



Report of the Independent Review Committee  
to Securityholders of the  
frontierAlt Group of Funds  
April 30, 2009

**Dear Securityholder:**

As Chair of the Independent Review Committee (IRC) for the publicly offered investment funds (Funds) managed by frontierAlt Group of Companies (the Manager), I am pleased to provide you with the 2008 annual report to securityholders of the Funds, in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107").

The mandate of the IRC is to review conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. A "conflict of interest matter" is a situation where a reasonable person would consider the Manager to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Funds. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager's proposed action in respect of the conflict of interest matter achieves fair and reasonable results for the Funds.

At least annually, the IRC will also review and assess the adequacy and effectiveness of the Manager's written policies and procedures for the Funds relating to conflict of interest matters and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

As members of the IRC, we represent the best interest of the Funds in any matter where the Manager has a conflict of interest. In respect of any Conflict of Interest Matter (COIM) referred to us, we have sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the relevant Fund(s).

We are now pleased to publish this annual report for the securityholders of the Funds, to describe the IRC and its activities during the last financial year.

Sincerely,

Andrew Jones  
Chairman

**Mandate of the IRC**

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing The frontierAlt Group of Funds listed at the end of this report (collectively the “Funds” and individually a “Fund”). The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Fund, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest.

The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC’s prior approval, but in most cases the IRC will provide a recommendation to the Manager as to whether, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Fund. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

This report is available on the Manager’s website at [www.frontieralt.com](http://www.frontieralt.com) or you may request a copy, at no cost to you, by contacting the Manager at (866) 745-5545 Ext. 3173.

**Reporting Period**

The Independent Review Committee (IRC) for the publicly offered investment funds (individually, a Fund and collectively, the Funds), as listed in Schedule “A” to this report, became operational on November 1<sup>st</sup>, 2007. The information disclosed in this report covers the period beginning January 1<sup>st</sup>, 2008 and ending December 31, 2008, the financial year end of the Funds.

**Members of the IRC**

The current members of the IRC, and their principal occupations, are as follows:

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<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Andrew Jones, Toronto, Ontario Chair	Consultant	Three (3) years from May 1, 2008
Zareer Pavri, Toronto, Ontario	Accountant	Two (2) years from May 1, 2008

Michael Singer, Toronto, Ontario	Lawyer	One (1) year from May 1, 2008
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*There were no changes in the composition of the IRC during the financial year*

**Disclosure of IRC Member's Holdings**

As at December 31, 2008, the percentage of units of each series of the Funds beneficially owned, directly or indirectly, in aggregate, by all of the IRC Members did not exceed 10 per cent.

**Manager**

As at December 31, 2008 IRC members, beneficially owned, directly or indirectly, in aggregate 0% of the outstanding shares of The Manager, frontierAlt Capital Corporation or any of its direct or indirect subsidiaries.

**Compensation and Indemnification**

The members of the IRC are entitled to be compensated by the Funds and to be indemnified by the Funds in appropriate circumstances. The aggregate compensation, including expenses, paid by the Funds to the IRC for the Period was \$15,000. This amount was allocated among the funds.

The initial compensation of the IRC was set by the Manger. At least annually, the IRC will review compensation in a manner consistent with good governance practices, given consideration to the IRC following factors, among any other factors the IRC considers important:

1. The best interests of the Funds;
2. That each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund;
3. That compensation paid to the IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Fund;
4. The number, nature and complexity of the Funds for which the IRC acts; and
5. The nature and extent of the workload of each member of the IRC.

During the Period, no amounts were paid to the IRC by the Funds pursuant to indemnities given by the Funds to the IRC.

**Conflict of Interest Matters Reviewed**



National Instrument 81-107 *Independent Review Committee for Investment Funds* requires the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation.

#### **Approvals and Positive Recommendations**

The Manager relied on the following approvals of the IRC in the financial year:

1. The merger of the frontierAlt Oasis™ World Fund into the frontierAlt Global Income Fund.
2. The merger of the frontierAlt Oasis™ Income Fund into the frontierAlt Oasis™ Canada Fund
3. The renewal of Andrew Jones' (Chairman) term for 3 years, Zareer Pavri's term for 2 years and Michael Singer's term for 1 year

#### **Standing Instructions Approved**

The IRC has approved some standing instructions (SIs), which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis, without having to refer the Conflict of Interest Matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. The Manager relied on the following SIs in the financial year. In each case, the SI required the Manager to comply with its related policy and procedures and to report periodically to the IRC:

*Standing Instruction No. 1: **COIM POLICIES AND PROCEDURES MANUAL: OMNIBUS***

*Standing Instruction No. 2: **Trade Allocations***

*Standing Instruction No. 3: **Best Executions Issues***

*Standing Instruction No. 4: **Third-Party Services***

*Standing Instruction No. 5: **Personal Trading***

*Standing Instruction No. 6: **Related Party Issues***

*Standing Instruction No. 7: **Services provided by Related Parties***

#### **Interactions with the Manager**

Pursuant to NI 81-107 and the IRC's written charter, the IRC has reviewed:

1. The adequacy and effectiveness of the Manager's written policies and procedures concerning COIM;
2. The adequacy and effectiveness of the SIs the IRC has provided to the Manager;



3. The adequacy and effectiveness of the Manager's and each Fund's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and
4. The Manager's and each Fund's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager."

**Review of the Written Charter**

The IRC reviewed its written charter on and made no changes.

**Funds served by the IRC in 2008**

frontierAlt All Terrain World Fund  
frontierAlt All Terrain Canada Fund  
frontierAlt All Terrain Bond Fund  
frontierAlt Oasis Canada Fund  
frontierAlt Oasis World Fund  
frontierAlt Oasis Global Income Fund  
frontierAlt Resource Capital Class Fund  
Global Dividend Fund - GDP.UN  
frontierAlt 2008 Precious Metals & Energy Flow-Through LP  
frontierAlt 2007 Energy & Precious Metals Flow Through LP  
frontierAlt Energy 2006-II Flow-Through LP  
frontierAlt Energy 2006 Flow-Through LP