



ROYALTY INCOME INVESTMENTS

TAX ADVANTAGES FOR ALBERTA CORPORATIONS

WCSB OIL & GAS ROYALTY INCOME 2010-II LIMITED PARTNERSHIP

MAXIMUM: \$20,000,000

As described in the prospectus, when the limited partnership allocates CDE to a limited partner, the limited partner will be entitled to add the amount allocated to its "cumulative CDE account". A taxpayer with a balance in its cumulative CDE account can use, at the taxpayer's option, annually up to 30% of that balance to reduce its taxable income in a given year on a declining balance basis. Similarly, when the limited partnership allocates CEE to a limited partner, the limited partner will be entitled to add the amount allocated to its "cumulative CEE account". A taxpayer with a balance in its cumulative CEE account can use, at the taxpayer's option, up to 100% of that balance in the year of allocation, and carry that balance forward for use in the next or future years. An amount can be carried forward in a cumulative CEE or CDE account indefinitely and will not disappear when the corporation sells its limited partnership units.

When the limited partnership units or any mutual fund or other corporation shares received in exchange for the limited partnership units are sold, the corporation will realize a capital gain equal to the sale price of the units or shares, as the case may be, less the adjusted cost base thereof and any costs of disposal. Half of any such capital gain will be taxable to the corporation and the other half will be added to the corporation's capital dividend account, which can be paid out to Canadian resident shareholders tax free.

For example, consider an Alberta corporation with income in 2010 in excess of the small business limit. Such income would otherwise be subject to tax at a combined federal and Alberta rate of 28%. The corporation might invest \$25,000 in limited partnership units and have \$3,500 in CEE and \$21,500 in CDE year. It would then be entitled to deduct the entire \$3,500 balance in its cumulative CEE account from its income in 2010, thereby generating tax savings of \$980. It would also be entitled to deduct \$6,450 of the \$21,500 balance in its cumulative CDE account from its income in 2010, thereby generating tax savings of \$1,806. The remaining \$15,050 in its cumulative CDE account could be deducted in 2011 and beyond, leading to further tax savings of \$4,214. Total tax savings in this scenario would be \$7,000. The actual benefit realized by a corporation will accrue over a number of years and depend on the applicable tax rates in the years the deductions are claimed. The actual benefit will also be lower to the extent a corporation's income in the year the deductions are claimed is less than the small business limit.

There are other ways a corporation could reduce its taxable income, such as by paying additional salary to its shareholder-manager(s). Also, there may be negative tax consequences to a corporation holding too many investment assets. In particular, this may be a problem if there is a possibility that an owner-manager might sell the business in the foreseeable future by way of a share sale. Both of these issues amongst other things should be discussed with the corporation's accountant or tax advisor.

As with all investment decisions, the decision to invest in a resource limited partnership should be based primarily on the merits of the investment rather than on the expected tax benefits. For information and examples relating to other provinces of Canada, please refer to the 'Tax Advantages for Corporations' page at www.wcsb.ca.

Further Information

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Please review the final prospectus to the offering in which you are considering. This release shall not constitute an offer to sell or the solicitation of any offer to buy the securities. This release is provided for information purposes only. Commissions, trailing commissions, management fees and expenses all may be associated with investment funds. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.