

NEW

Early Donation - December 2012
Tax Deductions up to \$200
per \$100 Invested

TERRA
mining+energy
Flow-Through LPs

EXECUTIVE SUMMARY OF TERRA 2012 FOUNDATION FLOW-THROUGH LIMITED PARTNERSHIP

✓ PROVEN PERFORMANCE

✓ SELECTIVE INVESTING

✓ EARLY DONATION

A TAX-ADVANTAGED INVESTMENT IN THE CANADIAN MINING & ENERGY SECTORS

INVESTMENT FUND	Terra 2012 Foundation Flow-Through Limited Partnership
FUNDSERV CODES	FE: TER112 (A Class) and NL: TER212 (F Class)
INVESTMENT OBJECTIVE	<p>Terra's Foundation Flow-Through LP is for investors seeking a more cost effective way to give to Canadian registered charities of their choice. An investment in the Foundation Flow-Through LP will generate substantial tax savings in 2012 and convert to a dividend income mutual fund.</p> <p>The Terra Foundation FTLP will invest in a portfolio of flow-through shares of public mining and energy firms which offer good value and potential for capital appreciation. A strong preference will be given to public companies with existing production. To ensure liquidity, the fund will not invest in private companies.</p>
TAX SAVINGS	<p>Per \$5,000 investment, investors will receive:</p> <ul style="list-style-type: none"> ▸ FTLP and Donation tax deductions of up to \$8,750 ▸ additional tax credit enhanced Super Flow-Through deduction of up to \$686 <p>See "Financial Aspects for Investors" on page 3.</p>
PORTFOLIO MANAGER	Gerry Brockelsby, founder and Chief Investment Officer for Marquest, has been retained by the General Partner to manage the Partnership's investment portfolio. Mr. Brockelsby has over 37 years investment experience and prior to founding Marquest in 1985, was Chief Investment Officer for INCO Limited pension fund. He has a particularly strong capability in the small and medium cap resource market where the majority of the best flow-through offerings occur and he also manages the 5-star rated Marquest Resource Fund. See "Portfolio Manager" on page 2.
LIQUIDITY ADVANTAGE	Investment in diversified portfolio of public resource companies listed on Canadian exchanges only. To ensure liquidity, the fund does not invest in private companies.
DIVERSIFICATION	The LP invests in a diversified portfolio of approximately 20 public firms in both the mining and energy sectors.
MUTUAL FUND	The LP converts to a dividend income mutual fund, which provides annual distributions of up to 7% per annum.
EARLY DONATION	Investors may donate their mutual fund shares in 2012 to a registered charity or foundation.
LOW DONATION COST	The donation cost is as low as \$0.33 per dollar donated. See "Financial Aspects for Investors" on page 3.

HOW TO PURCHASE

ELIGIBLE INVESTORS	This Offering is available to investors in all provinces and territories of Canada who qualify as either an <i>accredited</i> or <i>eligible</i> investor. For more details on eligibility, see the "Invest" tab on Terra's website at www.terrafunds.ca .
PURCHASE DETAILS	Minimum purchase is \$5,000 or 50 Units. Subscription price is \$100 per Unit. Any investment over \$5,000 must be made in multiples of \$1,000 (10 Units). Terra Fund Management Ltd. must receive a completed Subscription Agreement (with Risk Acknowledgment, if an eligible investor) in original form.
FUNDSERV CODES	TER 112 (A Class) and TER 212 (F Class)
CLOSINGS	Monthly, subject to availability.
CONTACT	<p>Terra Fund Management Ltd. 517 Wellington Street West, Suite 207, Toronto, Ontario M5V 1G1 Tel: 416.203.2477 or 1.888.449.4645 / E-mail : info@terrafunds.ca / Website: www.terrafunds.ca</p>



This document is a summary only and must be read in conjunction with the Offering Memorandum. This summary is confidential and for internal use only. By acceptance hereof, the reader agrees that they will not transmit, reproduce or make available this summary or any information contained herein to the public or press. Securities legislation in all provinces and territories prohibit such distribution. The information contained herein, while obtained from sources that are believed to be reliable, is not guaranteed as to accuracy or completeness. This summary is for information purposes only and does not constitute an offer to sell nor a solicitation to buy the securities referred to herein. Investors must receive a confidential Offering Memorandum prior to subscribing for Units.

OFFERING SUMMARY

ISSUER	Terra 2012 Foundation Flow-Through Limited Partnership						
FUNDSERV CODES	FE: TER112 and NL: TER212						
FORM OF ISSUE	Tax-advantaged limited partnership Units.						
ISSUE SIZE	Maximum \$50,000,000 (500,000 Units); Minimum \$250,000 (2,500 Units).						
MINIMUM PURCHASE	\$5,000 (50 Units). Any investment above \$5,000 must be made in multiples of \$1,000 (10 Units).						
GENERAL PARTNER	Terra Flow-Through GP Management Ltd. See "General Partner" on page 4.						
PORTFOLIO MANAGER	Marquest Asset Management Inc. (Marquest) will source and direct investments for the Partnership. Gerry Brockelsby, BA, CFA founder and Chief Investment Officer for Marquest, has been retained by the General Partner to manage the Partnership's investment portfolio. The manager has extensive experience investing in the resource sector and brings established relationships in the industry, which will assist the Partnership in sourcing quality flow-through offerings. The portfolio manager has a particularly strong capability in the small and medium capitalization areas where the majority of the best flow-through offerings occur. Mr. Brockelsby has over 37 years investment experience and prior to founding Marquest in 1985, was Chief Investment Officer for INCO Limited pension fund. The portfolio manager manages the 5-star rated Marquest Resource Fund. Marquest is a registered investment counsel and portfolio manager in British Columbia, Alberta, Saskatchewan, Ontario and Québec.						
PREVIOUS PARTNERSHIPS	The following table sets out the past performance for previous Terra Flow-Through Partnerships and the corresponding net asset values on rollover. The Terra 2005 and 2006 FTLPs are hypothetical funds and represent the average return on the rollover date for an equal investment in each separate mining and energy FTLP for that year; they have been combined for comparison purposes only.						
				After-Tax Return by Province			
	Limited Partnership	Invested Amount	Status	NAV	AB	BC	ON
	Terra 2011 Foundation FTLP	\$10,000	Rolled over	\$7,173	4%	9%	13%
	Terra 2010 Mining & Energy	\$10,000	Rolled over	\$8,785	56%	78%	87%
	Terra 2009 Mining & Energy	\$10,000	Rolled over	\$9,285	47%	60%	68%
	Terra 2008 Mining & Energy	\$10,000	Rolled over	\$6,578	7%	17%	21%
	Terra 2007 Energy & Mining	\$10,000	Rolled over	\$4,567	-27%	-21%	-19%
	Terra 2006 Energy & Mining (Avg.)	\$10,000	Rolled over	\$6,311	6%	18%	20%
	Terra 2005 Energy & Mining (Avg.)	\$10,000	Rolled over	\$10,297	61%	73%	85%
LEGAL & TAX COUNSEL	Stikeman Elliott LLP						
AUDITORS	PricewaterhouseCoopers LLP, Chartered Accountants.						
FEES & EXPENSES	Fees and expenses, including the management fee, portfolio advisor fee and offering expenses, paid by the Partnership shall not exceed 4.75% of the gross proceeds plus any applicable taxes and selling concession, if any, of the Offering raised by the Partnership and the General Partner will pay any excess amount.						
ANNUAL FEE	In 2013, a fee equal to 2.00% of the Net Asset Value, if applicable.						
PERFORMANCE BONUS	Performance bonus is 10% of any gains over the starting \$100 per Unit value. In other words, 100% of the profits from the Partnership go to the investor until the original investment is fully recouped. Thereafter, the investor keeps 90% of all profits. The bonus is payable once only and is calculated on the rollover date of the Partnership.						
MUTUAL FUND ROLLOVER	The LP intends to complete the Mutual Fund Rollover Transaction in 2012 pursuant to which Limited Partners will receive redeemable Terra Mutual Fund Corporate Class Shares.						
ELIGIBILITY	LP Units are not qualified investments under the Tax Act for RRSPs, RRIFFs, DPSPs, RESPs or TFSA's. However, once the LP has rolled over to the Mutual Fund, the investor's MF Shares become qualified for RSPs and TFSA's.						
CLOSINGS	Monthly, subject to availability.						

FINANCIAL ASPECTS FOR INVESTORS

I. TAX DEDUCTIONS & DONATION AMOUNT - per \$5,000 investment

As stated in Table 1 below, a \$5,000 investment in A Class Units is projected to provide the following maximum tax deductions and super flow-through tax credit. The donation amount is projected to be 75% of the initial \$5,000 investment, but the actual donation value may vary. Additional provincial tax credits may also apply on qualified investments.

Table 1: Projected 2012 FTLP & Donation Deductions	Alberta	BC	Ontario
Initial Investment / Flow-Through LP tax deductions	\$5,000	\$5,000	\$5,000
Super Flow-Through Tax Credit (expressed as a tax deduction)	\$686	\$565	\$507
Donation deduction (75% of initial investment)	\$3,750	\$3,750	\$3,750
Total deductions per \$5,000 investment	\$9,436	\$9,315	\$9,257

2. PROJECTED COST TO GIVE - per \$5,000 invested over 1 year & 10 years

Terra's flow-through giving strategy is an advantageous way to give to charitable causes. An investment in the Foundation Flow-Through LP will generate initial tax savings from its flow-through investments and additional tax savings from its subsequent donation.

Table 2 below shows the net cost of giving for investors in Alberta, BC and Ontario over a 1 year or 10 year time horizon. Under either scenario investors can significantly reduce their Cost to Give.

Table 2: Cost to Give	1 year - \$5k invested			10 years - \$50k invested		
	AB	BC	ON	AB	BC	ON
A. Pre-Tax Investment	\$5,000	\$5,000	\$5,000	\$50,000	\$50,000	\$50,000
B. FTLP Tax Savings	(2,218)	(2,432)	(2,556)	(22,175)	(24,319)	(25,558)
C. Donation Tax Savings	(1,875)	(1,639)	(1,740)	(18,750)	(16,388)	(17,404)
D. Capital Gains Tax on Donation	731	819	870	7,313	8,194	8,702
Cost to Give (A+B+C+D)	\$1,639	\$1,749	\$1,574	\$16,387	\$17,487	\$15,740
Available to Give (75% of investment)	\$3,750	\$3,750	\$3,750	\$47,167	\$47,167	\$47,167

Notes & Assumptions:

Investors should refer to the Offering Memorandum for a more detailed description of the assumptions and notes. This offering is available only to qualified investors in all provinces and territories of Canada. The figures are for illustrative purposes only and are not intended as a forecast of future events. The description assumes AMT does not apply. Tax rates and tax credits are subject to change. Actual results may vary.

1. Canadian Exploration Expense (CEE) is the qualified resource exploration expenditure that may be claimed as a deduction by an investor. In 2012 investors receive CEE equal up to 95% of an investment.
2. The investor receives a federal 15% investment tax credit on up to 65% of qualified mining investments. This federal tax credit is expressed as a tax deduction and is calculated as the investment tax credit earned on qualifying CEE divided by the marginal tax rate.
3. Alberta, BC and Ontario investors are taxed at respective marginal tax rates of 39%, 43.7% and 46.41%. The donation tax credit is equal to 50% for Alberta residents, 43.7% for BC residents, and 46.41% for Ontario residents of the value of the donated securities. Donations of flow through investments to registered charities are subject to capital gains tax. The actual donation value and tax savings may vary.
4. The annual general donation claim limit is 75% of an investor's net income, although donations in excess of the annual limit may be carried forward and claimed in any of the following five years. The investor is assumed to donate the mutual fund shares to a "qualified donee" as defined in the Tax Act. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
5. The Donation Value and Available to Give amount may differ. The Available to Give amount for a 10 year horizon assumes the \$3,750 available each year compounds at an average growth rate of 5% per annum.
6. The donation is assumed to have an ACB of zero. The actual ACB may vary.

ABOUT US

GENERAL PARTNER

John Jacobi, B.Comm, MBA, is the President and Chief Executive Officer and a director of Terra Flow-Through GP Management Ltd. Mr. Jacobi has been offering tax-advantaged products to investors since 1993. He is the President, CEO and a director of the Terra 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 Flow-Through Limited Partnerships. Mr. Jacobi also serves a director of TerraTundra Foundation and is President of Linden Mills Investments Inc. Prior to 1993, Mr. Jacobi held a number of senior management positions with high technology start-ups. Mr. Jacobi has a Bachelor of Commerce degree from Queen's University and a Masters of Business Administration from the Ivey School of Business, University of Western Ontario.

ADVISORY BOARD

The General Partner has established an advisory board for the partnership. Mr. Don Hunter, FCA, ICD.D, was appointed to the advisory board of Terra Fund Management Ltd. in June 2005. Mr. Hunter is a professional director. Prior to July 2005, he was a partner in PricewaterhouseCoopers LLP since 1982. He was the audit engagement partner on a number of Canada's largest financial services companies in the banking, investment and asset management sectors. In 2009, Mr. Hunter was elected the FCA designation which is the highest designation that the Institute of Chartered Accountants confers and honors members who have given outstanding service to the profession or brought distinction to it. Mr. Hunter has been on the Accounting and Auditing Advisory panel of the Financial Services Commission of Ontario, has lectured at the University of Toronto and the CICA. Mr. Hunter has an MBA from York University, a B.E.Sc. (Engineering) from the University of Western Ontario and is a Chartered Accountant.

PORTFOLIO MANAGER

Marquest Asset Management Inc. (Marquest) will source and direct investments for the Partnership. Gerry Brockelsby, BA, CFA founder and Chief Investment Officer for Marquest, has been retained by the General Partner to manage the Partnership's investment portfolio. The manager has extensive experience investing in the resource sector and brings established relationships in the industry, which will assist the Partnership in sourcing quality flow-through offerings. The portfolio manager has a particularly strong capability in the small and medium capitalization areas where the majority of the best flow-through offerings occur. Mr. Brockelsby has over 37 years investment experience and prior to founding Marquest in 1985, was Chief Investment Officer for INCO Limited pension fund. The portfolio manager manages the 5-star rated Marquest Resource Fund. Marquest is a registered investment counsel and portfolio manager in British Columbia, Alberta, Saskatchewan, Ontario and Québec.

SECTOR OUTLOOK

CANADIAN ENERGY SECTOR

The growing rate of oil depletion and current world economic growth trends will likely lead to much higher oil and gas prices in the future. In 2002, crude oil was trading for approximately US \$20 per barrel. After hitting a 2008 peak of approximately US \$147 per barrel, crude oil has traded at around \$100 per barrel in early 2012. The rapid urbanization and development of China, India and Brazil, has caused the International Energy Agency (IEA) to forecast a growing gap between oil supply and oil demand. For 2012 the IEA expects oil demand at 90.3 million barrels per day growing to 95 million barrels per day by 2016 with oil consumption in developing countries driving this growth. Canadian oil-sands remain one of the few oil-producing regions with the ability to grow production volumes significantly. Alberta's oil-sands are estimated to contain 175 billion barrels of recoverable oil, second to Saudi Arabia's 259 billion, according to the Canadian Association of Petroleum Producers. The General Partner believes that the long-term trend for the sectors remains favourable because oil consumption will likely resume as economic growth returns.

Advancements in oil and natural gas extraction and reduced royalty payments has caused potential investment returns and enterprise value for oil and gas firms to dramatically increase. The energy industry also continues to consolidate as fewer new reserves of oil are discovered. Oil and natural gas firms are unique in that startup capital can be converted to an actual cash flow stream in a relatively short period of time. The General Partner expects investor interest for junior and intermediate producers to re-emerge and gain strength in the future.

CANADIAN MINING SECTOR

The General Partner believes the resource sectors, especially mineral exploration and development, will continue to grow, despite recent short-term weakness. Over much of the past decade, soft commodity prices and limited capital have constrained exploration and development. The credit crises and general economic slowdown have further discouraged the replenishment of producer reserves and has limited funding for grassroots exploration. These factors and others have adversely impacted commodity prices and mining firms. Despite recent volatility, the General Partner believes many mining companies are currently trading at historical lows and, at times, trading below their intrinsic value.

Commodities including gold likely remain in the midst of a long-term bull market. Gold traded at US \$270 per ounce at the beginning of 2002, and more recently has traded over US \$1,600 per ounce in early 2012. Other commodities of interest to the LP include copper, zinc, uranium, iron ore, nickel and coal.

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Tax-Smart Investments