securities Act (Nunavut) and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the Securities Act (Quebec) and the regulations thereunder.

CANACCORD CAPITAL CORPORATION

(Signed) BINA N. PATEL

NATIONAL BANK FINANCIAL INC.

(Signed) MICHAEL D. SHUH

TD SECURITIES INC.

(Signed) CAMERON GOODNOUGH

HSBC SECURITIES (CANADA) INC.

(Signed) JAY LEWIS

RAYMOND JAMES LTD.

(Signed) J. GRAHAM FELL

BLACKMONT CAPITAL INC.

(Signed) CHARLES V. PENNOCK

DUNDEE SECURITIES CORPORATION

(Signed) BRETT WHALEN

GMP SECURITIES L.P.

(Signed) MARK WELLINGS

RICHARDSON PARTNERS

(Signed) DAVE FINNBOGASON

WELLINGTON WEST CAPITAL INC.

(Signed) KEVIN M. HOOKE

BERKSHIRE SECURITIES INC.

(Signed) DAVID MACLEOD

DESIJARDINS SECURITIES INC.

(Signed) BETH SHAW

HAYWOOD SECURITIES INC.

(Signed) G. FRANK STRONACH

JORY CAPITAL INC.

(Signed) PATRICK M. COONEY

INDUSTRIAL ALLIANCE SECURITIES INC.

(Signed) RICHARD ROY

MGI SECURITIES INC.

(Signed) JOSHUA H.H. KINGSMILL

RESEARCH CAPITAL CORPORATION

(Signed) DAVID J. KEATING

UNION SECURITIES LTD.

(Signed) REX THOMPSON