

NOTIFICATION OF SEMI-ANNUAL REPORTING

Provided below is the Message to Shareholders included in the 2019 Semi-annual Report, the full report is available at GoldenOpportunities.ca or SEDAR.com

To our valued shareholders:

We are pleased to provide the Semi-annual Report for the period ended February 28, 2019. The period end comes at a time when the equity markets closed out a challenging 2018. The S&P/TSX Composite Index was down over 12% which marked 2018 as the weakest year since the market dropped by 35.2% in 2008. The financial sector, the largest sector of the TSX, dropped nearly 15% during 2018 and the second largest sector, energy, plummeted by almost 32%. The Dow Jones Industrial Average was down 6% in 2018, also the lowest since 2008, with the energy sector following the same performance as the TSX. The S&P 500 echoed similar results falling 19.8% in the final 11 weeks of last year.

The weakness and volatility of the markets reaffirm the attractiveness of investing locally in Golden Opportunities, an asset class that provides attractive tax credits while outperforming the equity markets and positively impacting Saskatchewan's economy and local jobs. As confirmed in the economic impact estimate completed by the Saskatoon Regional Economic Development Authority (SREDA) for Golden Opportunities' 20th Anniversary, the Fund's impact on the local economy and jobs is significant generating an estimated \$3 billion in economic impact and impacting over 15,000 jobs. For these reasons, the 2019 Federal and Provincial budgets confirmed continued support for tax credits attributed to Retail Venture Capital (RVC) Funds.

The Fund's semi-annual reporting period aligns with the end of the RRSP season. This past season, the demand for units of Golden Opportunities once again exceeded the number of units available for tax credits prescribed under Provincial regulations. This resulted in the Fund selling out with \$35 million in annual capital raised from Saskatchewan residents. **Golden Opportunities' sellout once again confirms that shareholders recognize the Fund's impact on the local economy, companies and jobs, in addition to its positive performance.**

Solid Financial Benchmarks

Golden Opportunities' overall gross assets continued to increase growing by \$8.4 million to \$394 million at period end compared to the last reporting period of August 31, 2018. The Fund's liquidity also improved in every share class and overall, increasing by 20% to \$151 million. This increase in liquidity, due to strong demand for units of Golden Opportunities and highly successful exits, provides the Fund with the ability to support the growth of portfolio companies and complete new strategic investments. This increase in liquidity was also aided by Golden Opportunities' strategy over the past number of years to continue to focus on increasing management buyouts (MBOs) in the Fund's portfolio, a deal type that results in increased income and cash distributions.

Top Performing Saskatchewan RVC Fund!¹

SOLD OUT
FOR 2018 TAX CREDITS

INVEST  EARLY

To avoid disappointment due to the Fund selling out of 2019 tax credits, shareholders can invest in the Fund's convenient and automatic investment options which ensure receipt of a full year of contributions and tax credits. These include:

PAC

Pre-authorized Contribution (PAC) Plan:

Regular deposits from your bank account can be invested directly into your Golden Opportunities account – you choose the contribution amount and frequency.

GoPacPlan.ca

PIP

Payroll Investment Plan (PIP):

Invest directly off your paycheque and receive immediate tax savings by reducing the income tax you pay on every paycheque.

GoPayrollPlan.ca

Contributions from shareholders investing through the Fund's Payroll Investment Plan increased by 7.0% over the previous year.

the Diversified Class A-share portfolio was active including two new strategic investments.

DIVERSIFIED
SHARE



THE DIVERSIFIED CLASS A-SHARE

The Fund's largest share class, the Diversified Class A-share, experienced an **increase in gross assets to \$332 million** from August year-end and a **21% increase in liquidity to \$109 million**. Golden Opportunities' increased weighting in MBOs in this share class resulted in a positive increase in income to \$11.5 million from \$9.8 million in the previous period which is strong confirmation that this focused strategy is meeting its objectives. These results translated into the Class A-share experiencing a positive increase in its unit value for the six-month reporting period against a backdrop of very challenging equity markets previously identified in the indexes. During the reporting period,

¹ Class i-share based on 3-year, 5-year and since inception returns as at February 28, 2019 per Fundata.

G-Mac's AgTeam Limited Partnership:

NEW Investment

With world demographics showing continued demand for what Saskatchewan farmers produce and operations in a province with the largest amount of arable farmland in Canada, agriculture companies such as G-Mac's AgTeam Limited Partnership (G-Mac's) that focus on agronomics provide a solid, long-term investment opportunity.

G-Mac's is a hallmark business in Saskatchewan's agriculture sector and has grown to be one of North America's largest independently owned crop input retailers. Founded in 2000, G-Mac's has grown to 9 retail locations across West Central Saskatchewan, including its corporate head office in Kindersley. The company is driven by a talented 90-member team with a strong focus on agronomics. G-Mac's currently has locations in Kindersley, Eatonia, Leader, Milden, Lucky Lake, Elrose, Rosetown, Marengo and Plenty, and continues to expand with a 10th location in Brock that is expected to open in 2019 which will further support the growth of the overall business through increased, centralized fertilizer blending capacity. G-Mac's solid reputation and high degree of success has been built on establishing collaborative partnerships with farming customers to optimize their production and profitability while minimizing impact to the environment. G-Mac's supplies customers with leading edge service, emerging science and proven technology.

The equity commitment and strategic partnership with Golden Opportunities will support the completion of G-Mac's recent expansion initiatives and further accelerate the growth of the business, while ensuring it continues to be a locally-owned and managed company.



Management
Buyouts and Growth



Innovation



Retail Innovation Labs Inc. (Cova):

NEW Investment

Cova is a technology company with unique strategic advantages due to the early partnerships it has developed, the experienced management team that has a history of successful startups, its alignment through employee ownership, and its strategic focus on an innovative technology that meets the needs and opportunities in a new emerging global market.



Founded in 2016, Cova is a leader in rolling out a robust point-of-sale (POS) solution for cannabis retail stores throughout North America. Cova has designed and built POS and retail management solutions that already have strong market acceptance being an integral part of over 450 stores across North America. Cova's software meets the requirements of cannabis retail sellers in North America which must track inventory and the sale of cannabis within a strict regulatory environment. Cova's solutions power a complete end-to-end customer experience for cannabis retailers where other POS solutions are unable to meet the needs and volume of this growing market.

Built on a scalable and reliable platform, Cova's products help retailers simplify compliance, reduce operational costs and increase revenue through automated compliance, inventory management, mobile reporting dashboards and Cova's Express Checkout app.

Cova's founders have a strong track record in innovation and a long-standing history with Golden Opportunities that dates back to more than a decade ago when the Fund invested in a successful MBO which they were also the original founders of.

These two new investments made in the period meet the Fund's deliberate investment strategy to increase its weighting in MBOs and companies with a strong history of earnings and exciting growth opportunities, in sectors that are important to Saskatchewan. Additionally, given the recent successful exits of long-standing innovation companies including Solido Design Automation Inc. and CanniMed Therapeutics Inc., Cova represents a local innovation company that is seeking to be the software platform of choice in a global emerging market.



THE INNOVATION CLASS I-SHARE

The Innovation Class i-share continues to be an attractive option to shareholders as Saskatchewan’s innovation economy captures more attention from stakeholders, as well as continued investment and programs by Federal and Provincial Governments. In the reporting period, the **overall gross assets of the Class i-share increased again by 8.5% to \$53 million** from the August year-end reporting period. Given the nature of the Innovation Class i-share portfolio, the investment focus is on new innovative technologies, patents and processes striving for important milestones in the commercialization process. Liquidity of the share class is important to support the product development cycle of existing portfolio companies and make new investments.

Retail Innovation Labs Inc. (Cova):

NEW Investment

During the reporting period, a strategic investment in Cova was also made in the Innovation Class i-share portfolio. For the reasons described previously, Cova is well-positioned with its leading POS software already used by almost 100 cannabis retail outlets in Canada, including 20 of the 25 retail license winners entering the Ontario market, and with a growing network of industry partners including Baker, I Heart Jane, greenRush, springbig, BudBytes, Leafly, Enlighten and Budvue.

In the period, **liquidity increased by 18.5% to \$37 million** due to strong demand for units and highly successful exits of shares in Aurora Cannabis Inc. and Australis Capital Inc., both in the emerging cannabis sector. As a result of this activity, the Innovation Class i-share posted a positive return for the six-month reporting period which represents strong industry performance numbers in the face of challenging public equity market returns. **As a result, Golden Opportunities’ Innovation Class i-share is the top performing RVC Fund in Saskatchewan.¹**

SUMMARY

Despite challenges in the equity markets and the oil and gas sector, as well as global geopolitical conflicts which capture our daily attention, Golden Opportunities remained focused on its investment philosophy to invest in healthcare, MBOs and innovation as demonstrated by the Fund’s two new portfolio investments. During this period, the Fund also reduced its position in Cannabis companies, Aurora Cannabis Inc. and Australis Capital Inc. Golden Opportunities experienced another sellout during the RRSP season and the Fund’s focused execution resulted in positive performance in the six-month reporting period, making your Fund the top performing RVC Fund in Saskatchewan.¹

Thank you for your continued support and investment into Golden Opportunities Fund as we celebrate 20 years of investing at home, creating value for our shareholders and impacting the local economy.

Sincere regards,

Grant J. Kook, C.Dir., S.O.M.
President & CEO

Brian L. Barber
Chair

Lorraine A. Sali
Vice Chair

THE RESOURCE CLASS R-SHARE

The Resource Class R-share has a 100% weighting in oil and gas by design and its performance over the past number of years has been reflective of the prolonged challenges in this sector.

West Texas Intermediate (WTI), the primary price benchmark for oil in North America, reported sustained strength in the first three quarters of 2018, reaching a high of U.S. \$76 per barrel (bbl) in October, only then to fall by over 40% to a low of U.S. \$43 per bbl in December 2018. This price decline was further exacerbated over this past fiscal period for oil and gas producers in Western Canada, as record-high storage levels and inadequate takeaway capacity (pipelines) compounded to widen differentials on crude oil and liquids in our local market to historic levels. Canadian differentials widened to more than U.S. \$50 per bbl for heavy crude and U.S. \$40 per bbl for light oil.

The dramatic declines experienced in late 2018 prompted many producers to cut or materially reduce capital spending plans and, in some cases, shut-in production. As a result, the Fund’s outlook for growth in the portfolio continues to be subdued for 2019 and no additional capital was invested in the reporting period.

Notwithstanding challenging market conditions, the Fund Manager is encouraged by positive milestones achieved within the portfolio over the past fiscal period. Burgess Creek Exploration Inc. reported a successful drilling program in 2018 with an 86% drill success rate, including a 100% success rate on several new concept wells. TORC Oil & Gas Ltd. achieved record production of 28,163 barrels of oil equivalent per day (boe/d) in the fourth quarter of 2018, a 29% increase from the same period in the previous fiscal year.