

FRONT STREET

Resource Class

INTERIM FINANCIAL STATEMENTS

FRONT STREET RESOURCE CLASS

FOR THE SIX MONTHS ENDED APRIL 30, 2013

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund in accordance with standards established by the Canadian Institute of Chartered Accountants. The external auditors will be auditing the annual financial statements of the Fund in accordance with Canadian generally accepted auditing standards.

FRONT STREET RESOURCE CLASS

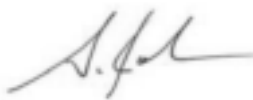
**STATEMENTS OF NET ASSETS
AS AT APRIL 30, 2013 (UNAUDITED) AND OCTOBER 31, 2012 (AUDITED)**

	2013	2012
	(Unaudited)	(Audited)
ASSETS		
Investments, at fair value (cost - \$102,337,024 ; 2012-\$123,078,279)	\$ 93,563,334	\$ 108,106,074
Accounts receivable relating to portfolio assets sold	2,088,929	252,669
Cash and cash equivalents	595,202	—
Amounts receivable relating to accrued income	114,871	—
Accounts receivable relating to shares issued	2,000	100
	<u>\$ 96,364,336</u>	<u>\$ 108,358,843</u>
LIABILITIES		
Accounts payable relating to shares redeemed	\$ 1,002,314	\$ 338,645
Liabilities for portfolio assets purchased	956,248	241,686
Accrued expenses, note 7	610,018	553,289
Bank overdraft	—	345,582
	<u>2,568,580</u>	<u>1,479,202</u>
Net assets representing shareholders' equity	<u>\$ 93,795,756</u>	<u>\$ 106,879,641</u>
Net assets applicable to outstanding shares allocated as follows:		
Net assets, Series A	\$ 1,972,380	\$ 2,743,627
Shares outstanding, Series A, note 3	302,086	334,969
Net assets per share, Series A	<u>\$ 6.53</u>	<u>\$ 8.19</u>
Net assets, Series B	\$ 74,311,169	\$ 76,740,838
Shares outstanding, Series B, note 3	12,037,264	9,909,609
Net assets per share, Series B	<u>6.17</u>	<u>7.74</u>
Net assets, Series F	\$ 799,576	\$ 1,089,424
Shares outstanding, Series F, note 3	128,928	140,741
Net assets per share, Series F	<u>\$ 6.20</u>	<u>\$ 7.74</u>
Net assets, Series L	\$ 16,706,399	\$ 26,297,953
Shares outstanding, Series L, note 3	2,382,151	3,007,667
Net assets per share, Series L	<u>\$ 7.01</u>	<u>\$ 8.74</u>
Net assets, Series X	\$ 6,232	\$ 7,799
Shares outstanding, Series X, note 3	947	947
Net assets per share, Series X	<u>\$ 6.58</u>	<u>\$ 8.24</u>

On behalf of the Board of Front Street Mutual Funds Limited:



Gary P. Selke
Chief Executive Officer and Director



Susan Johnson
Chief Financial Officer

FRONT STREET RESOURCE CLASS

STATEMENTS OF OPERATIONS

FOR THE PERIODS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)

	November 1, 2012 to April 30, 2013	November 1, 2011 to April 30, 2012
	(Unaudited)	(Unaudited)
Investment income		
Dividends	\$ 1,158,072	\$ 154,347
Securities lending revenue, note 8	70,803	406
Interest	2,827	2,369
Less: Foreign withholding taxes	(220,940)	(801)
	<u>1,010,762</u>	<u>156,321</u>
Expenses		
Management fees, notes 4 and 7	782,424	1,397,110
Servicing fees, notes 4 and 7	457,375	621,613
Administration fees	135,870	200,009
Audit fees	24,795	24,863
Operating costs, notes 4 and 7	24,355	33,673
Securityholder reporting costs	19,836	19,891
Legal fees	7,439	27,349
Independent review committee	3,173	3,183
Compensatory dividends	—	2,310
	<u>1,455,267</u>	<u>2,330,001</u>
Net investment loss for the period	<u>(444,505)</u>	<u>(2,173,680)</u>
Net realized and unrealized gains (losses) on investments		
Net realized gain (loss) on sale of investments	(30,740,631)	(19,872,370)
Transaction costs, notes 6 and 7	(375,308)	(425,207)
Change in the unrealized appreciation (depreciation) of the value of investments	6,183,392	(7,525,916)
Net loss on investments for the period	<u>(24,932,547)</u>	<u>(27,823,493)</u>
Net decrease in net assets from operations for the period	<u>\$ (25,377,052)</u>	<u>\$ (29,997,173)</u>
Decrease in net assets from operations applicable to outstanding shares allocated as follows:		
Decrease in net assets from operations, Series A	\$ (516,897)	\$ (636,107)
Decrease in net assets from operations per share, Series A	<u>\$ (1.65)</u>	<u>\$ (1.80)</u>
Decrease in net assets from operations, Series B	\$ (20,016,284)	\$ (22,012,012)
Decrease in net assets from operations per share, Series B	<u>\$ (1.73)</u>	<u>\$ (2.05)</u>
Decrease in net assets from operations, Series F	\$ (206,455)	\$ (222,703)
Decrease in net assets from operations per share, Series F	<u>\$ (1.52)</u>	<u>\$ (1.48)</u>
Decrease in net assets from operations, Series L	\$ (4,635,849)	\$ (7,124,847)
Decrease in net assets from operations per share, Series L	<u>\$ (1.68)</u>	<u>\$ (1.87)</u>
Decrease in net assets from operations, Series X	\$ (1,567)	\$ (1,504)
Decrease in net assets from operations per share, Series X	<u>\$ (1.66)</u>	<u>\$ (1.59)</u>

See accompanying notes to the financial statements

FRONT STREET RESOURCE CLASS

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE PERIODS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)**

	November 1, 2012 to April 30, 2013 (Unaudited)	November 1, 2011 to April 30, 2012 (Unaudited)
Series A		
Net assets, beginning of period	\$ 2,743,627	\$ 3,844,319
Net decrease in net assets from operations	<u>(516,897)</u>	<u>(636,107)</u>
Shareholder transactions		
Proceeds from the issuance of shares	51,706	144,425
Aggregate amounts paid on the redemption of shares	<u>(306,056)</u>	<u>(208,331)</u>
	<u>(254,350)</u>	<u>(63,906)</u>
Net decrease in net assets for the period	<u>(771,247)</u>	<u>(700,013)</u>
Net assets, end of period	<u>\$ 1,972,380</u>	<u>\$ 3,144,306</u>
Series B		
Net assets, beginning of period	\$ 76,740,838	\$ 92,237,399
Net decrease in net assets from operations	<u>(20,016,284)</u>	<u>(22,012,012)</u>
Shareholder transactions		
Proceeds from the issuance of shares	61,296,222	89,531,137
Aggregate amounts paid on the redemption of shares	<u>(43,709,607)</u>	<u>(63,517,414)</u>
	<u>17,586,615</u>	<u>26,013,723</u>
Net increase (decrease) in net assets for the period	<u>(2,429,669)</u>	<u>4,001,711</u>
Net assets, end of period	<u>\$ 74,311,169</u>	<u>\$ 96,239,110</u>

See accompanying notes to the financial statements

FRONT STREET RESOURCE CLASS

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE PERIODS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)**

	November 1, 2012 to April 30, 2013 (Unaudited)	November 1, 2011 to April 30, 2012 (Unaudited)
Series F		
Net assets, beginning of period	\$ 1,089,424	\$ 1,638,374
Net decrease in net assets from operations	(206,455)	(222,703)
Shareholder transactions		
Proceeds from the issuance of shares	232,157	111,214
Aggregate amounts paid on the redemption of shares	(315,550)	(414,032)
	(83,393)	(302,818)
Net decrease in net assets for the period	(289,848)	(525,521)
Net assets, end of period	\$ 799,576	\$ 1,112,853
Series L		
Net assets, beginning of period	\$ 26,297,953	\$ 46,965,269
Net decrease in net assets from operations	(4,635,849)	(7,124,847)
Shareholder transactions		
Proceeds from the issuance of shares	—	—
Aggregate amounts paid on the redemption of shares	(4,955,705)	(6,210,150)
	(4,955,705)	(6,210,150)
Net decrease in net assets for the period	(9,591,554)	(13,334,997)
Net assets, end of period	\$ 16,706,399	\$ 33,630,272
Series X		
Net assets, beginning of period	\$ 7,799	\$ —
Net decrease in net assets from operations	(1,567)	(1,504)
Shareholder transactions		
Proceeds from the issuance of shares	—	10,000
Aggregate amounts paid on the redemption of shares	—	—
	—	10,000
Net increase (decrease) in net assets for the period	(1,567)	8,496
Net assets, end of period	\$ 6,232	\$ 8,496

See accompanying notes to the financial statements

FRONT STREET RESOURCE CLASS

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE PERIODS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)**

	November 1, 2012 to April 30, 2013	November 1, 2011 to April 30, 2012
	(Unaudited)	(Unaudited)
Total		
Net assets, beginning of period	\$ 106,879,641	\$ 144,685,361
Net decrease in net assets from operations	<u>(25,377,052)</u>	<u>(29,997,173)</u>
Shareholder transactions		
Proceeds from the issuance of shares	61,580,085	89,796,776
Aggregate amounts paid on the redemption of shares	<u>(49,286,918)</u>	<u>(70,349,927)</u>
	<u>12,293,167</u>	<u>19,446,849</u>
Net decrease in net assets for the period	<u>(13,083,885)</u>	<u>(10,550,324)</u>
Net assets, end of period	<u>\$ 93,795,756</u>	<u>\$ 134,135,037</u>

See accompanying notes to the financial statements

FRONT STREET RESOURCE CLASS

**STATEMENT OF INVESTMENT PORTFOLIO
AS AT APRIL 30, 2013
(UNAUDITED)**

	Number of Shares/ Units	Cost \$	Fair Value \$
Long Positions (99.8%)			
Energy (64.3%)			
Africa Hydrocarbons Inc.	1,388,900	229,169	173,613
Africa Hydrocarbons Inc. Warrants	694,450	20,834	1
Alon USA Partners Limited Partnership	93,000	2,232,865	2,324,766
Andora Energy Corporation	332,107	895,998	199,264
ARC Resources Limited	75,000	1,999,515	2,112,000
Athabasca Oil Corporation	254,485	2,978,148	1,850,106
Baytex Energy Corporation	55,000	2,374,507	2,185,700
Bonterra Energy Corporation	40,914	1,928,316	2,016,242
CanElson Drilling Inc.	337,750	1,604,313	1,536,763
Coastal Energy Company	74,688	700,614	1,431,769
Crescent Point Energy Corporation	145,000	5,426,075	5,579,600
Crew Energy Inc.	198,101	1,675,713	1,382,745
DeeThree Exploration Limited	366,900	1,934,955	2,854,482
Denison Mines Corporation	402,570	499,187	499,187
Dolomite Energy Inc.	1,416,000	1,203,600	1,203,600
Enerplus Corporation	200,000	2,813,311	2,844,000
Estrella International Energy Services Limited Warrants	344,128	-	-
Fission Uranium Corporation	1,134,000	340,909	635,040
Griffiths Energy International Inc.	367,000	1,551,640	2,128,600
HollyFrontier Corporation	25,000	1,405,198	1,244,587
Laricina Energy Limited	228,100	6,898,044	5,474,400
Lipari Energy Inc. Warrants	301,399	1,104	1,507
Manitok Energy Inc.	723,039	1,670,461	1,887,132
Northern Tier Energy Limited Partnership	150,000	3,451,416	3,980,763
Oil Reserve Inc.	2,666,667	800,000	800,000
Oilsands Quest Inc.	136,000	162,916	1,918
Parex Resources Inc.	249,113	1,973,369	1,118,517
Sprott Power Corporation	2,500,000	2,950,100	2,925,000
Tourmaline Oil Corporation	48,700	1,446,628	1,934,364
Triaxon Oil Corporation	655,000	982,500	818,750
TriOil Resources Limited	203,708	682,422	501,122
Tuya Energy Inc. Restricted	2,700,000	675,000	675,000
Twin Butte Energy Limited	500,000	1,232,341	1,100,000
Vermilion Energy Inc.	40,000	1,900,160	2,058,000
Whitecap Resources Inc.	468,795	4,321,665	4,833,276
		\$ 60,962,993	\$ 60,311,814
Materials (35.5%)			
Amerix Precious Metals Corporation Warrants	1,171,822	-	1
Argonaut Gold Inc.	189,300	1,792,650	1,203,948
B2Gold Corporation	684,988	1,410,086	1,712,470
Barisan Gold Corporation Warrants	358,483	-	-
Cadillac Ventures Inc. Warrants	1,305,000	1	16,975
Canada Coal Inc. Warrants	2,000,000	2	25,838
Canfor Corporation	100,000	1,168,000	2,100,000
Canfor Pulp Products Inc.	200,000	1,988,251	1,894,000
Colonial Coal International Corporation Warrants	1,206,560	262,248	1
East Asia Minerals Corporation Warrants	1,913,745	-	2
Explor Resources Inc. Warrants	3,000,000	3	3
Flemish Gold Corporation	620,095	465,071	62,010
Focus Graphite Inc. Warrants	1,807,089	52,460	9,035
Ginguro Exploration Inc. Warrants	416,666	-	-
Graphite One Resources Inc. Warrants	812,500	1	39,772
Kombat Copper Inc. Warrants	866,000	1.00	41,108
Labrador Iron Mines Holdings Limited Warrants	399,400	55,916	43,934
Lundin Mining Corporation	399,705	2,078,549	1,574,838

FRONT STREET RESOURCE CLASS

**STATEMENT OF INVESTMENT PORTFOLIO
AS AT APRIL 30, 2013
(UNAUDITED)**

	Number of Shares/ Units	Cost \$	Fair Value \$
Mawson West Limited	2,542,492	3,163,050	1,728,895
Mega Precious Metals Inc. Warrants	1,153,850	1	1
Mincore Inc.	3,583,213	1,145,803	358,321
New Gold Inc.	334,310	3,485,996	2,677,823
Nucor Corporation	63,600	3,037,975	2,793,429
Oceanic Iron Ore Corporation	6,542,944	2,147,911	621,580
Orbite Aluminae Inc. Warrants	468,995	-	-
Papillon Resources Limited	1,118,505	799,785	1,168,066
Passport Potash Inc. Warrants	1,250,000	-	27,828
Regis Resources Limited	661,500	3,113,305	2,542,185
Rio Alto Mining Limited	273,486	1,280,222	1,009,163
Sandfire Resources NL	283,361	1,377,244	1,657,134
Silver Wheaton Corporation	50,000	2,047,572	1,231,500
Tiger Resources Limited	8,387,966	3,097,870	2,058,515
Trevali Mining Corporation	2,560,100	2,771,287	1,920,075
West Fraser Timber Company Limited	25,000	1,276,010	2,198,250
Yamana Gold Inc.	203,600	3,356,761	2,534,820
		<u>\$ 41,374,031</u>	<u>\$ 33,251,520</u>
Total Long Positions (99.8%)		<u>\$ 102,337,024</u>	<u>\$ 93,563,334</u>
Transaction costs, note 2		<u>(90,225)</u>	
Total Investments (99.8%)		<u>\$ 102,246,799</u>	<u>\$ 93,563,334</u>
Cash and cash equivalents (0.6%)			595,202
Other liabilities less other assets (-0.4%)			(362,780)
Net assets (100.0%)			<u>\$ 93,795,756</u>

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

1. THE FUND

Front Street Resource Class (formerly Front Street Resource Fund) (the "Fund") is a class of shares of Front Street Mutual Funds Limited (the "Corporation"), a mutual fund corporation incorporated under the Canada Business Corporations Act on April 11, 2006, and is authorized to issue an unlimited number of classes of shares in multiple series. Pursuant to the notice of change in legal structure, the name of the Fund was changed to Front Street Resource Class on June 27, 2012. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure. Series A commenced operations on June 22, 2006. Series B commenced operations on June 22, 2006. Series F commenced operations on July 13, 2006. Series L commenced operations on February 28, 2011. Series X commenced operations on January 26, 2012.

On February 3, 2012, the Fund acquired the net assets of Front Street Flow-Through 2010-I Limited Partnership and Front Street Flow-Through 2010-II Limited Partnership on a tax deferred rollover basis whereby the Partnership units were converted at the rate of 1.872974 Series B shares of the Fund for each Front Street Flow Through 2010-I Limited Partnership unit and 1.483177 Series B shares of the Fund for each Front Street Flow Through 2010-II Limited Partnership unit respectively.

The net assets of the Front Street Flow Through 2010-I Limited Partnership acquired were as follows:

Total assets	\$ 70,843,116
Total liabilities	<u>294,842</u>
Net assets representing partners' equity	<u>\$ 70,548,274</u>

Aggregate consideration was paid through the issuance of the following shares:

	Shares	Transactional NAV
Series B	<u>6,760,782</u>	<u>\$ 70,548,274</u>

The net assets of the Front Street Flow-Through 2010-II Limited Partnership acquired were as follows:

Total assets	\$ 18,720,250
Total liabilities	<u>148,077</u>
Net assets representing partners' equity	<u>\$ 18,572,173</u>

Aggregate consideration was paid through the issuance of the following shares:

	Shares	Transactional NAV
Series B	<u>1,779,812</u>	<u>\$ 18,572,173</u>

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

1. THE FUND (Continued...)

On January 31, 2013, the Fund acquired the net assets of Front Street Flow-Through 2011-I Limited Partnership and Front Street Flow-Through 2011-II Limited Partnership on a tax deferred rollover basis whereby the Partnership units were converted at the rate of 1.252494 Series B shares of the Fund for each Front Street Flow Through 2011-I Limited Partnership unit and 1.500908 Series B shares of the Fund for each Front Street Flow Through 2011-II Limited Partnership unit respectively.

The net assets of the Front Street Flow Through 2011-I Limited Partnership acquired were as follows:

Total assets	\$ 48,156,682
Total liabilities	<u>268,595</u>
Net assets representing partners' equity	<u>\$ 47,888,087</u>

Aggregate consideration was paid through the issuance of the following shares:

	Shares	Transactional NAV
Series B	<u>6,490,979</u>	<u>\$ 47,888,087</u>

The net assets of the Front Street Flow-Through 2011-II Limited Partnership acquired were as follows:

Total assets	\$ 13,417,298
Total liabilities	<u>129,584</u>
Net assets representing partners' equity	<u>\$ 13,287,714</u>

Aggregate consideration was paid through the issuance of the following shares:

	Shares	Transactional NAV
Series B	<u>1,801,090</u>	<u>\$ 13,287,714</u>

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

2. THE FUND (Continued...)

The foregoing financial statements and accompanying notes to the financial statements presented herein are for the Fund. Separate financial statements of each of the other classes of shares of the Corporation have also been prepared as at April 30, 2013.

Front Street Capital 2004 is the manager of the Fund (the "Manager"). Front Street Investment Management Inc. (the "Investment Advisor") has been retained by the Manager, on behalf of the Fund, to provide investment advisory and portfolio management services to the Fund. NBCN Inc. is the custodian. Citigroup Fund Services Canada, Inc. provides fund accounting services and shareholder recordkeeping services.

The Fund's investment objective is to maximize capital appreciation by investing in small and medium-sized business entities in a range of natural resource sector industries, including base and precious metals, mineral exploration, and in energy-related industries. The Investment Advisor will assist the Fund in selecting investments primarily in equity and equity-related securities, although the Fund may also invest in other securities, including preferred shares, of such resource issuers, including junior resource issuers, in accordance with the investment strategies and guidelines. Such investments may include short selling of securities which the Investment Advisor believes are overvalued.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of the significant accounting policies followed by the Fund:

a) Financial instruments

Investments, at fair value and obligations from portfolio assets sold short, at fair value are classified as held for trading. Accounts receivable relating to portfolio assets sold, accounts receivable relating to shares issued and amounts receivable relating to accrued income are classified as loans and receivables. Accounts payable relating to shares redeemed, accrued expenses and liabilities for portfolio assets purchased are classified as other financial liabilities.

The Canadian Securities Administrators adopted changes to National Instrument 81-106 on Investment Fund Continuous Disclosure. These changes are essentially aimed at modifying the requirements pertaining to the calculation of the unit value due to the inclusion of Section 3855, Financial Instruments - Recognition and Measurement of the CICA Handbook. These changes allow the Fund to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP (called "net assets") and another for all other purposes, such as unit pricing (called "net asset value"). A reconciliation between the net assets per unit and the net asset value per unit is required (see note 9) as well as description of the differences between the valuation principles and practices used by the Manager to calculate the net asset value and those prescribed by Canadian GAAP.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

b) Valuation of investments

i) Investments listed on an exchange are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The difference between this amount and cost is shown as the change in the unrealized appreciation (depreciation) of the value of investments. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques to be used in the determination of fair value. When current market prices or quotations are not readily available, valuations are established using specific procedures in order to estimate what the fair value would be, in an arms length transaction, motivated by normal business considerations. Valuation techniques principally include the use of the last publicly traded price, the issuance price of securities at the date of the most recent financing of the entity or a price established by the Manager in accordance with its fair value policy.

ii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraph (i) above less a discount of 2% per month up to four months.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been established had a ready market existed for these investments.

iii) Trust units are valued at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The cost of the trust units is reduced on an annual basis by distributions from the trust and increased by the annual income allocated to the units by the trust.

iv) Investments in mutual funds or pooled funds are valued based on the net asset value per unit at the close of trading on the financial statement date.

v) The Fund values its investments in limited partnerships at the last bid price reported by the principal securities exchange on which the issue is traded on the financial statement date. The Fund calculates the cost value of its investment in limited partnerships using the equity method. Under this method, the limited partnership investments are recorded at cost plus the Fund's pro rata share in undistributed earnings since acquisition.

vi) The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the fair value of the security. Securities which are sold short are valued at the last ask price reported by the principal securities exchange on which the issue is traded on the financial statement date. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer.

While the transaction is open, the Fund will also incur a liability for any paid dividends or interest which are due to the lender of the security.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

c) Financial instruments disclosure and presentation and fair value measurements

The Fund adopted CICA Handbook Sections 3862, Financial Instruments - Disclosures and 3863, Financial Instruments Presentation. These standards place increased emphasis on disclosures with respect to the nature and extent of risks arising from financial instruments and how the Fund has managed those risks. See note 10 for additional details.

The Fund adopted the amendments to CICA 3862, Financial Instruments – Disclosures. CICA 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on the inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See note 12 for additional details.

d) Transaction costs

Portfolio transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges. The individual security's cost shown on the Statement of Investment Portfolio includes only those transaction costs incurred on the acquisition of portfolio investments.

e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks and highly liquid short-term investments with original terms to maturity of less than three months.

f) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Gains and losses from such transactions are calculated using the weighted average cost of the securities on disposition.

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

g) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with commitment to redeliver the same securities on a future date. The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the statements of operations - securities lending revenue.

h) Foreign currency translation

Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the dates of such transactions. Assets and liabilities in foreign currencies are translated into Canadian dollars at the closing exchange rates on each valuation day.

i) Net increase (decrease) in net assets from operations per share

Net increase (decrease) in net assets from operations per share are based on the increase (decrease) in net assets from operations attributable to each series of shares divided by the average number of shares outstanding of that series during the period.

j) Net assets per share

The net assets per share are calculated by dividing the net assets of a series of shares by the total number of shares of the series outstanding at the end of the period.

k) Capital disclosures

The Fund has adopted CICA Handbook Section 1535, Capital Disclosures, which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. See note 11 for additional details.

l) General standards on financial statement presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The Manager of the Fund has made this assessment and concluded that there are currently no material uncertainties that cast doubt on the Fund's ability to continue as a going concern.

m) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of the Fund's investment in private companies and the fair value of the Fund's investment in corporate warrants which are not traded in active markets. Actual results may differ from those estimates.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

n) Future accounting pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, which have a potential implication for the Fund, are as follows:

International financial reporting standards ("IFRS")

Effective for its fiscal period commencing November 1, 2014, the Fund must adopt IFRS. In preparation thereof, the Manager continues to monitor and implement the Fund's changeover plan and will continue to assess the impact on the implementation as new IFRS guidance become available from the International Accounting Standards Board ("IASB").

The Manager has reviewed the current IFRS against the Fund's current accounting policies and financial statement presentation under Canadian generally accepted accounting principles ("Canadian GAAP"), and the following areas of differences have been identified:

- (a) IAS 32, Financial Instruments: Disclosure and Presentation, requires shareholders' equity to be classified as liability unless certain criteria are met. The Fund's shareholders' equity meets the definition of a puttable instrument. The Manager has assessed the Fund's shareholder structure and has determined the liability treatment is the most appropriate classification.
- (b) IFRS 13, Fair Value Measurements, that was released in May 2011 provides guidance on the fair value measurements and allows for the possible use of closing prices to value investments. The Manager has assessed the guidance that will apply under IFRS and has determined that the use of closing market prices is appropriate in valuing investments.

The anticipated impact of IFRS on accounting policies and implementation decisions will predominantly be on the financial statement presentation and note disclosures in the Fund's financial statements. In particular, the Fund will be required to present a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

The Fund's changeover plan includes key activities in (a) preparation of financial statements, (b) information processing and record-keeping, (c) business policy assessment and (d) systems and controls. Based on the Manager's current analysis, the Manager believes the changeover to IFRS will not materially affect the Fund's existing business arrangements.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

3. SHARES ISSUED AND OUTSTANDING

The authorized capital of the Fund consists of an unlimited number of mutual fund shares, available in five series. Redemption and commission fees vary according to each series of shares as follows:

Series A shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 3% applies to shares of this series sold within the first 18 months following acquisition. A redemption fee of 2% applies to shares of this series sold after the first 18 months and prior to 36 months following acquisition. No redemption fee applies to shares of this series sold after the first 36 months following acquisition.

Series B shares

Commission fees payable to brokers, dealers or advisors may be applicable upon the purchase of shares of this series up to 5% of the gross purchase amount, at the discretion of the broker, dealer or advisor.

Series F shares

No redemption or commission fees are applicable to shares of this series.

Series L shares

Redemption or switch fees payable to the Manager would be applicable upon the redemption or conversion of this series of shares on or prior to October 31, 2013, to compensate the Manager, in part, for paying the agents' fees and the expenses of the Front Street Resource Performance Fund Limited initial public offering and additional offerings, until such time as the Manager has received the cost recovery amount. The charge per share is as follows:

Redemption date occurring	Chare per share
November 1, 2010 to October 31, 2011	\$0.40
November 1, 2011 to October 31, 2012	\$0.35
November 1, 2012 to October 31, 2013	\$0.30
On or after November 1, 2013	\$Nil

Series X shares

Redemption fees payable to the Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 5% applies to shares of this series sold within the first year following acquisition. A redemption fee of 3% applies to shares of this series sold within the second year following acquisition. A redemption fee of 1.5% applies to shares of this series sold within the third year following acquisition. No redemption fee applies to shares of this series sold after the third year following acquisition.

The Fund allocates income and expenses, and realized and unrealized capital gains and losses to each class of shares outstanding based on the average class allocation for the period.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

3. SHARES ISSUED AND OUTSTANDING (Continued...)

The following share transactions took place during the period:

	November 1, 2012 to April 30, 2013	November 1, 2011 to April 30, 2012
Shares outstanding, beginning of the period:		
Series A	334,969	357,157
Series B	9,909,609	9,067,021
Series F	140,741	162,639
Series L	3,007,667	4,088,336
Series X	947	-
Shares issued during the period:		
Series A	6,725	13,431
Series B	8,309,596	8,582,206
Series F	32,970	11,379
Series L	-	-
Series X	-	947
Shares redeemed during the period:		
Series A	39,608	19,785
Series B	6,181,941	6,283,750
Series F	44,783	41,992
Series L	625,516	572,143
Series X	-	-
Shares outstanding, end of the period:		
Series A	302,086	350,803
Series B	12,037,264	11,365,477
Series F	128,928	132,026
Series L	2,382,151	3,516,193
Series X	947	947

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

(UNAUDITED)

4. FEES AND EXPENSES

The Fund pays a monthly management fee equal to 1/12 of 1.5 % of the net asset value of Series A, Series B, Series F and Series X shares and 1/12 of 2.1% of the net asset value of Series L shares of the Fund calculated and paid at the end of each month in arrears from each Fund series. Effective October 1, 2012, management fee of Series L was reduced to 1.1% of the net asset value as the Manager has received all cost recovery amounts related to the agent's fees and additional offering expenses of Front Street Resource Performance Fund Limited's initial public offering.

The Fund pays a monthly service fee of 1/12 of 1.0% of the net asset value of the Series A and Series B shares and 1/12 of 0.4% of the net asset value of Series L shares calculated and paid at the end of each month in arrears. The Fund pays a monthly service fee of 1/12 of 0.5% of the net asset value of Series X shares, calculated and paid at the end of each month in arrears.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to shareholders. As the Fund has more than one series of shares, the shareholders of each series bear their pro rata share of those expenses which are common to the operation of all series, as well as those expenses which are attributable solely to that series.

The Manager may, at its discretion, add a service charge of up to 15% of the costs incurred for any operating and administrative costs charged to the Fund other than management services which are already included in the management fee rate which the Manager receives from the Fund.

The Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding fiscal quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is calculated as follows: 25% of the percentage gain or loss of the S&P/TSX Capped Gold Index plus 25% of the percentage gain or loss of the S&P/TSX Paper & Forest Products Index plus 25% of the percentage gain or loss of the S&P/TSX Diversified Materials Index plus 25% of the percentage gain or loss of the S&P/TSX Diversified Energy Index. The fee is equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter. The starting reference point for the next fiscal quarter's calculation will be based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

5. INCOME TAX AND DISTRIBUTION

The Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada). The Corporation will earn three types of income, Canadian dividends, taxable capital gains and other net taxable income. The income of the Fund, including taxable capital gains, will be subject to tax at applicable corporate tax rates, after claiming allowable deductions for expenses and applicable credits for foreign taxes paid on foreign source income. Income tax on capital gains is refundable to the Fund to the extent that such gains are distributed to shareholders as capital gains dividends or the Fund's shares are redeemed. Gains and losses realized by the Fund in relation to certain derivative transactions and short sale transactions may be taxed on

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

(UNAUDITED)

5. INCOME TAX AND DISTRIBUTION (Continued...)

account of income as opposed to on account of capital. Other income is subject to tax at normal corporate rates and is not subject to refundable tax treatment.

The Fund may elect in the prescribed manner and form in order to have the dividends it distributes treated as capital gains dividends to the extent that the dividends do not exceed the Fund's capital gains dividend account. The capital gains dividend account will be represented by the amount by which capital gains realized by the Fund while it was a mutual fund corporation exceed the aggregate of:

- (a) capital losses realized by the Fund while it was a mutual fund corporation;
- (b) certain capital gains dividends previously paid by it; and
- (c) amounts in respect of which the Fund received capital gains tax refunds.

The Fund anticipates that gains and losses realized on the disposition of investments will normally give rise to capital gains not ordinary income. The Fund intends to declare sufficient capital gains dividends so that it is entitled to a refund of the full amount of tax paid or payable on their capital gains. The suspended loss rules in the Income Tax Act (Canada) may prevent the Fund from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of capital gains dividends that the Fund must pay to Fund shareholders.

If allowable capital losses exceed taxable capital gains of the Fund in any taxation year, the excess cannot be allocated to shareholders, but may be carried back three years and carried forward indefinitely and be applied against taxable capital gains in such previous or subsequent years.

The Fund will allocate taxes payable and recoverable of the Fund to each of the classes. The Fund can pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends or capital gains taxes. The Fund intends to pay out such dividends so as to maximize tax refunds and minimize taxes payable at the corporate level.

The Fund may be subject to provincial capital taxes.

The corporation's shares are qualified investments for registered plans.

6. TRANSACTION COSTS

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended April 30, 2013 was \$375,308 (April 30, 2012 - \$425,207).

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

7. RELATED PARTY TRANSACTIONS

During the periods ended April 30, 2013 and 2012, fees paid to the Manager were as follows:

	November 1, 2012 to April 30, 2013	November 1, 2011 to April 30, 2012
Management fees, note 4	\$ 782,424	\$ 1,397,110
Servicing fees, note 4	457,375	621,613
Operating costs, note 4	<u>24,355</u>	<u>33,673</u>
	<u>1,264,154</u>	<u>2,052,396</u>

Included in accrued expenses payable to the Manager were as follows:

	April 30, 2013	October 31, 2012
Management fees payable	\$ 139,722	\$ 167,609
Servicing fees payable	79,665	83,177
Operating costs payable	<u>3,890</u>	<u>43,338</u>
	<u>\$ 223,277</u>	<u>\$ 294,124</u>

The following are ownership held by the related party of the Fund:

	April 30, 2013	October 31, 2012
Series B held by the Partners of the Manager	15,419.99	20,773.35
Percentage of Series B held by the Partners of the Manager	0.13%	0.21%
Series B held by the relatives of the Partners of the Manager	3,845.86	Nil
Percentage of Series B held by the relatives of the Partners of the Manager	0.03%	Nil%
Series F held by the relatives of the Partners of the Manager	866.94	866.94
Percentage of Series F held by the relatives of the Partners of the Manager	0.67%	0.62%
Series L held by the Partners of the Manager	243,743.93	394,993.93
Percentage of Series L held by the Partners of the Manager	10.23%	13.13%
Series L held by the relatives of the Partners of the Manager	81,800	81,800.00
Percentage of Series L held by the relatives of the Partners of the Manager	3.43%	2.72%

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. During the period ended April 30, 2013, Tuscarora Capital Inc., a company under common control to the Manager, received \$1,215 (April 30, 2012 - Nil) in commissions on portfolio transactions for the Fund.

Management fees, servicing fees, operating costs and performance fees are measured at the exchange amount of consideration prescribed by the offering documents of the Fund. When related parties enter shareholder transactions with the Fund, the exchange amount of consideration is the transactional NAV available to all other shareholders on the trade date. In the case of brokerage commissions, the exchange amount of consideration is that which is negotiated by the related parties.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

(UNAUDITED)

8. SECURITIES LENDING

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, NBCN Inc. The aggregate fair value of all securities loaned will not exceed 50% of the net assets of the Fund. The Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies and/or cash) against the loaned securities. Collateral is maintained in an amount representing at least 102% of the fair value of the loaned securities during the period the loan is outstanding. The fair value of the loaned securities is determined daily at the close of business of the Fund and any additional collateral required is delivered to the Fund on the next business day. As at April 30, 2013 and October 31, 2012, the aggregate fair values of the Fund's securities loaned and the collateral received were as follows:

	April 30, 2013	October 31, 2012
Value of securities loaned	\$4,601,331	\$9,436,519
Value of collateral received	\$4,732,173	\$9,687,888

9. RECONCILIATION OF NET ASSET VALUE TO NET ASSETS FOR FINANCIAL STATEMENTS

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional net asset value ("NAV") and net assets calculated using generally accepted accounting policies ("GAAP NA") of an investment fund is required for financial reporting periods ending on or after October 31, 2007. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing trade prices currently used for the purpose of determining transactional NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques (see note 2) rather than the use of valuation techniques in of general practice in the investment funds industry.

These changes account for the difference between transactional NAV and GAAP NA. The impact of the adoption of Section 3855 on the net asset value of the Fund is as follows:

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

9. RECONCILIATION OF NET ASSET VALUE TO NET ASSETS FOR FINANCIAL STATEMENTS (Continued....)

As at April 30, 2013

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 1,979,932	\$ (7,552)	\$ 1,972,380	\$ 6.55	\$ 6.53
Series B	74,596,197	(285,028)	74,311,169	6.20	6.17
Series F	802,635	(3,058)	799,576	6.23	6.20
Series L	16,770,883	(64,485)	16,706,399	7.04	7.01
Series X	6,255	(24)	6,232	6.61	6.58
Total	\$ 94,155,902	\$ (360,147)	\$ 93,795,756		

As at October 31, 2012

	Transactional NAV	Section 3855 Adjustment	GAAP NA	Transactional NAV per share	GAAP NA per share
Series A	\$ 2,752,190	\$ (8,563)	\$ 2,743,627	\$ 8.22	\$ 8.19
Series B	76,980,359	(239,521)	76,740,838	7.77	7.74
Series F	1,092,822	(3,398)	1,089,424	7.76	7.74
Series L	26,379,964	(82,011)	26,297,953	8.77	8.74
Series X	7,823	(24)	7,799	8.26	8.24
Total	\$ 107,213,158	\$ (333,517)	\$ 106,879,641		

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

10. FINANCIAL INSTRUMENTS

The Fund's assets and liabilities classified in accordance with CICA Handbook Section 3855 are as follows:

	As at April 30, 2013	As at October 31, 2012
Assets		
Held for trading	\$ 93,563,334	\$108,106,074
Cash and cash equivalents	595,202	-
Loans and receivables	<u>2,205,800</u>	<u>252,769</u>
Total Assets	<u>93,364,336</u>	<u>108,358,843</u>
Liabilities		
Held for trading	-	-
Bank overdraft	-	345,582
Other financial liabilities at amortized cost	<u>2,568,580</u>	<u>1,133,620</u>
Total liabilities	<u>2,568,580</u>	<u>1,479,202</u>
Net Assets	<u>\$ 93,795,756</u>	<u>\$106,879,641</u>

The Fund's financial instruments consist of investments at fair value, accounts receivable relating to portfolio assets sold, accounts receivable relating to shares issued, accrued expenses, bank overdraft, accounts payable relating to shares redeemed and liabilities for portfolio assets purchased. It is the Manager's opinion that due to the short term nature of these financial instruments, the Fund is not exposed to significant market price, currency, interest rate, liquidity, cash flow and credit risks arising from these financial instruments except as described below. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Risk Management

The Investment Advisor seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The Statement of Investment Portfolio presents the securities held by the Fund as at April 30, 2013, and groups the securities by asset type, sector and/or market segment. Significant risks that are relevant to the Fund are discussed below.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

10. FINANCIAL INSTRUMENTS (Continued....)

i) Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Fund is exposed to market price risk arising from its investments in securities. The Investment Advisor manages the Fund's market price risk on a daily basis in accordance with the Fund's investment objective and policies.

ii) Currency risk

The Fund may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than Canadian dollars, absent any changes in market prices or investment specific events.

Included in the undernoted accounts are the following foreign currency balances:

Currency	Investment, fair value	Cash	Net Exposure	Percentage of GAAP NA
Australian Dollar	\$ 7,425,900	\$ 590,732	\$ 8,016,632	8.55%
United States Dollar	<u>10,345,463</u>	<u>208,273</u>	<u>10,553,736</u>	<u>11.25%</u>
	<u>\$ 17,771,363</u>	<u>\$ 799,055</u>	<u>\$ 18,570,368</u>	<u>19.80%</u>

iii) Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future. Interest payable on bank overdraft or broker margin account positions will be affected by fluctuations in interest rates. As at April 30, 2013, the bulk of the Fund's investments are substantially non-interest bearing equity investments and its exposure to interest rate changes is minimal.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

10. FINANCIAL INSTRUMENTS (Continued...)

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest bearing	Total
Held for trading	\$ -	\$ -	\$ 93,563,334	\$ 93,563,334
Other receivables	-	-	2,205,800	2,205,800
Cash	<u>595,202</u>	<u>-</u>	<u>-</u>	<u>595,202</u>
Total	<u>\$ 595,202</u>	<u>\$ -</u>	<u>\$ 95,769,134</u>	<u>\$ 96,364,336</u>
Financial liabilities				
Held for trading	\$ -	\$ -	\$ -	\$ -
Cash Overdraft	-	-	-	-
Other financial liabilities	<u>-</u>	<u>-</u>	<u>2,568,580</u>	<u>2,568,850</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,568,580</u>	<u>\$ 2,568,580</u>
GAAP NA				<u>\$ 93,795,756</u>

iv) Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Shareholder redemption requests are the main liquidity risk for the Fund.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

10. FINANCIAL INSTRUMENTS (Continued...)

The Fund maintains sufficient cash and marketable securities, and manages liquidity risk through its ability to close out market positions.

	0-12 months	1-3 years	3-5 years	Beyond 5 years	Indefinite Maturity	Total
Financial assets						
Held for trading	\$ -	\$ -	\$ -	\$ -	\$ 93,563,334	\$ 93,563,334
Other receivables	2,205,800	-	-	-	-	2,205,800
Cash and cash equivalents	595,202	-	-	-	-	595,202
Total	<u>\$ 2,801,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,563,334</u>	<u>\$ 96,364,336</u>
Financial liabilities						
Held for trading	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financial liabilities	2,568,581	-	-	-	-	2,568,580
Total	<u>\$ 2,568,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,568,580</u>
GAAP NA						<u>\$ 93,795,756</u>

Certain of the Fund's investments are in private securities which are thinly traded. As at April 30, 2013, the fair value of such assets was 12.50% (October 31, 2012 – 10.98%) of the total net assets.

v) Cash flow risk

The risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations could result from a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

10. FINANCIAL INSTRUMENTS (Continued...)

vi) Credit risk

The Fund is exposed to credit risk arising from its transactions with its counterparties and brokers, related to securities purchases and sales and the Fund's securities lending activities. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets which potentially expose the Fund to credit risk consist principally of investments in bonds and amounts due from brokers. The Fund seeks to mitigate its exposure to credit risk by placing its cash, and transacting its securities activity with large financial institutions. The Fund may also invest in corporate bonds. Until the bonds are sold or mature, the Fund is exposed to credit risk relating to whether the bond issuer will meet its obligations when they come due. The extent of the Fund's exposure to credit risk in respect of these financial assets is reflected in their carrying value as recorded in the Fund's Statement of Net Assets.

To partially mitigate credit risk with respect to its securities lending the Fund receives collateral against the securities loaned (note 8). As at April 30, 2013, the Fund loaned securities with an aggregate fair value of \$4,601,331 and received collateral with aggregate fair value of \$4,732,173.

As at April 30 2013, the Fund had no significant investments in long term debt instruments.

11. CAPITAL MANAGEMENT

The Manager considers the Fund's capital to consist of the issued ordinary share capital and the net assets attributable to participating shareholders.

The Manager manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet participating shareholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2012.

The Fund does not have any externally imposed capital requirements.

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2013 AND 2012 (UNAUDITED)

12. FAIR VALUE HIERARCHY

The following is a summary of the inputs used as of April 30, 2013 in valuing the Fund's investments and derivatives carried at fair values as discussed in note 2(c):

Assets at fair value as at April 30, 2013	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Investments, at fair value	<u>\$81,681,315</u>	<u>\$ 162,074</u>	<u>\$11,719,945</u>	<u>\$93,563,334</u>
Liabilities at fair value as at April 30, 2013	Level 1	Level 2	Level 3	Total
Obligations from portfolio used, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the period ended April 30, 2013 reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Investments, at fair value
Beginning balance as at November 1, 2012	\$ 11,736,124
Purchases	2,678,600
Sales	(910,375)
Transfers in	-
Transfers out	-
Gain (losses)	
Realized	212,015
Unrealized	<u>(1,996,419)</u>
Balance as at April 30, 2013	<u>\$ 11,719,945</u>

FRONT STREET RESOURCE CLASS

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

(UNAUDITED)

13. SUBSEQUENT EVENT

On May 28, 2013, Front Street Mutual Funds Limited and its manager, Front Street Capital 2004, held the adjourned special meeting of holders of Series A, Series B, Series F and Series X Shares of each of Front Street Tactical Equity Class, Front Street Growth and Income Class and Front Street Value Class and Series A, Series B, Series F, Series X and Series L Shares of Front Street Resource Class to consider the proposed mergers of Front Street Tactical Equity Class and Front Street Value Class into Front Street Growth and Income Class and Front Street Resource Class (to be renamed Front Street Resource Growth and Income Class), respectively, as follows:

<u>Terminating Fund</u>		<u>Continuing Fund</u>
Front Street Tactical Equity Class	→	Front Street Growth and Income Class
Front Street Value Class	→	Front Street Resource Growth and Income Class

Shareholders of each of the Funds approved the special resolutions at the meeting to authorize the respective mergers. Shareholders of Front Street Resource Class and Front Street Growth and Income Class also approved special resolutions at the meeting to authorize changes to the fundamental investment objectives of each of those Funds. The mergers are expected to occur on or about June 27, 2013, subject to receipt of all necessary regulatory approval.

Interim Management Report of Fund Performance As at April 30, 2013 Front Street Resource Class

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements for Front Street Resource Class (the "Fund"), a class of shares of Front Street Mutual Funds Limited. The interim financials of the Fund are attached behind this report and you can also get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital 2004, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our website at www.frontstreetcapital.com or SEDAR at www.sedar.com

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

Forward Looking Information

This Interim Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Fund. Forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Interim Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Interim Management Report of Fund Performance, and the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the Fund is to maximize capital appreciation by investing in small and medium-sized business entities in a range of natural resource sector industries, including base and precious metal, mineral exploration, and in energy-related industries. The Investment Advisor, Front Street Investment Management Inc., will assist the Fund in selecting investments primarily in equity and equity-related securities, although the Fund may also invest in other securities, including preferred shares, of such resource issuers, including junior resource issuers, in accordance with the investment strategies and guidelines outlined herein, with the objective of achieving capital appreciation for Shareholders. Such investments may include short selling of securities which the Investment Advisor believes are overvalued.

The Investment Advisor may also consider non-investment factors such as cash flow and liquidity requirements hold periods and restrictions, risk factors, stop-loss containment and tax efficient distributions.

The Fund's investment strategy entails initially investing in shares of resource issuers engaged in oil and gas or mineral exploration, development or production or energy production, including alternative energy production such as from wind, and that (i) have experienced management; (ii) have a strong exploration program in place; (iii) may require time to mature; and (iv) offer potential for future growth. It is anticipated that the resource issuers will include a significant number of junior resource issuers.

The Investment Advisor will manage the investment portfolio so as to achieve capital appreciation of the Fund's investments. This continuing investment management program may involve the divestiture of shares and other investments and the reinvestment of the net proceeds from such dispositions in securities of Resource Issuers, as well as other issuers in the oil and gas, mining, pulp and paper, and forestry industries, energy producers and related resource business issuers, such as pipeline or service companies and utilities. All investments will be made in accordance with the Fund's investment policies and restrictions described herein.

The Front Street Resource Class's portfolio will consist primarily of investments which generate capital gains, but will also include investments which generate income. In managing the portfolio, the Investment Advisor intends to use strategies including: investing in undervalued securities, short selling overvalued securities, managing long/short positions, pairs trading, special warrant arbitrage, merger arbitrage, convertible arbitrage and participation in restructurings.

From time to time the Fund may invest in other mutual funds and may purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of other mutual funds. Such investments may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Fund's investment objectives stated above and enhancing returns as permitted by securities regulations.

RISK

Most of the Fund's assets will be invested in common shares and other equity securities of Resource Issuers and the Fund will therefore be subject to risks associated with securities of natural resource companies, fluctuations in Net Asset Value risk and stock market risk. As certain of such issuers may be small capitalization companies, the Fund may be subject to the risks associated with small capitalization companies. Since the Fund may also invest in foreign securities, this may expose the Fund, to a limited extent, to the risk of investments in foreign securities and foreign currency risk. The Fund invests in relatively illiquid securities that may expose the Fund to liquidity risk. The Fund may also be exposed to sector risk due to its investments being concentrated in a limited number of sectors. The Fund may also be exposed to the risks of short selling and investing in derivatives. The Fund will also be subject to Series Risk and Securities Lending, Repurchase and Reverse Repurchase Risk.

Currency risk had an effect on the fund as the Canadian dollar weakened by 2.5% compared to the US dollar during the period. Company's who have Canadian expenses and revenue in US dollars typically benefitted from the fall in the Canadian dollar. Volatility in currency markets continues to be high, suggesting uncertainty going forward on this front.

Equity Risk – Although the TSX was relatively flat from the start to end of the period, there was significant volatility in Canadian markets during the half year, affecting the fund. Fears of political and economic events around the world influenced stock market direction. The number of equity financings and IPOs fell dramatically during the period forcing many companies to delay growth plans.

Interest-rate risk was also a factor, as global central banks and bond and equity markets closely monitored the U.S. Federal Reserve's monetary policy activities and public communications for indications as to interest rate policy. Any major increase in interest rates could stifle economic growth.

Credit risk was another factor this past period. In the aftermath of the credit crisis banks are only now starting to lend, but with much higher fees attached. Many companies which are relying on debt to finance expansions have had to halt plans as the funds are not currently available.

The Fund has multiple risks associated with equity markets. Investors whose primary concern is preservation of capital should not be invested in this Fund. The Fund is suitable for investors seeking long-term growth with a tolerance for risk and volatility and a long-term investment horizon.

The risks of investing in the Fund are further discussed in the Fund's Annual Information Form.

RESULTS OF OPERATIONS

For the six-months ended April 30, 2013, the Front Street Resource Class returned -20.22% net of expenses while the benchmark returned -10.84%. The past six months has been challenging for resource markets, with the S&P/TSX Energy Index essentially flat (+0.2%) and the Materials Index down -28.71%. Small-cap names were the hardest hit, as investors fled to the perceived safety and liquidity of larger-cap issuers. During the period, we balanced the fund towards larger-cap issuers. We still maintain our philosophy of investing in growth names, however, we are looking for that growth in larger names, preferring to keep the Fund nimble.

The Dow Jones 30 was up over 10% in early 2013, while the Toronto Stock Exchange (S&P/TSX) rose only 2%. The major discrepancy can be explained by the large natural resource weighting on the S&P/TSX. Resources make up over 40% of the index. During this period, the energy sub-index was flat, golds were down, and metals were down. We saw stronger economic growth coming out of the U.S., while estimates of Canadian growth were being toned down. Resource markets were hurt by statistics out of China showing that growth, while still at very high levels, was lower than market expectations.

Despite the sub-index being flat, the prices of oil and natural gas were strong in early 2013. Oil was up based on the West Texas Intermediate standard barrel. Global supply and demand remains well balanced, at a little over 90 million barrels per day, so we don't foresee any major price swings, political events aside. Many Canadian oil producers were unable to take advantage of these higher prices, due to refinery maintenance and pipeline bottlenecks. At one point, some producers in Canada were receiving \$30 less per barrel than the benchmark. Natural gas, on the other hand, was the star performer of all commodities so far this year. Cold weather persisting into spring, and strong industrial demand, have helped to reduce large inventories that built up last year, to the point that we are now below seasonal averages in storage. This has provided a huge boost to the U.S. economy, with numerous industries, such as the chemicals and fertilizers, increasing operations in the U.S. due to this cheap feed stock.

After peaking in late 2011, the price of gold continued its decline. Mining companies have also sold off sharply, as they have been dealing with more than just a falling commodity. Rising production costs, escalating capital costs, and a poor history of corporate acquisitions are all hampering the industry, sending investors to the sidelines.

During the period ended April 30, 2013, the Fund earned investment income of \$1,010,762 from dividends, securities lending revenue and interest (net of foreign withholding taxes). There were net realized losses on the sale of investments of \$30.7 million and an unrealized appreciation on the value of investments of \$6.2 million. Operating expenses, excluding management fees and servicing fees, totalled \$215,468 during the period ended April 30, 2013.

RECENT DEVELOPMENTS

Dividend paying stocks have been some of the top performers on the S&P/TSX of late. As investors slowly start to come back into the equity markets, the natural progression is to come out of bonds and go to an equity, which is paying a yield.

In the resource sector, and particularly the energy sector, we are seeing more companies convert themselves into higher dividend-paying entities. Opportunities for yield exist, not only in producing companies, but in refineries, pipelines, and the companies that operate the infrastructure that moves commodities to market. As a result of these trends, Front Street Resource Class will go to a shareholder vote to convert its mandate to more of an income focus, which will pay out a yield. We believe some of the volatility seen in the fund could be lowered as a result of this switch. The Fund is currently 50% invested in the energy, due to our favorable outlook for the sector. Also, due to our belief that the U.S. economy will likely outperform the Canadian economy, we have added companies with exposure in the U.S. We have added to our U.S. refining exposure, to take advantage of seasonally high margins.

We added to our forestry exposure, to benefit from a U.S. housing recovery. We also looked for companies that can benefit from the natural gas boom, such as Nucor Steel, which has a technology that uses natural gas to power their mills, keeping them competitive on a global basis. We have decreased exposure to the gold sector, with only about 15% of the Resource class invested in the space.

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International Financial Reporting Standards (“IFRS”)

Effective for its fiscal year commencing November 1, 2014, the Fund must adopt IFRS. In preparation thereof, the Manager continues to monitor and implement the Fund’s changeover plan and will continue to assess the impact on the implementation as new IFRS guidance become available from the International Accounting Standards Board (“IASB”).

The Manager has reviewed the current IFRS against the Fund’s current accounting policies and financial statement presentation under Canadian generally accepted accounting principles (“Canadian GAAP”), and the following areas of differences have been identified:

- a) IAS 32, Financial Instruments: Disclosure and Presentation, requires shareholders’ equity to be classified as liability unless certain criteria are met. The Fund’s shareholders’ equity meets the definition of a puttable instrument. The Manager has assessed the Fund’s shareholder structure and has determined the liability treatment is the most appropriate classification.
- b) IFRS 13, Fair Value Measurements, that was released in May 2011 provides guidance on the fair value measurements and allows for the possible use of closing prices to value investments. The Manager has assessed the guidance that will apply under IFRS and has determined that the use of closing market prices is appropriate in valuing investments.

The anticipated impact of IFRS on accounting policies and implementation decisions will predominantly be on the financial statement presentation and note disclosures in the Fund’s financial statements. In particular, the Fund will be required to present a statement of cash flows, and will be required to include certain additional and enhanced disclosures.

The Fund’s changeover plan includes key activities in (a) preparation of financial statements, (b) information processing and record-keeping, (c) business policy assessment and (d) systems and controls. Based on the Manager’s current analysis, the Manager believes the changeover to IFRS will not materially affect the Fund’s existing business arrangements.

RELATED-PARTY TRANSACTIONS

During the periods ended April 30, 2013 and 2012, fees paid to the Manager were as follows:

	November 1, 2012 to April 30, 2013	November 1, 2011 to April 30, 2012
Management fees	\$ 782,424	\$ 1,397,110
Servicing fees	457,375	621,613
Operating costs	<u>24,355</u>	<u>33,673</u>
	<u>1,264,154</u>	<u>2,052,396</u>

Included in accrued expenses payable to the Manager were as follows:

	April 30, 2013	October 31, 2012
Management fees payable	\$ 139,722	\$ 167,609
Servicing fees payable	79,665	83,177
Operating costs payable	<u>3,890</u>	<u>43,338</u>
	<u>\$ 223,277</u>	<u>\$ 294,124</u>

The following are ownership held by the related party of the Fund:

	April 30, 2013	October 31, 2012
Series B held by the Partners of the Manager	15,419.99	20,773.35
Percentage of Series B held by the Partners of the Manager	0.13%	0.21%
Series B held by the relatives of the Partners of the Manager	3,845.86	Nil
Percentage of Series B held by the relatives of the Partners of the Manager	0.03%	Nil%
Series F held by the relatives of the Partners of the Manager	866.94	866.94
Percentage of Series F held by the relatives of the Partners of the Manager	0.67%	0.62%
Series L held by the Partners of the Manager	243,743.93	394,993.93
Percentage of Series L held by the Partners of the Manager	10.23%	13.13%
Series L held by the relatives of the Partners of the Manager	81,800	81,800.00
Percentage of Series L held by the relatives of the Partners of the Manager	3.43%	2.72%

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of the Manager provided it determines that these affiliates' trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. During the period ended April 30, 2013, Tuscarora Capital Inc., a company under common control to the Manager, received \$1,215 (April 30, 2012 - Nil) in commissions on portfolio transactions for the Fund.

Management fees, servicing fees, operating costs and performance fees are measured at the exchange amount of consideration prescribed by the offering documents of the Fund. When related parties enter shareholder transactions with the Fund, the exchange amount of consideration is the transactional NAV available to all other shareholders on the trade date. In the case of brokerage commissions, the exchange amount of consideration is that which is negotiated by the related parties.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five financial years. This information is derived from the Fund's audited annual and interim financial statements for the six months ended April 30, 2013.

Series A

The Fund's Net Assets per Share

	April 30 2013 \$	October 31 2012 ⁽¹⁾ \$	October 31 2011 ⁽¹⁾ \$	October 31 2010 ⁽¹⁾ \$	October 31 2009 ⁽¹⁾ \$	October 31 2008 ⁽¹⁾ \$
Net Assets, beginning of the period	8.19	10.76	12.68	8.93	6.22	15.14
Increase (decrease) from operations:						
Total revenue	0.07	0.02	0.03	0.20	0.03	0.06
Total expenses	(0.11)	(0.26)	(0.64)	(0.55)	(0.34)	(0.50)
Realized gains (losses) for the period	(2.27)	(2.81)	1.71	2.67	0.10	(1.09)
Unrealized gains (losses) for the period	0.66	0.43	(3.20)	1.33	2.91	(7.37)
Total increase (decrease) from operations ⁽²⁾	(1.65)	(2.62)	(2.10)	3.65	2.70	(8.90)
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	6.53	8.19	10.76	12.68	8.93	6.22

- (1) This information is derived from the Fund's audited annual financial statements and interim unaudited financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	1,980	2,752	3,842	4,274	3,594	2,701
Number of shares outstanding ⁽¹⁾	302,086	334,969	357,157	335,892	400,753	426,887
Management expense ratio ⁽²⁾	3.03%	2.85%	4.92%	5.36%	4.92%	4.01%
Management expense ratio before waivers or absorptions	3.03%	2.85%	4.92%	5.36%	4.92%	4.01%
Trading expense ratio ⁽³⁾	0.71%	0.50%	0.50%	0.37%	0.34%	0.59%
Portfolio turnover rate ⁽⁴⁾	76.10%	104.60%	121.62%	100.06%	88.34%	113.44%
Net asset value per share (\$)	6.55	8.22	10.76	12.72	8.97	6.33

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series B
The Fund's Net Assets per Share

	April 30 2013 \$	October 31 2012 ⁽¹⁾ \$	October 31 2011 ⁽¹⁾ \$	October 31 2010 ⁽¹⁾ \$	October 31 2009 ⁽¹⁾ \$	October 31 2008 ⁽¹⁾ \$
Net Assets, beginning of the period	7.74	10.17	11.96	8.43	5.90	15.02
Increase (decrease) from operations:						
Total revenue	0.07	0.02	0.02	0.22	0.03	0.06
Total expenses	(0.10)	(0.24)	(0.59)	(0.51)	(0.32)	(0.51)
Realized gains (losses) for the period	(2.03)	(2.67)	1.74	2.40	0.18	(1.11)
Unrealized gains (losses) for the period	0.33	0.01	(3.23)	1.42	2.89	(6.88)
Total increase (decrease) from operations ⁽²⁾	(1.73)	(2.88)	(2.06)	3.53	2.78	(8.44)
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	6.17	7.74	10.17	11.96	8.43	5.90

- (1) This information is derived from the Fund's audited annual financial statements and interim unaudited financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	74,596	76,980	92,186	116,476	73,111	3,201
Number of shares outstanding ⁽¹⁾	12,037,264	9,909,609	9,067,021	9,707,218	8,638,251	533,568
Management expense ratio ⁽²⁾	3.00%	2.82%	4.73%	5.29%	4.82%	4.01%
Management expense ratio before waivers or absorptions	3.00%	2.82%	4.73%	5.29%	4.82%	4.01%
Trading expense ratio ⁽³⁾	0.71%	0.50%	0.50%	0.37%	0.34%	0.59%
Portfolio turnover rate ⁽⁴⁾	76.10%	104.60%	121.62%	100.06%	88.34%	113.44%
Net asset value per share (\$)	6.20	7.77	10.17	12.00	8.46	6.00

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series F
The Fund's Net Assets per Share

	April 30 2013 \$	October 31 2012 ⁽¹⁾ \$	October 31 2011 ⁽¹⁾ \$	October 31 2010 ⁽¹⁾ \$	October 31 2009 ⁽¹⁾ \$	October 31 2008 ⁽¹⁾ \$
Net Assets, beginning of the period	7.74	10.07	11.75	8.29	5.77	14.94
Increase (decrease) from operations:						
Total revenue	0.06	0.02	0.02	0.18	0.03	0.06
Total expenses	(0.07)	(0.16)	(0.45)	(0.49)	(0.32)	(0.52)
Realized gains (losses) for the period	(2.16)	(2.61)	1.25	2.47	0.27	(1.12)
Unrealized gains (losses) for the period	0.65	0.70	(3.26)	1.08	2.14	(7.70)
Total increase (decrease) from operations ⁽²⁾	(1.52)	(2.05)	(2.44)	3.24	2.12	(9.28)
Distributions to Shareholders:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—	—	—	—
Net Assets, end of the period	6.20	7.74	10.07	11.75	8.29	5.77

- (1) This information is derived from the Fund's audited annual financial statements and interim unaudited financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	803	1,093	1,637	1,045	397	239
Number of shares outstanding ⁽¹⁾	128,928	140,741	162,639	88,668	47,677	40,661
Management expense ratio ⁽²⁾	2.03%	1.89%	3.81%	5.12%	4.73%	4.15%
Management expense ratio before waivers or absorptions	2.03%	1.89%	3.81%	5.12%	4.73%	4.15%
Trading expense ratio ⁽³⁾	0.71%	0.50%	0.50%	0.37%	0.34%	0.59%
Portfolio turnover rate ⁽⁴⁾	76.10%	104.60%	121.62%	100.06%	88.34%	113.44%
Net asset value per share (\$)	6.23	7.76	10.07	11.79	8.32	5.87

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

Series L

The Fund's Net Assets per Share	For the period from amalgamation on February 28, 2011 to October 31, 2011 ⁽¹⁾		
	April 30 2013 \$	October 31 2012 ⁽¹⁾ \$	\$
Net Assets, beginning of the period	8.74	11.49	15.94 *
Increase (decrease) from operations:			
Total revenue	0.07	0.03	0.02
Total expenses	(0.07)	(0.28)	(0.30)
Realized gains (losses) for the period	(2.43)	(2.97)	—
Unrealized gains (losses) for the period	0.75	0.30	(4.27)
Total increase (decrease) from operations ⁽²⁾	(1.68)	(2.92)	(4.55)
Distributions to Shareholders:			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
Total distributions to Shareholders ⁽³⁾	—	—	—
Net Assets, end of the period	7.01	8.74	11.49

- (1) This information is derived from the Fund's audited annual financial statements and interim unaudited financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	16,771	26,380	46,939
Number of shares outstanding ⁽¹⁾	2,382,151	3,007,667	4,088,336
Management expense ratio ⁽²⁾	1.84%	2.86%	3.40%
Management expense ratio before waivers or absorptions	1.84%	2.86%	3.40%
Trading expense ratio ⁽³⁾	0.71%	0.50%	0.50%
Portfolio turnover rate ⁽⁴⁾	76.10%	104.60%	121.62%
Net asset value per share (\$)	7.04	8.77	11.48

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

*Initial price

Series X

The Fund's Net Assets per Share

	April 30 2013 \$	For the period from commencement of operations on January 26, 2012 to October 31, 2012 ⁽¹⁾ \$
Net Assets, beginning of the period	8.24	10.55 *
Increase (decrease) from operations:		
Total revenue	0.07	0.02
Total expenses	(0.10)	(0.14)
Realized gains (losses) for the period	(2.27)	(2.32)
Unrealized gains (losses) for the period	0.64	0.12
Total increase (decrease) from operations ⁽²⁾	(1.66)	(2.32)
Distributions to Shareholders:		
From income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	—
Return of capital	—	—
Total distributions to Shareholders ⁽³⁾	—	—
Net Assets, end of the period	6.58	8.24

- (1) This information is derived from the Fund's audited annual financial statements and interim unaudited financial statements. The net assets per share presented in the financial statements differ from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements].
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/(decrease) from operations is based on the average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund or both.

Ratios and Supplemental Data

Total net asset value (\$000's) ⁽¹⁾	6	8
Number of shares outstanding ⁽¹⁾	947	947
Management expense ratio ⁽²⁾	2.55%	2.05%
Management expense ratio before waivers or absorptions	2.55%	2.05%
Trading expense ratio ⁽³⁾	0.71%	0.50%
Portfolio turnover rate ⁽⁴⁾	76.10%	104.60%
Net asset value per share (\$)	6.61	8.26

- (1) This information is provided as at end of the period shown.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessary a relationship between a high turnover rate and the performance of a fund.

* Initial price

MANAGEMENT & PERFORMANCE FEES

The Fund pays a monthly management fee equal to 1/12 of 1.5 % of the net asset value of Series A, Series B, Series F, and Series X shares and 1/12 of 2.1% of the net asset value of Series L shares of the Fund calculated and paid at the end of each month in arrears from each Fund series. Effective October 1, 2012, management fee of Series L was reduced to 1.1% of the net asset value as the Manager has received all cost recovery amounts related to the agent's fees and additional offering expenses of Front Street Resource Performance Fund Limited's initial public offering.

The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, reporting issuer filing and sustaining fees, custodial fees, fees payable to, and expenses incurred by, the Fund's Independent Review Committee and expenses of making distributions to shareholders. As the Fund has more than one series of shares, the shareholders of each series bear their pro rata share of those expenses which are common to the operation of all series, as well as those expenses which are attributable solely to that series.

The Manager may, at its discretion, add a service charge of up to 15% of the costs incurred for any operating and administrative costs charged to the Fund other than management services which are already included in the management fee rate which the Manager receives from the Fund.

The Fund pays a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding fiscal quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the "Benchmark") over the same period. The Benchmark for the Fund is calculated as follows: 25% of the percentage gain or loss of the S&P/TSX Capped Gold Index plus 25% of the percentage gain or loss of the S&P/TSX Paper & Forest Products Index plus 25% of the percentage gain or loss of the S&P/TSX Diversified Materials Index plus 25% of the percentage gain or loss of the S&P/TSX Diversified Energy Index. The fee is equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter. The starting reference point for the next fiscal quarter's calculation will be based on the higher of either the Benchmark performance adjusted net asset value per share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

DEALER COMPENSATION

Brokers, dealers and advisors may be paid a "trailer commission" for assets that their sales representatives place in the Series A, Series B, Series L and Series X Fund securities. The Fund may, at its discretion, negotiate, change the terms and conditions of, or discontinue the trailer commission with brokers, dealers and advisors.

The trailer commission is calculated as a percentage of assets each broker, dealer or advisor has placed in the Fund series. The trailer commission is calculated based on the closing balance of client accounts for each calendar month. The trailer commission will not be paid if the assets are removed from the Funds. Trailer commissions are paid quarterly at rates set within ranges according to the following table.

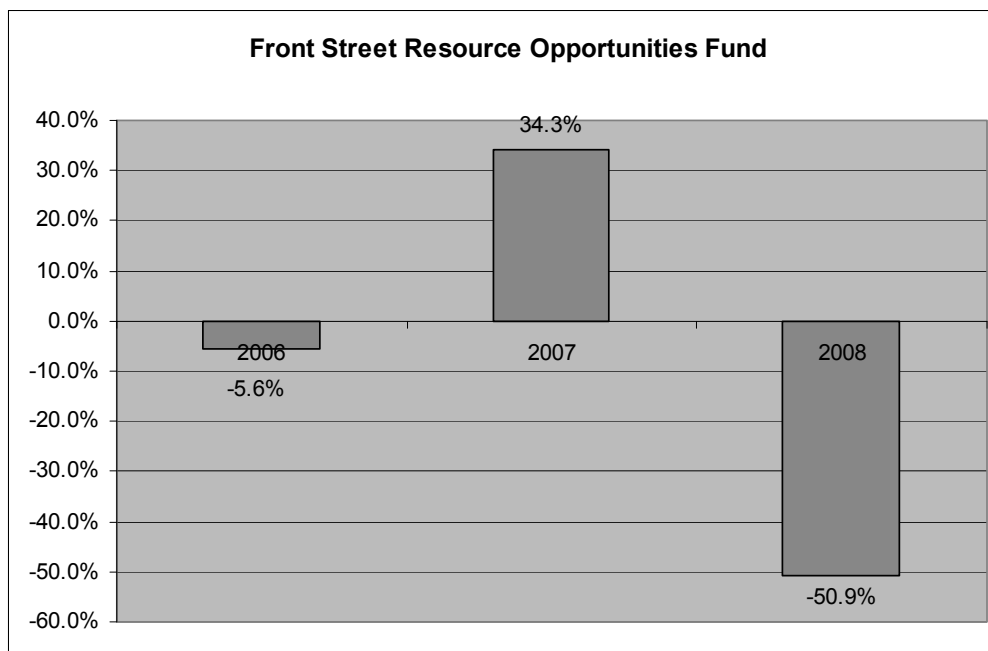
Series	Trailer Annual Rate	Annual Payment per \$1,000 of Fund securities held
A	1.00%	\$10.00
B	1.00%	\$10.00
F	0.00%	Nil
L	0.40%	\$4.00
X	0.50%	\$5.00

PAST PERFORMANCE

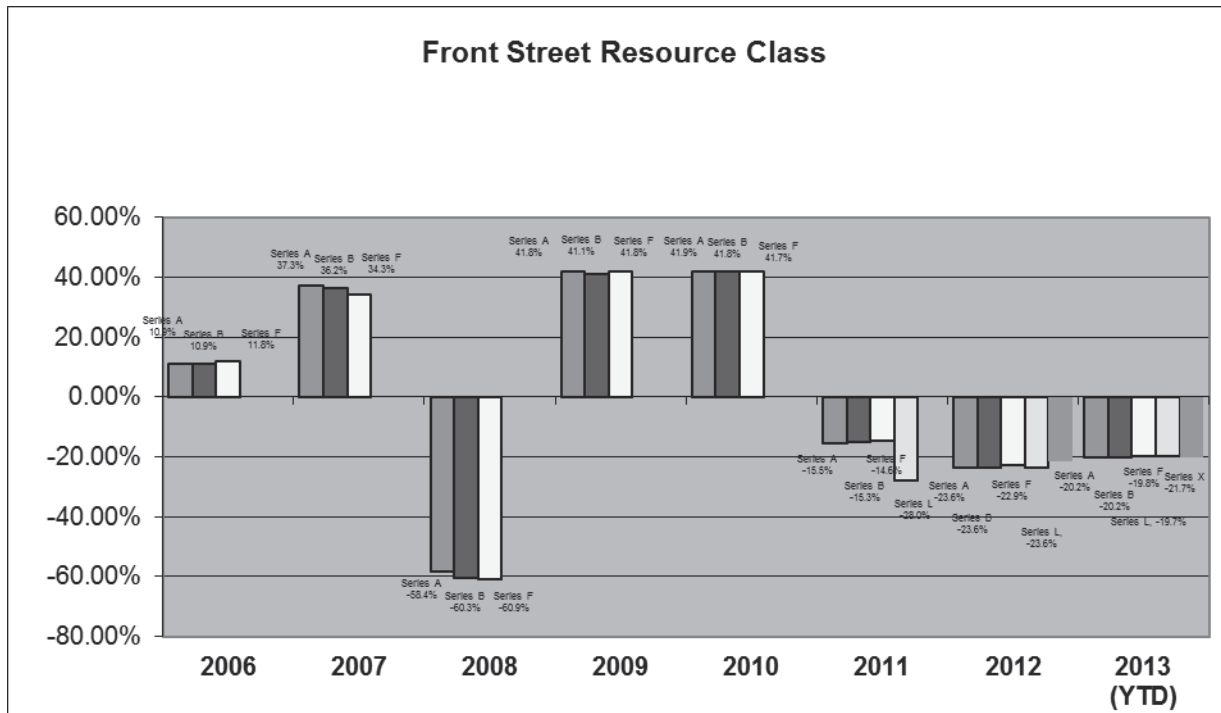
The past performance of the Fund is set out below and includes year-by-year returns.

With respect to the charts displayed below, please note the following:

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional shares of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
- (c) how the Fund has performed in the past does not necessarily indicate how it will perform in the future.



The above chart is the year-by year returns for Front Street Resource Opportunities Fund, a class of Front Street Opportunity Funds Ltd. The Fund was merged with the continuing Fund being Front Street Resource Fund on November 1, 2008.



The above chart is the year-by year returns for Front Street Resource Class, a class of Front Street Mutual Funds Ltd. The Fund was merged with Front Street Resource Opportunities Fund on November 1, 2008 and fund performance for the discontinued fund has not been included in the chart above in the 2008 period. The Fund also merged with Front Street Resource Performance Fund Ltd. on February 28, 2011 and Series L commenced operations.

Summary of Investment Portfolio as at April 30, 2013

Portfolio by Category

	Percentage of Transactional Net Asset Value
Long Positions	
Energy	64.3%
Materials	35.5%
Cash and cash equivalents	0.6%
Other assets less other liabilities	-0.4%
	100.0%

Top 25 Holdings

	Percentage of Transactional Net Asset Value
Crescent Point Energy Corporation	5.9%
Laricina Energy Limited	5.8%
Whitecap Resources Inc.	5.1%
Northern Tier Energy Limited Partnership	4.2%
Sprott Power Corporation	3.1%
DeeThree Exploration Limited	3.1%
Enerplus Corporation	3.0%
Nucor Corporation	3.0%
New Gold Inc.	2.9%
Regis Resources Limited	2.8%
Yamana Gold Inc.	2.7%
Alon USA Partners Limited Partnership	2.5%
West Fraser Timber Company Limited	2.3%
Baytex Energy Corporation	2.3%
Griffiths Energy International Inc.	2.3%
ARC Resources Limited	2.2%
Canfor Corporation	2.2%
Tiger Resources Limited	2.2%
Vermilion Energy Inc.	2.2%
Bonterra Energy Corporation	2.1%
Tourmaline Oil Corporation	2.1%
Trevali Mining Corporation	2.1%
Manitok Energy Inc.	2.0%
Canfor Pulp Products Inc.	2.0%
Athabasca Oil Corporation	2.0%
	72.1%
TOTAL TRANSACTIONAL NET ASSET VALUE (000)	\$94,156

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund.



FRONT STREET CAPITAL

33 Yonge Street, Suite 600
Toronto, ON M5E 1G4

Tel.: 1 (800) 513-2832

or (416) 364-1990

Fax: (416) 364-8893

www.FrontStreetCapital.com