

## Tax Planning Advantages

Investing in a WCSB Limited Partnership can provide significant tax advantages:

**100% TAX DEDUCTION:** Investors may realize a tax deduction against income of up to 100% of the amount invested. Typically 35 – 40% is claimed in the year in which the investment was made with the balance deductible over the next few years.

**TAX DEFERRAL:** Investors can benefit by deferring income taxes. Any amount deferred may be reduced by cash distributions taxable as income, and any possible capital gains that are allocable to investors upon divestiture of the royalties.

**TAX SAVINGS:** WCSB Limited Partnership's are specifically structured to provide Investors with a combination of cash distributions and capital gains. As a result, a portion of income may potentially be converted into more favourably taxed capital gains payable in the future when the royalty asset is sold.

## Calculate your tax savings\*

### TARGETED TAX DEDUCTIONS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Initial Investment	\$10,000	\$ -	\$ -	\$ -	\$ -	\$10,000
Total Tax Deductions	\$4,000	\$1,750	\$1,500	\$1,375	\$1,375	\$10,000
Tax Savings	\$1,800	\$785	\$675	\$620	\$620	\$4,500

After tax investment cost and at-risk capital = \$ 5,500

\*Assuming a 45% tax rate.

#### IMPORTANT NOTE:

Following a liquidity event, investors may continue to receive certain tax deductions.

#### IMPORTANT NOTE:

Tax implications and the deductibility of expenses are particular to each individual investor's circumstances therefore anyone considering an investment in a WCSB Limited Partnership should obtain advice from their tax or financial advisor prior to purchase.

For further information, please contact:

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**WCSB**  
ROYALTY INCOME INVESTMENTS

## About WCSB

WCSB has been established to provide individual investors with a means of achieving income, capital gains, liquidity, and a 100% tax deduction through the ownership of royalties on producing oil and natural gas wells.

### WCSB's Commitment to Investors

- Regular income distributions
- 100% tax deduction
- Participate in 'lower risk' development programs
- Diversification through geographical areas, multi-company and multi-zone wells
- Liquidity targeted within 36 months
- Potential conversion of income to capital gains

### Canada's Pool of Opportunity

Western Canadian Sedimentary Basin (the "WCSB") is a vast sedimentary basin underlying 1,400,000 square kilometres of Western Canada.

Consisting of massive wedges of sedimentary rock about 6 kilometres thick under the Rocky Mountains, the WCSB contains one of the world's largest reserves of oil and natural gas.



● WCSB Areas of Operation

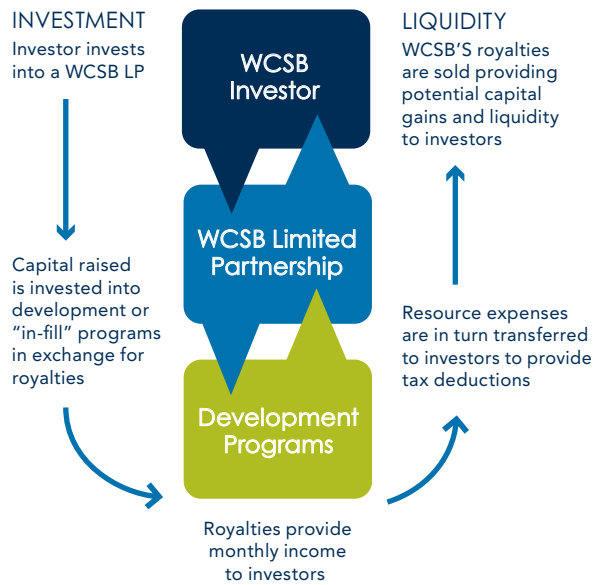
# WCSB's Structure

WCSB earns royalties by investing its capital, on a joint venture basis, with well established oil and gas companies who have a proven track record of increasing their production through the drill bit.

WCSB's key targets are lower risk development or "in-fill" drilling programs.

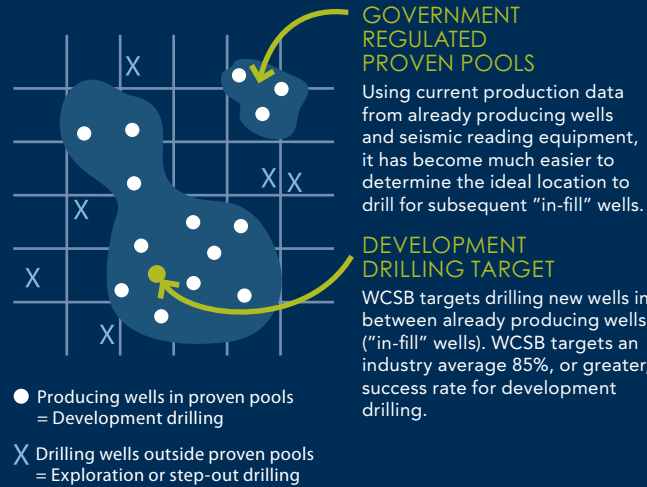
**IMPORTANT NOTE:**  
Royalties provide the owners with the benefits of owning a percentage of oil and gas production without any of the financial responsibility to pay for operating expenses or cost over-runs associated with typical oil and gas company operations.

## Investment Lifecycle



# Lower Risk 'In-Fill' Wells

WCSB's geologists and engineers focus on investing in development or "in-fill" wells and DO NOT finance the drilling of any high risk wildcat wells.

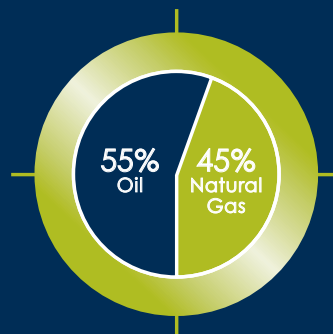


## Development Drilling

Oil and gas companies undertake two types of drilling; exploration or development. Development drilling offers substantially less risk.

- Drilling into an already existing and producing pool of oil and gas
- 85% average development drilling success rate vs. only 10% average success rate for exploration drilling
- Infrastructure (i.e. pipelines) and processing facilities are generally already in place to facilitate selling the production and paying investors their cash as soon as possible

## Targeted Investment Mix



# WCSB is a Win/Win

WCSB provides much needed capital for oil and gas development companies on better terms than those typically available through the markets or banks:

**WIN**  
**Oil and Gas Companies Win:**

- Enhanced IRR and improved capital efficiency
- Capital without loss of control
- No loss of gross reserves
- Non-competitive industry partner
- CAPEX budget accelerator
- Non-dilutive
- Not debt on balance sheet

**WIN**  
**WCSB Investors Win:**

- 100% Tax deduction
- Regular income distributions
- Potential conversion of income to capital gains
- Not directly correlated to capital market volatility
- 'Premium Free' direct energy investing
- Investments typically only available to institutions
- Professionally managed
- Diversification through portfolio of royalties

# Questions & Answers

## WHAT IS A GROSS-OVER RIDING ROYALTY?

Royalties are a percentage ownership entitlement in the gross production from oil and gas wells that provide income to investors.

The attractiveness of royalties is that they are paid off of top-line revenue prior to any operating responsibility or expenses that occur when managing the oil or gas wells.

## Payment Priority



## HOW ARE THE TAX BENEFITS ACHIEVED?

The tax benefits associated with oil and gas development and exploration activities are well accepted in Canada, and have been in place through government legislation for over 30 years.

## WHAT ARE THE MAIN RISKS?

Perhaps the most significant risk is commodity (oil and natural gas) price volatility, and to a lesser extent, risks associated with engineering and production activities.

One factor to remember is that our geological and engineering team has over 30 years of experience in the oil and gas industry.

Another important factor that significantly mitigates risk is the 100% tax deduction that investors realize. This tax deduction returns back to investors about 45% of their investment from their tax savings, leaving them with an "at risk" investment amount of approximately 54% to 56% of the original cost of investment.

"There is inflation... the surprise will be how high the price of oil stays, and how high it goes"

Jim Rogers, Author, Commentator, Successful International Investor – April 21, 2010

"In a world of dwindling oil supplies and steadily mounting demand, there is no such thing as cheap oil. Oil might be less expensive in the middle of a recession, but it will never be cheap again"

Jeff Rubin, former Chief Economist CIBC World Markets – Author, "Why Your World Is About to Get a Whole Lot Smaller."