



CONNOR, CLARK & LUNN

CAPITAL MARKETS

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Connor, Clark & Lunn
2010 Flow-Through
Limited Partnership
Annual Report
December 31, 2010

March 29, 2011

Dear fellow Limited Partners,

I am pleased to provide you with the annual report for the Connor, Clark & Lunn 2010 Flow-Through Limited Partnership (the "Partnership") for the period from May 6, 2010 (commencement of operations) to December 31, 2010. The Partnership's portfolio is managed by Connor Clark & Lunn Investment Management ("the Investment Advisor"). With approximately \$5.3 billion in energy and materials investments, the Investment Advisor is one of the largest investors in natural resource companies in Canada.

The gross proceeds raised by the Partnership were successfully invested prior to year-end. The Investment Advisor did a good job of investing the portfolio in quality flow-through issuers on attractive terms. The weighted average premium paid for flow-through shares over the value of each issuer's common share price was 17.5%, well below the premiums seen in previous years. In addition, many of the flow-through investments came with warrants which offer significant potential for capital appreciation.

The past year was a good one for investors in the natural resource sector. In 2011, the Investment Advisor believes that oil will trade in the US\$80 to US\$100 range during 2011 and natural gas in the US\$4.00/Mcf subject to the type of political unrest that we are seeing today. Given this view on commodity prices they believe that while overall valuations within the energy space have moved to premium levels (on a historical basis), we continue to see areas of opportunities within the junior/intermediate space where the market is not recognizing above average growth from premium management teams with top decile asset quality. They continue to remain selective and will continue to focus on producers that can generate reasonable rates of return on capital projects at current commodity prices, while maintaining strong balance sheets to withstand continued commodity price volatility.

In the gold and base metals sectors they expect to see continued price increases and are optimistic for the Partnership's investments in these sectors.

We appreciate your investment in the Partnership and remain optimistic on the potential for good investment returns during the remainder of its life.

Yours truly,



W. Neil Murdoch
Chief Executive Officer
Connor, Clark & Lunn 2010 Flow Through Management Corp. (General Partner)

Management Report of Fund Performance

This annual management report of fund performance for Connor, Clark & Lunn 2010 Flow-Through Limited Partnership (the “Partnership”), contains financial highlights but does not contain the complete annual financial statements of the Partnership. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) to the following address: Connor, Clark & Lunn Capital Markets Inc., Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7, or calling (416) 862-2020 or visiting the Manager’s website at www.cclcapitalmarkets.com. You can also obtain the annual financial statements by visiting www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Partnership’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Any reference to “Net Assets” or “Net Assets per Unit” or “GAAP Net Assets” means that the value was determined in accordance with the Canadian Generally Accepted Principles “GAAP” for financial statements purposes. Any reference to “Net Asset Value” or “Net Asset Value per Unit” or “Transactional NAV” means that the value was determined for valuation and transactional purposes.

Investment Objectives and Strategy

The Connor, Clark & Lunn 2010 Flow-Through Limited Partnership (the “Partnership”) was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated February 25, 2010 between Connor, Clark & Lunn 2010 Flow-Through Management Corp., as General Partner, and Darren Cabral, as the Initial Limited Partner, and became a limited partnership effective February 25, 2010. Darren Cabral holds a position of Director and Vice President at Connor, Clark & Lunn Capital Markets Inc.

The Partnership has been organized to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource issuers whose shares are publicly listed and to a maximum of 20% in flow-through shares of private resource issuers with a view to achieving income and capital appreciation for Limited Partners. A Flow-through share is a share that enables the issuer to renounce Canadian exploration expenses (“CEE”) and Canadian development expenses (“CDE”) to the holder. CEE and CDE are defined terms in subsections 66.1(6) and 66.2(5) respectively, of the Income Tax Act (Canada) (the “Act”). Resource issuers are “principal business corporations” as defined in subsection 66(15) of the Act whose principal business is:

- (i) oil and gas exploration, development and production;
- (ii) mineral exploration, development and production; or
- (iii) certain energy production that may incur certain start-up phase costs of renewable energy and energy efficient projects.

The General Partner will invest all the proceeds raised through the sale of limited partnership units (the “Offering”) in flow-through shares of resource issuers that agree to incur and renounce (directly or indirectly) CEE and qualifying CDE to the Partnership (and thereby maximize the deductions available to Limited Partners in respect of their 2010 taxation years).

In order to achieve the Partnership’s investment objectives, Connor, Clark & Lunn Investment Management Ltd. (the “Investment Advisor”), the Partnership’s investment advisor, will invest the net proceeds of the Offering, in flow-through shares of resource issuers that: (i) have experienced and reputable management with a defined track record in the energy, mining or alternative energy industries; (ii) have exploration programs or exploration and development programs in place; (iii) have shares that are suitably priced and offer capital appreciation or income potential; and (iv) meet certain market capitalization and other criteria set out in the Investment Guidelines mentioned in the Partnership’s prospectus dated April 27,

2010.

Risk

The Partnership's investment restrictions contemplate leverage of up to 15.0% of the net asset value of the Partnership. Leverage increases the exposure of the Partnership to market fluctuations. The Partnership pays interest on the amount borrowed and such interest payments may exceed the total return on the leveraged portion of the Partnership's portfolio. The Partnership employed leverage in the range of 0.0% to 13.6% during the period from May 6, 2010 (commencement of operations) to December 31, 2010. As at December 31, 2010, the leverage factor was 11.0%.

The risk profile of the Partnership has not changed since inception. For full disclosure of risks associated with an investment in the Partnership's units, please refer to the Prospectus dated April 27, 2010.

Results of Operations

Investment Manager Commentary (February 2011)

Energy

As expected, oil prices, as measured by West Texas Intermediate ("WTI"), were range bound between US\$65 per barrel and US\$85 per barrel in 2010 with a late break-out in the year through the US\$90 per barrel level on improving economic fundamentals, both in developing and emerging economies. Barring a setback to economic fundamentals (which could push oil prices back towards the marginal cost of supply at US\$65 per barrel but is not within our forecast at this time), we believe that strong demand from emerging economies will drive overall global demand to new highs this year, setting our expected range for oil prices in 2011 at \$80.00 per barrel to \$100.00 per barrel. The high end of this limit is set based on expectations that OPEC would increase supply to mitigate the potential for demand destruction at oil prices above \$100 per barrel. While we do not forecast material upside in oil prices through 2011, this outlook still provides a very healthy environment for oil weighted producers to generate rates of return on investment in excess of 30%.

Similarly, Henry Hub natural gas prices were range bound in 2010 between US\$4.00 per thousand cubic feet ("Mcf") and US\$5.50/Mcf. While gas prices may continue to languish near the US\$4.00/Mcf level through 2011 due to higher than expected supply levels and only a modest recovery in demand, we are now seeing producers curtail drilling levels at current gas prices reflecting our view that the marginal cost of supply exceeds US\$5.00/Mcf. On this basis, we foresee a recovery in gas prices over the next 12 to 18 months to the high end of our expected trading range of US\$4.00/Mcf to US\$5.50/Mcf. That said, our natural gas weighted investments remain selective with a focus on those producers that either offer the lowest cost projects or a high liquids content associated with gas production.

While overall valuations within the energy space have moved to premium levels (on a historical basis), we continue to see areas of opportunities within the junior/intermediate space where the market is not recognizing above average growth from premium management teams with top decile asset quality. We continue to remain selective and will continue to focus on producers that can generate reasonable rates of return on capital projects at current commodity prices, while maintaining strong balance sheets to withstand continued commodity price volatility.

Gold

Gold appreciated strongly in 2010 aided by investors who were adding gold to their portfolios on a confluence of factors, including a weakening US dollar and inflation expectations. Central banks have also been steady buyers. In additions gold companies have also tried to eliminate their gold hedge books. Considering the current global macro economic backdrop, we believe that the incentive to liquidate gold positions among investors and central banks remains small and with a high likelihood of further inflows into gold, market participants should remain net gold buyers. Hence, we see further support to prices in 2011.

Base Metals

We see commodity prices moving higher in 2011 on the back of robust growth in the emerging markets and improving growth in developed markets. We also expect 2011 to be a bumpy year as we expect to see tighter monetary policy in emerging markets creating occasional short-term headwinds for commodities. However we still believe that supply-constrained commodities will perform well in 2011. Copper price strength in 2010 has been heavily influenced by a tightening physical market, reflected by steady declines of London Metal Exchange inventories. We expect increased demand, continued underperformance in copper mine output and low inventories will likely push copper to a new record in 2011. In addition we also remain bullish on the bulk sector, especially metallurgical coal, in 2011 on supply disruptions. Metallurgical coal demand has been easing since mid-2010 as Chinese steel production has weakened. Despite this, metallurgical coal spot prices have set new highs mainly due to supply issues in Queensland. The flooding situation in Queensland has triggered a number of force majeure declarations.

The following is an update on some of the companies in the portfolio.

Tourmaline Oil Corp.: The Tourmaline management team represents the latest iteration of the former group from Duvernay Oil – a successful gas focused exploration and production company that went public in 2004 at \$10.00/share and subsequently sold to Royal Dutch Shell (“RDS”) in 2008 for \$83.00/share. In its short history since forming Tourmaline in 2008, management has already amassed 1,200 net sections of land in the Deep Basin of Alberta and British Columbia (more than twice the size of Duvernay’s land position when it sold to RDS). Current production is approaching 23,000 barrels of equivalent oil per day (“Boe/d”) with a 2011 exit target of 30,000 Boe/d. Based on this 2011 production estimate, Tourmaline will generate production per share growth of almost 350% from mid-2009 levels. Flow-through funds from two equity raises in 2010 will be used to supplement an active \$350MM drilling program in 2011 that will remain focused within 3 core areas in the Deep Basin.

Reliable Energy: Following a recapitalization transaction by a new management team late in 2008, Reliable has delivered significant growth in its first two years of operations increasing production from 50 Boe/d at inception to over 700 Boe/d at the end of 2010. Spending \$22MM in 2011 (in line with cash flow), production is expected to grow to an average rate of 1,100 Boe/d this year with an exit target of almost 1,500 Boe/d. The bulk of this growth will continue to be delivered from its contiguous Bakken land position of 80,000 net acres in southeast Saskatchewan where the company has extended the play towards the Manitoba border with its joint venture partner, Crescent Point (Crescent Point also holds a 19.9% equity interest in Reliable). Supplementing the visibility provided by its lower risk Bakken development program in Saskatchewan, the company has amassed a significant land position targeting the emerging ‘Alberta Bakken’ play that extends from southern Alberta in to Montana. Reliable has just kicked off its initial exploration work on a large contiguous land position covering 100,000 net acres of undeveloped land at the south end of this play. This project could materially expand the company’s extensive development inventory and could add to its appeal as a consolidation candidate.

Sabina Gold & Silver Corp.: Sabina is a Canadian exploration company with 3 projects – the Hackett River silver-zinc project along with two gold properties called Goose Lake and George Lake (which are held under the umbrella Back River Gold Project). Company is in the process of restarting the drill program after a brief seasonal holiday due to weather related issues. The most recent infill drill results from Umwelt zone, which is part of the Black River Gold project increase our confidence in what we think will become a gold district. In addition to the infill results, Sabina’s step - out drilling to the southeast of Umwelt has extended the zone to 700m of strike length - an increase of 200m. In addition to the assets, Sabina also has a strong management team with a proven track record in Nunavut. Sabina’s senior management and some of its directors played the same roles in Miramar, successfully growing the Hope Bay gold project and taking it through permitting.

St Andrew Goldfields: St Andrew Goldfields owns the Holloway-Holt complex in Timmins’ mining district in Northeastern Ontario. The company is expected to grow from 70,000 Oz in 2011 to 120,000 Oz by 2015. For 2011, the majority of the production will be delivered from the Holloway mine. While we expect 2011 to be bumpy as the company is starting up the Holt mine (which represents 50% of St Andrew’s expected 120koz in gold production), we expect the stock to re-rate as it transitions from a single asset exploration company to a multi-asset producer.

Credit Facility

The Partnership has entered into a non-revolving term credit facility agreement (the “Credit Agreement”) with Bank of Montreal (“BMO”) dated April 27, 2010. The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the original gross proceeds of the offering.

Borrowing was used solely to finance the Agents' fees, and other expenses of the Offering (including legal, accounting and audit, travel, marketing and sales expenses), the Manager's fee and certain operating and administrative costs and expenses of the Partnership that were not expected to be fully deductible in computing income of the Partnership for the year ending December 31, 2010, in order to maximize the investment of the Offering Proceeds in flow-through shares.

The Partnership's obligation under the Credit Agreement (if any) is secured by a pledge of the Partnership assets, and requires the Partnership to meet certain minimum margin requirements, and is repayable on demand. If the Partnership Loan Facility is not repaid at the time of dissolution of the Partnership, the former Limited Partners will become personally obligated to repay the Partnership Loan Facility, although recourse against them will be limited to their interest in the securities or assets of the Partnership. The General Partner expects that all amounts outstanding under the loan facility, including all interest accrued thereon, will be repaid prior to the earlier of the closing of any Mutual Fund Rollover Transaction (a transaction that would provide liquidity, where the General Partner can transfer the assets of the Partnership to a mutual fund) and the dissolution of the Partnership.

During the period from May 6, 2010 (commencement of operations) to December 31, 2010, the Credit Facility had a minimum balance outstanding of \$nil and maximum balance outstanding of \$800,000 (0.0% to 13.6% of the net asset value of the Partnership). The related total interest and other charges during this period was \$22,816. As at December 31, 2010, the leverage factor was 11.0%.

Capital transactions

Units of the Partnership were offered to the public by way of prospectus. On May 6, 2010, the Partnership completed an initial public offering pursuant to the prospectus dated April 27, 2010. The offering raised \$7,035,750 through the issue of 281,430 Units at \$25.00 per Unit incurring Agents' fee and issue expenses of \$624,711, and \$200,000 through the issue of 8,000 Class F Units at \$25.00 per Class F Unit incurring Agents' fee and issue expenses of \$9,259.

On October 29, 2010, the Partnership raised an additional \$900,000 through the issue of 36,000 Units from a private placement at \$25.00 per Unit incurring Agents' fees of \$60,750 and increasing the total number of Units to 317,430.

Recommendations or Reports by the Independent Review Committee ("IRC")

The IRC did not table any special reports or make any material recommendations to management of the Partnership during the period from May 6, 2010 (commencement of operations) to December 31, 2010.

Related Party Transactions

Management Fees

Pursuant to a management agreement ("the Management Agreement") the Partnership retained the Manager to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Partnership, the Manager is entitled to an annual management fee in an amount equal to 2% per annum of the net asset value of the Partnership to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Partnership during the period from May 6, 2010 (commencement of operations) to December 31, 2010 were \$90,749.

The Manager pays the Investment Advisor out of the above management fees.

The Manager will also be entitled to a Performance Bonus. The Performance Bonus is equal to 20% of the product of: (a) the number of Units outstanding on the last day of the Performance Bonus Term (the "Performance Bonus Date"); and (b) the amount by which Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the total distributions per Unit during the Performance Bonus Term exceeds \$28.

“Performance Bonus Date” means the last day of the Performance Bonus Term.

“Performance Bonus Term” means the period commencing on the date of the final Closing (May 6, 2010) and ending on the earlier of:

- a) the Business Day prior to the date on which the Partnership’s assets are transferred to a Mutual Fund pursuant to a Mutual Fund Rollover Transaction; and
- b) the Business Day immediately prior to the day of dissolution or termination of the Partnership.

Class F Units

Class F units are solely held by employees of the Manager and its affiliates.

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to aid in understanding the Partnership's financial performance since inception. This information is derived from the Partnership's annual financial statements:

Units:

The Partnership's Net Assets per unit:

	December 31, 2010 ⁽¹⁾
Net Assets, beginning of period	25.00
Unit issue expense ⁽²⁾	(2.36)
Increase (decrease) from operations:	
Total revenues	0.05
Total expenses	(0.72)
Realized gains (losses) for the period	-
Unrealized gains (losses) for the period	0.25
Total increase (decrease) from operations ⁽³⁾	(0.42)
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total Distributions	-
Net Assets, end of period ⁽⁴⁾	22.46

⁽¹⁾ Results for the period from May 6, 2010 (commencement of operations) to December 31, 2010.

⁽²⁾ Issue expenses of \$685,461 incurred in connection with the unit issuance. The full amount of issue expenses will be deducted from the capital earnings for accounting purposes and will be amortized over a period of five years for tax purposes.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on weighted average number of units of 291,030 units outstanding as of December 31, 2010.

⁽⁴⁾ This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	December 31, 2010 ⁽¹⁾
Net asset value (000's)	7,103
Number of units outstanding	317,430
Base Management expense ratio ⁽²⁾⁽³⁾	4.50%
Issue expenses ratio ⁽²⁾⁽³⁾	10.92%
Interest expense ratio ⁽²⁾⁽³⁾	0.53%
Management expense ratio (annualized) ⁽³⁾	15.95%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	15.95%
Portfolio turnover rate ⁽⁴⁾	0.00%
Trading expense ratio ⁽⁵⁾	0.00%
Net asset value per unit	22.38

⁽¹⁾ Results for the period from May 6, 2010 (commencement of operations) to December 31, 2010.

⁽²⁾ A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all agents' fees and unit issue expenses, and Interest expense ratio: representing cost of leverage. Since this is the first year of operations, this base management expense ratio calculation annualizes expenses that can be regarded as period expenses (such as Management Fees) and do not annualize any expenses that are annual in nature (such as Audit Fees).

⁽³⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

⁽⁴⁾ The Partnership's turnover rate indicates how actively the Partnership's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Partnership.

⁽⁵⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

Class F:

The Partnership's Net Assets per unit:

	December 31, 2010 ⁽¹⁾
Net Assets, beginning of period	25.00
Unit issue expense ⁽²⁾	(1.16)
Increase (decrease) from operations:	
Total revenues	0.05
Total expenses	(0.74)
Realized gains (losses) for the period	—
Unrealized gains (losses) for the period	(0.04)
Total increase (decrease) from operations ⁽³⁾	(0.73)
Distributions:	
From income (excluding dividends)	—
From dividends	—
From capital gains	—
Return of capital	—
Total Distributions	—
Net Assets, end of period ⁽⁴⁾	23.12

⁽¹⁾ Results for the period from May 6, 2010 (commencement of operations) to December 31, 2010.

⁽²⁾ Issue expenses of \$9,259 incurred in connection with the unit issuance. The full amount of issue expenses will be deducted from the capital earnings for accounting purposes and will be amortized over a period of five years for tax purposes.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on weighted average number of units of 8,000 units outstanding as of December 31, 2010.

⁽⁴⁾ This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	December 31, 2010 ⁽¹⁾
Net asset value (000's)	184
Number of units outstanding	8,000
Base Management expense ratio ⁽²⁾⁽³⁾	4.47%
Issue expenses ratio ⁽²⁾⁽³⁾	5.14%
Interest expense ratio ⁽²⁾⁽³⁾	0.53%
Management expense ratio (annualized) ⁽³⁾	10.14%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	10.14%
Portfolio turnover rate ⁽⁴⁾	0.00%
Trading expense ratio ⁽⁵⁾	0.00%
Net asset value per unit	23.04

⁽¹⁾ Results for the period from May 6, 2010 (commencement of operations) to December 31, 2010.

⁽²⁾ A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all agents' fees and unit issue expenses, and Interest expense ratio: representing cost of leverage. Since this is the first year of operations, this base management expense ratio calculation annualizes expenses that can be regarded as period expenses (such as Management Fees) and do not annualize any expenses that are annual in nature (such as Audit Fees).

⁽³⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

⁽⁴⁾ The Partnership's turnover rate indicates how actively the Partnership's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Partnership.

⁽⁵⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

Summary of Investment Portfolio as of December 31, 2010

The summary of investment portfolio may change due to ongoing portfolio transactions of the Partnership. A quarterly update is available at www.cclcapitalmarkets.com and at www.sedar.com.

	Market Value \$	% of NAV
Portfolio by Category		
Energy	5,158,024	70.7%
Materials	3,024,150	41.5%
Bank overdraft	(26,787)	-0.4%
 Top 25 Holdings		
Tourmaline Oil Corp.	1,427,900	19.6%
Rock Energy Energy Flow Through 2010	1,263,600	17.3%
St Andrew Goldfields Ltd. Flow Through	1,015,000	13.9%
Vero Energy Flow Through 2010	984,299	13.5%
Premier Gold Mines Ltd Flow Through 2010	812,900	11.2%
Sabina Gold & Silver Corp Flow Through 2010	701,250	9.6%
West Kirkland Mining Inc. Flow Through 2010	495,000	6.8%
Strategic Oil & Gas Ltd. Flow Through 2010	413,000	5.7%
Reliable Energy Ltd. Flow Through 2010	323,000	4.4%
Renegade Petroleum Ltd. 2010 Flow Through	243,000	3.3%
Yoho Resources Inc. 2010 Flow Through	218,625	3.0%
Base Oil & Gas Flow Through 2010	173,250	2.4%
ProspEx Resources Ltd 2010 Flow Through	111,350	1.5%
ProspEx Resources Ltd 2010 Flow Through	111,350	1.5%
 Net asset value	 7,287,516	

Management's Responsibility for Financial Reporting

The accompanying financial statements of **Connor, Clark & Lunn 2010 Flow-Through Limited Partnership** (the "Partnership") and all of the information have been prepared by the General Partner and approved by the Board of Directors of the General Partner. The General Partner is responsible for all of the information and representations contained in these financial statements and other sections of the Annual Report

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. The General Partner has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. The General Partner has ensured that the other financial information presented in this annual report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.



W. Neil Murdoch
President and Chief Executive Officer
Connor, Clark & Lunn 2010 Flow Through
Management Corp. (General Partner)

Toronto, Canada

March 29, 2010



Michael W. Freund
Director
Connor, Clark & Lunn 2010 Flow Through
Management Corp. (General Partner)

March 29, 2011

Independent Auditor's Report

**To the Partners of
Connor, Clark & Lunn 2010 Flow-Through Limited Partnership**

We have audited the accompanying financial statements of Connor, Clark & Lunn 2010 Flow-Through Limited Partnership (the Partnership), which comprise the statement of investment portfolio as at December 31, 2010, the statement of net assets as at December 31, 2010 and the statements of operations, changes in net assets and surplus (deficit) and cash flow for the period from May 6, 2010 (commencement of operations) to December 31, 2010, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2010 and the results of its operations, the changes in its net assets and surplus (deficit) and its cash flow for the period from May 6, 2010 (commencement of operations) to December 31, 2010 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Statement of Net Assets

As at December 31, 2010

	2010
	\$
Assets	
Investments at fair value (cost - \$8,135,748)	8,207,499
	<u>8,207,499</u>
Liabilities	
Bank overdraft	26,787
Loan payable (note 4)	799,181
Accounts payable and accrued liabilities	57,515
Management fees payable	11,176
	<u>894,659</u>
Net Assets representing Partners' Equity	<u>7,312,840</u>
Net Assets	
Units	7,127,906
Class F	184,934
Units issued and outstanding (note 5)	
Units	317,430
Class F	8,000
Net assets per unit	
Units	22.46
Class F	23.12
Partners' Equity	
Partners' capital (note 5)	7,441,030
Surplus (deficit)	<u>(128,190)</u>
Total Partners' Equity	<u>7,312,840</u>

Approved by the Manager

Director

Director

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Statement of Operations

For the period from May 6, 2010 (commencement of operations) to December 31, 2010

	\$
Income	
Interest income	14,242
	<u>14,242</u>
Expenses	
Management fees (note 7)	90,749
Audit fees	34,435
Legal fees	28,591
Loan interest and other charges (note 4)	22,816
Administration fees	14,843
Filing fees	10,962
Transfer agent fees	6,051
Printing fees	2,643
Independent Review Committee fees	1,644
Custodial and other unitholders' fees	1,265
Other	184
	<u>214,183</u>
Investment income (loss) for the period	(199,941)
Net unrealized gain (loss) on investments	
Unrealized gain (loss) on investments	71,751
	<u>71,751</u>
Net gain (loss) on investments	<u>71,751</u>
Increase (decrease) in net assets from operations	<u>(128,190)</u>
Increase (decrease) in net assets from operations	
Units	(122,383)
Class F	(5,807)
Increase (decrease) in net assets from operations per unit *	
Units	(0.42)
Class F	(0.73)

* (based on weighted average number of units outstanding during the period)

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Statement of Changes in Net Assets and Surplus (Deficit)

For the period from May 6, 2010 (commencement of operations) to December 31, 2010

	Units \$	Class F \$	Total
Increase (decrease) in net assets from operations	<u>(122,383)</u>	<u>(5,807)</u>	<u>(128,190)</u>
Unitholders' transactions:			
Gross proceeds from issue of units (note 5)	7,935,750	200,000	8,135,750
Agents' fees and issue expenses	<u>(685,461)</u>	<u>(9,259)</u>	<u>(694,720)</u>
	<u>7,250,289</u>	<u>190,741</u>	<u>7,441,030</u>
Change in net assets during the period	7,127,906	184,934	7,312,840
Net assets - Beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - End of period	<u>7,127,906</u>	<u>184,934</u>	<u>7,312,840</u>
Surplus (deficit), beginning of period	-	-	-
Increase (decrease) in net assets from operations	<u>(122,383)</u>	<u>(5,807)</u>	<u>(128,190)</u>
Surplus (deficit), end of period	<u>(122,383)</u>	<u>(5,807)</u>	<u>(128,190)</u>

(See accompanying notes to financial statements)

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Statement of Cash Flow

For the period from May 6, 2010 (commencement of operations) to December 31, 2010

	\$
Operating Activities	
Increase (decrease) in net assets from operations	(128,190)
Items not affecting cash:	
Unrealized (gain) loss on investments	(71,751)
Increase (decrease) in accounts payable and accrued liabilities	57,515
Increase (decrease) in management fees payable	11,176
Cost of investments purchased	<u>(8,135,748)</u>
Net cash flow provided by (used in) operating activities	<u>(8,266,998)</u>
Financing Activities	
Proceeds from issuance of units	8,135,750
Unit issue costs	(694,720)
Proceeds from bank indebtedness	800,000
Repayment of bank indebtedness	<u>(819)</u>
Net cash flow provided by (used in) financing activities	<u>8,240,211</u>
Bank overdraft - end of period	<u>(26,787)</u>
 Supplementary information	
Interest paid	22,816

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Statement of Investment Portfolio

As at December 31, 2010

	Quantity	Average Cost \$	Fair Value \$	% of Net Assets
Investments				
Canadian equities				
Energy				
Base Oil & Gas Flow Through 2010	700,000	210,000	154,000	2.1%
ProspEx Resources Ltd 2010 Flow Through	85,000	148,750	111,350	1.5%
Reliable Energy Ltd. Flow Through 2010	950,000	346,750	318,250	4.4%
Renegade Petroleum Ltd. 2010 Flow Through	60,000	246,000	243,000	3.3%
Rock Energy Energy Flow Through 2010	260,000	1,404,000	1,261,000	17.2%
Strategic Oil & Gas Ltd. Flow Through 2010	350,000	385,000	409,500	5.6%
Tourmaline Oil Corp.	65,500	1,441,000	1,424,625	19.5%
Vero Energy Flow Through 2010	171,780	1,400,007	984,299	13.5%
Yoho Resources Inc. 2010 Flow Through	70,982	234,241	218,625	3.0%
		<u>5,815,748</u>	<u>5,124,649</u>	<u>70.1%</u>
Materials				
Premier Gold Mines Ltd Flow Through 2010	110,000	660,000	808,500	11.1%
Sabina Gold & Silver Corp Flow Through 2010	125,000	250,000	696,250	9.5%
St Andrew Goldfields Ltd. Flow Through	700,000	1,050,000	1,015,000	13.9%
St Andrew Goldfields Ltd. Warrants	350,000	-	104,100	1.4%
West Kirkland Mining Inc. Flow Through 2010	300,000	360,000	459,000	6.3%
		<u>2,320,000</u>	<u>3,082,850</u>	<u>42.2%</u>
Total Canadian equities		<u>8,135,748</u>	<u>8,207,499</u>	<u>112.3%</u>
Total investments (before transaction costs)		<u>8,135,748</u>	<u>8,207,499</u>	<u>112.3%</u>
Transaction costs		<u>-</u>	<u>-</u>	<u>0.0%</u>
Total investments		<u>8,135,748</u>	<u>8,207,499</u>	<u>112.3%</u>
Liabilities, net of other assets			<u>(894,659)</u>	<u>-12.3%</u>
Net assets			<u>7,312,840</u>	<u>100.0%</u>

(See accompanying notes to financial statements)

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Notes to Financial Statements

As at December 31, 2010

1 Formation of Partnership

The Connor, Clark & Lunn 2010 Flow-Through Limited Partnership (the "Partnership") was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated February 25, 2010 between Connor, Clark & Lunn 2010 Flow-Through Management Corp., as General Partner (the "General Partner"), and Darren Cabral, as the Initial Limited Partner, and became a limited partnership effective February 25, 2010.

Pursuant to a limited partnership agreement dated February 25, 2010 (the "Limited Partnership Agreement") between the General Partner and the Initial Limited Partner at that time, and each person who became a Limited Partner thereafter, the General Partner is entitled to a 0.01% beneficial interest in the Partnership. As at June 30, 2010, the General Partner held no Units in the Partnership. The Limited Partners will be allocated on a pro rata basis 99.9% of the net income or loss of the Partnership and 100% of any eligible expenditures renounced to the Partnership, and 0.01% of the net income or loss of the Partnership will be allocated to the General Partner. On dissolution, Limited Partners are entitled to 99.99% of the assets of the Partnership and the General Partner is entitled to 0.01% of such assets after payment of all liabilities of the Partnership.

Mutual fund rollover transaction: The Limited Partnership Agreement provides that the General Partner will dissolve the Partnership on or about July 12, 2012, subject to the right of the General Partner to extend the dissolution date by up to three months. The General Partner can also transfer the assets of the Partnership to a mutual fund (the "Liquidity Alternative") pursuant to an agreement (the "Transfer Agreement"), in exchange for units of a mutual fund, prior to the dissolution of the Partnership. However, this Transaction is subject to the receipt of all necessary regulatory approvals, and is at the discretion of the General Partner.

Pursuant to a management agreement dated April 27, 2010, Connor, Clark & Lunn Capital Markets Inc. (the "Manager") has been retained by the Partnership to provide investment advisory and portfolio management services to the Partnership and to manage the ongoing business and administrative affairs of the Partnership.

2 Investment objectives

The Partnership has been organized to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource issuers whose shares are listed on a public exchange and (up to a maximum of 20% of the Gross Proceeds) flow-through shares of private resource issuers with a view to achieving income and capital appreciation for Limited Partners. The principal businesses of the resource issuers are:

- i. oil and gas exploration, development and production;
- ii. mineral exploration, development and production; or
- iii. certain energy production that may incur certain start-up phase costs of renewable energy and energy efficient projects.

3 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates.

This Partnership is unincorporated and these financial statements do not include all the assets, liabilities, revenues and expenses of the limited partners.

Valuation of Investments

Investments are deemed to be categorized as "held for trading" in accordance with CICA 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded ("GAAP Net Assets"). Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Manager on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. The Partnership calculates its daily Net Asset Value for the purchase and redemption of units ("Transactional NAV") based on the fair value of the investment Partnership's assets and liabilities (being the last traded price for the day). The Partnership did not change its methodology in this respect.

The Partnership continues to calculate its net asset value for pricing purposes using the closing prices of securities. As at December 31, 2010, the Partnership's net asset value per Unit was \$22.38 and Class F unit was \$23.04. The difference between the net asset value per unit and the net assets per unit as shown on the Statement of Net Assets is due to the different pricing methodology discussed above. The reconciliation between the Transactional NAV and the GAAP Net Assets as a result of the adoption of Sections 3855 is as follows:

	<u>Transactional</u> NAV	<u>Section 3855</u> Adjustment	<u>GAAP</u> Net Assets
Per Unit Closing Values as at December 31, 2010			
Units	22.38	0.08	22.46
Class F	23.04	0.08	23.12

Cash

Cash includes cash and cash equivalents with maturities of less than 90 days from the date of acquisition.

Income recognition

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Notes to Financial Statements

As at December 31, 2010

Unit valuation

Units of the Partnership are valued at the net asset value per unit of the Partnership. The net asset value per unit is determined by dividing the aggregate fair value of assets less liabilities of the Partnership by the total number of units of the Partnership outstanding before giving effect to redemptions or subscriptions for units on that day.

Increase (decrease) in net assets from operation per unit

This calculation is based on the increase (decrease) in net assets from operations attributable to each class divided by the weighted average number of units of that class outstanding during the period.

Valuation of series

A separate net assets per unit is calculated for each class. The net assets of a class are computed by calculating the class' proportionate share of the assets and liabilities to all classes, less the liabilities attributable only to that class. Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses are allocated proportionately to each class based upon the relative net assets of each class.

4 Loan payable

The Partnership has entered into a non-revolving term credit facility agreement (the "Credit Agreement") with Bank of Montreal ("BMO") dated May 6, 2010. The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the original gross proceeds of the offering.

Borrowing is used solely to finance the Agents' fees, and other expenses of the Offering (including legal, accounting and audit, travel, marketing and sales expenses), the Manager's fee and certain operating and administrative costs and expenses of the Partnership that were not expected to be fully deductible in computing income of the Partnership for the fiscal period ending December 31, 2010, in order to maximize the investment of the Gross Proceeds in flow-through shares.

The Partnership's obligation under the Partnership Credit Facility is secured by a pledge of the Partnership assets, and requires the Partnership to meet certain minimum margin requirements, and is repayable on demand. If the Partnership Loan Facility is not repaid at the time of dissolution of the Partnership, the former Limited Partners will become personally obligated to repay the Partnership Loan Facility, although recourse against them will be limited to their interest in the securities or assets of the Partnership. The General Partner expects that all amounts outstanding under the Partnership Credit Facility, including all interest accrued thereon, will be repaid prior to the earlier of the closing of any Liquidity Alternative and the dissolution of the Partnership.

The credit facility shall be prepaid in full upon the earlier of the date the Partnership is actually wound-up pursuant to the mutual fund rollover transaction (see note 1) and the Partnership termination date: but no later than July 12, 2012.

During the period from May 6, 2010 (commencement of operations) to December 31, 2010, the Credit Facility had a minimum balance outstanding of \$nil and maximum balance outstanding of \$800,000. The related total interest and other charges during this period was \$22,816. As at December 31, 2010, the leverage factor was 11.0%.

5 Partners' Equity

Units of the Partnership were offered to the public by way of prospectus. On May 6, 2010, the Partnership completed an initial public offering pursuant to the prospectus dated April 27, 2010. The offering raised \$7,035,750 through the issue of 281,430 Units at \$25.00 per Unit incurring Agents' fee and issue expenses of \$624,711, and \$200,000 through the issue of 8,000 Class F Units at \$25.00 per Class F Unit incurring Agents' fee and issue expenses of \$9,259.

On October 29, 2010, the Partnership raised an additional \$900,000 through the issue of 36,000 Units from a private placement at \$25.00 per Unit incurring Agents' fees of \$60,750 and increasing the total number of Units to 317,430. The Partnership will not issue any more Units or Class F units. The Partnership is expected to be dissolved on or about July 12, 2012.

There is no market through which the Units may be sold and none is expected to develop. The Units will not be listed on any stock exchange. Investors are likely to find it difficult or impossible to sell their Units. Under the Partnership Agreement, Units may be transferred by a Limited Partner subject to certain conditions.

Changes in outstanding units during the period from May 6, 2010 (commencement of operations) to December 31, 2010 are summarized as follows:

	Units	Class F Units
Balance – beginning of period	–	–
Units issued	317,430	8,000
Units redeemed	–	–
Balance – end of period	<u>317,430</u>	<u>8,000</u>

The Partnership considers capital to include all units issued and outstanding. The Partnership manages their capital in accordance with the objectives outlined in note 2.

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Notes to Financial Statements

As at December 31, 2010

6 Custodian

Pursuant to a custodian agreement (“the Custodian Agreement”), the Partnership has retained RBC Dexia Investor Trust Services to act as custodian of the assets of the Partnership. The Custodian is also responsible for certain aspects of the Partnership’s day-to-day operations. In consideration for these services, the Partnership pays a fee to the Custodian.

7 Management fees and other expenses

As compensation for management services rendered to the Partnership, the Manager receives an annual management fee in an amount equal to 2.0% of the net asset value of the Partnership, calculated daily and paid monthly in arrears, plus applicable taxes. The Manager will pay Connor, Clark & Lunn Investment Management (“Investment Advisor”) the Investment Advisor’s fee out of the Manager’s Fee.

The Manager is also entitled to a Performance Bonus. The Performance Bonus is equal to 20% of the product of (a) the number of Units outstanding on the Performance Bonus Date; and (b) the amount by which the Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the total distributions per Unit over the Performance Bonus Term exceeds \$28.

“Performance Bonus Date” means the last day of the Performance Bonus Term.

“Performance Bonus Term” means the period commencing on the date of the final Closing (May 6, 2010) and ending on the earlier of:

- a. the Business Day prior to the date on which the Partnership’s assets are transferred to a Mutual Fund pursuant to a Mutual Fund Rollover Transaction; and
- b. the Business Day immediately prior to the day of dissolution or termination of the Partnership.

The Partnership is also responsible for all expenses incurred in connection with its operation and administration.

8 Broker commission charges and soft dollar services

There were nil broker commissions paid during the period from May 6, 2010 (commencement of operations) to December 31, 2010 in connection with portfolio transactions. No soft dollar services were included in the broker commission charges.

9 Financial instruments

Assets	\$
Held for trading	8,207,499
Loans and receivables	-
Total assets	8,207,499
Liabilities	
Held for trading	-
Financial liabilities at amortized cost	894,659
Total liabilities	894,659

For the purposes of categorization in accordance with CICA Section 3862, Financial Instruments – Disclosures, interest receivable is deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities, loan payable and management fees payable are deemed to be financial liabilities and reported at amortized cost.

The following table illustrates the classification of the Partnership’s financial instruments within the fair value hierarchy as at December 31, 2010:

Assets at fair value as at December 31, 2010	Level 1	Level 2	Level 3	Total
Equities	7,644,399	563,100	-	8,207,499
Total	7,644,399	563,100	-	8,207,499

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Equities: The Partnership’s long equity positions are classified as Level 1 when these securities are actively traded and a reliable quote is observable. Long equity positions are classified as Level 2 when fair values are determined by using observable market data..

Connor, Clark & Lunn 2010 Flow-Through Limited Partnership

Notes to Financial Statements

As at December 31, 2010

10 Financial instrument risk

The Partnership may be exposed to a variety of financial risks. The Investment Advisor seeks to minimize potential adverse effects of these risks on the Partnership's performance through daily monitoring of the Partnership's positions and market events and by diversifying the investment portfolio within the constraints of the investment objective. The investment portfolio is comprised of junior resource issuers.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds, fixed income derivatives and interest-bearing liabilities such as the loan payable. The Partnership is exposed to the risk that the value of interest-sensitive financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Other assets and liabilities are short-term in nature and non-interest bearing. As at December 31, 2010, interest rate risk was negligible as the Partnership had no significant exposure to interest-bearing investments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Partnership's functional currency. The Partnership is exposed to risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. As at December 31, 2010, the currency risk was negligible as the Partnership had no significant exposure to securities denominated in currencies other than the Canadian dollar.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Investment Advisor moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Partnership's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on December 31, 2010, all other variables held constant, the net assets of the Partnership would have increased or decreased, respectively, by approximately \$821,000. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The business activities of investees are speculative and may be adversely affected by factors outside the control of those issuers. Resource issuers may not hold or discover commercial quantities of petroleum, natural gas or minerals and their profitability may be affected by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, competition, imposition of tariffs, duties or other tax and government regulation, as applicable. Resource issuers in the renewable energy and energy efficient sector that may incur Canadian Renewable and Conservation Expenses, in particular, may be adversely affected by drought and variations in the water flow of watersheds upon which such issuers have plants.

Since the Partnership invests primarily in securities issued by firms engaged in the oil and gas, mining, or related resource businesses (including junior issuers), the Net Assets may be more volatile than portfolios with a more diversified investment focus. Also, the Net Assets may fluctuate with underlying market prices for commodities produced by those sectors of the economy.

Liquidity risk

Flow-through shares and other securities, if any, of resource issuers are typically purchased by the Partnership on a private placement basis, and will be subject to resale restrictions. In the case of publicly traded resource issuers, these resale restrictions will generally last for four months. In the case of private resource issuers, these resale restrictions will be indefinite.

The Investment Advisor actively manages the Partnership's Investment Portfolio, and this may involve the sale and reinvestment of the proceeds of sale of some or all of the flow-through shares and other securities pursuant to certain statutory exemptions. The existence of resale restrictions may hamper the ability of the Investment Advisor to take advantage of opportunities for profit taking, or limitation of losses, which might be available in the absence of resale restrictions, and this in turn may reduce the amount of capital appreciation or magnify the capital loss in the Partnership's investment portfolio.

The Partnership's financial liabilities (except loan payable) are all short-term in nature and are expected to mature within three months from the December 31, 2010 report date. The loan payable is expected to be eliminated within three to six months from December 31, 2010 report date.

11 Related party transactions

Class F units are solely held by employees of the Manager and its affiliates.