



Financial Statements of

**FRONT STREET FLOW-THROUGH
2006-I LIMITED PARTNERSHIP**

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Front Street Flow-Through 2006-I Limited Partnership (the "Partnership") are the responsibility of management. They were prepared in accordance with Canadian generally accepted accounting principles using information available to February 5, 2007 and management's best estimates and judgments.

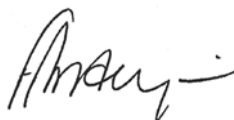
Management has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

As reported in the notes to the financial statements, on January 2, 2007, the General Partner of the Partnership, Front Street Capital Management General Partner III Corp., was amalgamated with Front Street Capital Management General Partner II Corp. The amalgamated company continues as the General Partner of the Partnership under the legal name of Front Street Capital Management General Partner II Corp. The Board of Directors of the General Partner ("Board of Directors") discharges its duties regarding the financial statements primarily through its Audit Committee, which comprises of members of the Board of Directors. The Audit Committee meets with management and the external auditors to review the financial statements and the result of the audit examination. The external auditors have unrestricted access to the Audit Committee. The Audit Committee also considers for review by the Board of Directors, the engagement or re-appointment of the external auditors.

The Board of Directors has approved these financial statements, which have been audited by KPMG LLP, Chartered Accountants, on behalf of the limited partners. The auditors' report outlines the scope of their audit and their opinion on the financial statements.



Gary P. Selke
*Director, Chief Executive Officer and
President of the General Partner for the
Front Street Flow-Through 2006-I Limited Partnership*



Frank C. Portugais, CA
*Chief Financial Officer of the
General Partner for the
Front Street Flow-Through 2006-I Limited Partnership*



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AUDITORS' REPORT

To the Partners of Front Street Flow-Through 2006-I Limited Partnership

We have audited the statements of net assets and portfolio investments of Front Street Flow-Through 2006-I Limited Partnership as at December 31, 2006 and the statements of operations, changes in net assets and cash flows for the period from date of commencement of operations on February 17, 2006 to December 31, 2006. These financial statements are the responsibility of the General Partner of the Partnership. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Partnership and its investments as at December 31, 2006 and the results of its operations, changes in net assets and cash flows for the period from date of commencement of operations on February 17, 2006 to December 31, 2006 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

March 13, 2007

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Net Assets

December 31, 2006

Assets

Cash	\$ 57,836
Portfolio investments, at fair value	118,212,365
	<hr/> 118,270,201

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	101,513
Management fees payable (note 3)	251,913
Interest payable	44,015
Loan payable (note 2)	8,437,500
	<hr/> 8,834,941

Net assets	\$ 109,435,260
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Limited partnership units outstanding	5,000,000
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Net asset value per unit	\$ 21.89
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See accompanying notes to financial statements.

On behalf of the General Partner:



Normand G. Lamarche, Managing General Partner



Gary P. Selke, Managing General Partner

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Operations

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

Investment revenue:	
Interest	\$ 1,515,183
Dividends	5,318
	<hr/> 1,520,501
Expenses:	
Management fees (note 3)	1,809,366
Operating	28,845
GST	119,966
Interest on bank loan	435,737
Custodial fees	19,528
Legal fees	43,571
Audit fees	36,137
Security holder reporting	49,408
	<hr/> 2,542,558
Loss for the period	(1,022,057)
Net realized gain on sale of investments	119,000
Net realized loss on translation of foreign currency	(165)
Net unrealized depreciation in value of investments	(5,553,911)
<hr/> Decrease in net assets from operations	<hr/> \$ (6,457,133)
Decrease in net assets from operations per unit	\$ (1.29)

See accompanying notes to financial statements.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Changes in Net Assets

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

Net assets, beginning of period	\$	–
Decrease in net assets from operations		(6,457,133)
Capital contributions:		
Gross proceeds from issuance of units		125,000,000
Less:		
Agents' fee		(8,437,500)
Costs of issue		(670,107)
		<hr/> 115,892,393
Net assets, end of period	\$	<hr/> 109,435,260 <hr/>

See accompanying notes to financial statements.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Cash Flows

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

Cash provided by (used in):

Operating activities:

Decrease in net assets from operations	\$ (6,457,133)
Adjustments to reconcile net cash provided by (used in) operations:	
Purchase of investments	(124,531,277)
Proceeds from sale of investments	884,000
Net realized gain on sale of investments	(119,000)
Net unrealized depreciation in value of investments	5,553,911
Change in non-cash operating items:	
Increase in accounts payable and accrued expenses	101,513
Increase in interest payable	44,015
Increase in management fees payable	251,913
	<hr/>
	(124,272,058)

Financing activities:

Gross proceeds from issuance of units	125,000,000
Agents' fees and costs of issue	(9,107,606)
Proceeds from loan payable	8,437,500
	<hr/>
	124,329,894

Increase in cash and cash, end of period	\$ 57,836
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See accompanying notes to financial statements.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Portfolio Investments

December 31, 2006

Quantity	Name of company	Cost	Fair value
Equities			
151,700	Agnico-Eagle Mines Ltd.	\$ 5,006,100	\$ 7,295,253
280,000	Alberta Clipper Energy Inc.	1,442,000	1,688,400
280,000	Alexco Resource Corp.	658,000	1,374,800
1,093,000	Aurizon Mines Ltd.	3,005,750	4,000,380
302,500	Aurora Energy Resources Inc.	3,796,375	4,098,875
1,192,731	Baffinland Iron Mines Corp.	3,280,010	3,637,830
435,000	Bear Ridge Resources Ltd.	3,197,250	1,609,500
335,000	Birchcliff Energy Ltd.	1,959,750	1,370,150
220,000	Blue Pearl Mining Ltd.	627,000	2,171,400
150,000	Breaker Energy Ltd.	900,000	874,500
2,381,000	Canadian Gold Hunter Corp.	2,500,050	2,976,250
270,000	Canwest Petroleum Corp.	1,782,000	1,782,000
100,000	Celtic Exploration Ltd.	1,725,000	1,391,000
700,000	Choice Resources Corp.	770,000	434,000
1,000,000	Committee Bay Resources Ltd.	600,000	520,000
800,000	Conacher Oil and Gas Limited	4,200,000	2,792,000
6,670,000	Crowflight Minerals Inc.	2,001,000	2,801,400
1,200,000	Diamonds North Res Corp New	1,140,000	888,000
185,000	Duvernay Oil Corp.	10,360,000	6,388,050
391,000	Erdene Gold Inc.	391,000	281,520
620,000	Fairquest Energy Ltd.	6,138,000	1,984,000
96,000	Galleon Energy Inc.	2,449,000	1,735,680
330,272	Gold Eagle Mines Ltd.	1,264,000	2,721,441
415,000	Golden Hope Mines Ltd.	249,000	224,100
575,000	JNR Resources Inc.	862,500	1,592,750
115,000	Kereco Energy Ltd.	1,684,750	853,300
740,000	Lake Shore Gold Co.	1,850,000	1,154,400
220,000	Laricina Energy Ltd.	2,750,000	2,750,000
1,700,050	Liberty Mines Inc.	1,530,045	4,743,139
155,000	Masters Energy Inc.	945,500	527,000
415,000	Mega Uranium Ltd.	1,971,250	2,967,250
207,500	Mega Uranium Ltd., warrants expiring April 2, 2008	—	238,625
325,000	Merrex Gold Inc.	260,000	325,000
725,000	Metalcorp Limited	1,450,000	1,268,750
3,571,400	Metalex Ventures Ltd.	2,499,980	1,624,987
950,000	Midnight Oil Exploration Ltd.	4,845,000	2,251,500
400,000	Miramar Mining Corp.	2,080,000	2,124,000
850,000	New Millennium Capital Corp.	722,500	510,000
16,500	Opti Canada Inc.	376,200	326,370
135,000	Orleans Energy Ltd.	1,012,500	465,750

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Statement of Portfolio Investments (continued)

December 31, 2006

Quantity	Name of company	Cost	Fair value
Equities (continued)			
1,000,000	Pacific Ridge Exploration Ltd.	250,000	265,000
2,688,000	Pacifica Resources Ltd.	1,881,600	2,419,200
134,300	Paramount Resources Ltd.	5,085,600	3,223,200
265,000	Peerless Energy Inc.	1,113,000	1,073,250
1,052,700	Playfair Mining Ltd.	1,000,065	536,877
210,000	Prospex Resources Ltd.	1,207,500	932,400
615,000	Rainy River Resources Ltd.	1,660,500	3,413,250
125,000	Real Resources Inc.	3,187,500	2,087,500
5,000,000	Redcorp Ventures Ltd.	1,950,000	3,900,000
1,351,351	Rolling Rock Resources Corp.	1,000,000	716,216
3,538,000	Sabina Silver Corporation	5,307,000	7,748,220
1,769,000	Sabina Silver Corporation, warrants expiring February 24, 2008	—	689,910
670,000	Skygold Ventures Ltd.	1,005,000	1,092,100
335,000	Skygold Ventures Ltd., warrants expiring October 18, 2007	—	10,050
1,795,800	St. Andrew Goldfields Ltd., Subscription Receipt	2,336,000	2,137,002
594,000	Stornoway Diamond Corporation	742,500	627,000
4,500,000	Superior Diamonds Inc.	2,250,000	2,025,000
476,000	Terrane Metals Corp.	499,800	399,840
1,075,000	Transeuro Energy Corp.	2,999,250	1,107,250
150,000	UEX Corp.	900,000	843,000
476,191	Vaaldiam Resources Ltd.	500,001	423,810
3,943,453	Wallbridge Mining Company Ltd.	1,500,000	1,616,816
252,200	West Energy Ltd.	1,828,450	1,366,924
140,000	Zapata Energy Corp.	1,281,000	795,200
		\$ 123,766,276	\$ 118,212,365

See accompanying notes to financial statements.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Notes to Financial Statements

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

Front Street Flow-Through 2006-I Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario for the purpose of acquiring flow-through shares and other securities of resource companies with a view to achieving capital appreciation for its Limited Partners. These resource companies incur Canadian Exploration Expenses or Canadian Development Expenses. The resource companies renounce these expenses effective December 31, 2006 to the Partnership in amounts substantially equal to the subscription amount of the flow-through shares. In turn, the Partnership allocates the renouncements to the Limited Partners. The Partnership was formed on December 28, 2005. The Partnership had no operations from the date of its formation until February 17, 2006 (the completion date of the initial offering of limited partnership units to the public).

The Partnership is governed by the Amended and Restated Limited Partnership Agreement (the "Partnership Agreement") among the General Partner and the Limited Partners, dated February 9, 2006. Until January 1, 2007, the General Partner of the Partnership was Front Street Capital Management General Partner III Corp., which was incorporated on December 31, 2004. On January 2, 2007, that corporation was amalgamated with Front Street Capital Management General Partner II Corp., and the amalgamated corporation continues as the General Partner of the Partnership under the legal name of Front Street Capital Management General Partner II Corp.

The General Partner is responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. Under the Partnership Agreement, the General Partner is entitled to a 0.01% beneficial interest in the Partnership.

These financial statements reflect only the assets, liabilities, revenue and expenses of the Partnership and, therefore, do not include any assets, liabilities, revenue or expenses of the partners. No provision for income taxes has been recorded in the financial statements as all income and losses of the Partnership are allocated to the partners.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are reported in Canadian dollars.

(a) Valuation of investments:

Investments are carried at fair value.

Securities listed on a recognized public stock exchange are valued at their closing sale price on the valuation date. Securities not traded on that date are valued at the average of the closing bid and ask price. Securities traded on an over-the-counter market are valued in the same manner. Investments in securities having no quoted market values or in illiquid securities are normally carried at estimated fair value. Fair value is initially determined as cost, unless there is a substantial arm's length transaction that establishes a different value, or there is a significant change from the General Partner's expectations that establishes a different fair value. Quoted market values of any securities subject to a hold period have not been adjusted for the potential impact of such hold periods. Market values may be impacted by trading volumes and restrictions. Quoted market values may not be indicative of what the Partnership might realize on an immediate sale, as it may take a significant time to liquidate positions without causing a significant negative impact on the market price. These values may differ from values that would have been used had a ready market existed for the investments. Any difference between the market value and the cost of the investments is treated as unrealized appreciation or depreciation. Short-term investments (if any) are valued at the aggregate of original cost plus accrued interest, which approximates market value.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

1. Significant accounting policies (continued):

(b) Investment transactions and income recognition:

All investment transactions, with the exception of short-term investments, are accounted for on the business day following the date of the order to buy or sell was executed. Short-term investments are accounted for on the date the order to buy or sell is executed. Realized gains and losses are calculated on an average cost basis.

Income from investment transactions is recognized on an accrual basis. Interest income is accrued as earned and dividend income is recognized on the ex-dividend date.

For income tax purposes, the adjusted cost base of flow-through shares in which the Partnership invested is reduced by the amount of expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain or loss will result and will be allocated to the Limited Partners based on their proportionate ownership interest in the Partnership.

(c) Unit values:

The net asset value per limited partnership unit is calculated as net assets at market value, less the General Partner's 0.01% share, divided by the number of limited partnership units outstanding.

(d) Financial instruments:

Financial instruments of the Partnership consist of cash, portfolio investments, accounts payable and accrued expenses, management fees payable, interest payable and loan payable. The fair value of the portfolio investments is reported in the statement of portfolio investments. The fair values of all other financial instruments approximate their carrying values due to the immediate or short-term maturity thereof.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses for the period. Notably the process of valuing investments for which no published market exists is subject to inherent uncertainty. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which such adjustments become known.

2. Loan payable:

On February 17, 2006, the Partnership established a credit facility with The Bank of Montreal (the "Bank") for the payment of agents' fees and issuance costs and has provided the Bank with a security interest in all of the assets of the Partnership. As at December 31, 2006, the principal loan balance was \$8,437,500. The Partnership pays interest on the outstanding loan balance at the greater of the (i) annual rate of interest publicly announced or established by the Bank from time to time as being the reference rate then in effect for determining interest on Canadian dollar commercial loans in Canada, and (ii) the average per annum percentage rate applicable to Canadian dollar bankers' acceptances ("BA") with the same maturity being purchased by the Bank plus 1% per annum. The initial interest on the drawdown or renewal of the BAs is deferred and amortized over the term of the BA.

3. Related party transactions:

The Investment Advisor, a party under common control with the General Partner, is entitled to receive management fees equal to 2% per annum of the net asset value of the Partnership calculated and paid monthly, in arrears. During the period, the management fee expense (net of GST) was \$1,809,366, including \$237,634 accrued and unpaid as at December 31, 2006.

The General Partner is entitled to receive additional distributions of 20% of the product of the number of limited partnership units outstanding, and the amount by which the sum of net asset value and distributions per unit exceed \$28 during a specified period.

FRONT STREET FLOW-THROUGH 2006-I LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Period from date of commencement of operations
on February 17, 2006 to December 31, 2006

4. Partners' equity:

The authorized capital of the Partnership consists of an unlimited number of limited partnership units. All limited partnership units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Partnership and the right to one vote at any meeting of the Limited Partners.

As at December 31, 2006, 5,000,000 limited partnership units were issued and outstanding.

5. Canadian resource expenditure:

During the period, the Partnership renounced \$123,764,816 of Canadian Exploration Expenses and Canadian Development Expenses. The flow-through shares, in which the Partnership invested, are deemed to have no adjusted cost base for income tax purposes.



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