

BMG FUNDS

**AMENDED AND RESTATED ANNUAL INFORMATION FORM DATED
SEPTEMBER 30, 2010, AMENDING AND RESTATING THE ANNUAL
INFORMATION FORM DATED AUGUST 16, 2010**

BMG BullionFund (Class A, Class F, Class I, Class S1 and Class S2 Units)
BMG Gold BullionFund (Class A, Class F, Class I, Class S1 and Class S2 Units)

*No securities regulatory authority has expressed an opinion about these
units and it is an offence to claim otherwise.*

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Name, Formation and History of the Funds

This annual information form contains information about all of the BMG Funds. It is intended to be read along with the simplified prospectus of the funds you're investing in. If you have questions after reading these documents, please contact your financial advisor or us. In this document, *we*, *us* and *our* refer to Bullion Management Services Inc. ("BMS") the trustee and manager of the funds.

The principal office of each fund is 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1.

Each of BMG BullionFund and BMG Gold BullionFund is a trust established under the laws of Ontario by BMS. BMS was incorporated in Ontario on November 3, 1998 and its sole business activity is management of the funds.

BMG BullionFund (formerly called The Millenium BullionFund until March 18, 2008) was established on January 15, 2002 and is governed by an amended and restated master declaration of trust dated September 4, 2009 and an amended and restated regulation dated September 30, 2010.

BMG Gold BullionFund was established on September 4, 2009 and is governed by an amended and restated master declaration of trust dated September 4, 2009 and an amended and restated regulation dated September 30, 2010.

The amended and restated regulation master declaration of trust dated September 4, 2009 and the regulation of a fund constitute the declaration of trust of the fund.

Unless otherwise stated, all dollar amounts in this annual information form are in Canadian dollars.

Description of Units of each Class of a Fund

Each fund is divided into classes of units. The interest of each investor in units of a class of a fund, who becomes a unitholder of that class of the fund, is equal to the number of units of that class of the fund registered in the name of the unitholder. There is no limit to the number of units of a class of a fund that can be issued, and there is no fixed issue price. Except for management fee distributions, no unit of a class of a fund has any preference or priority over any other unit of that class of the fund.

No unitholder of a class of a fund shall have individual ownership in any asset of the fund, nor any rights other than those mentioned in this annual information form and the declaration of trust of the fund.

Units of a class of a fund entitle a registered holder to:

1. one vote at all meetings of unitholders of that class of the fund;
2. participate in all distributions and in the division of the net assets of the fund on the liquidation of the fund on a proportionate basis; and

3. redeem units of that class of the fund as described in this annual information form under the heading “Redemption of Units”.

Units of a class of a fund are not transferable, are not entitled to any pre-emptive or conversion rights and there is no liability for future calls or assessments. Fractions of a unit of a class of a fund are entitled to all of these rights except voting rights.

The rights of a unit of a class of a fund may only be modified by amending the declaration of trust of the fund.

The following changes may not be made to the declaration of trust of a fund without the consent of a majority of the unitholders of a class of the fund at a meeting called to consider the matter:

1. any change in the basis of calculating the fees or other expenses that are charged to that class of the fund which could result in an increase in charges to that class of the fund;
2. a change in the trustee and manager of the fund (other than to an affiliate of BMS);
3. any change in the fundamental investment objectives of the fund;
4. any decrease in the frequency of calculating the net asset value per unit of that class of the fund;
5. transferring assets to or from another fund; or
6. reorganizing the fund with another fund.

BMS may amend the declaration of trust of a fund without the prior approval of the unitholders of a class of the fund or notifying the unitholders of that class of the fund of the change, if the proposed amendment is:

1. a change which BMS decides is necessary in order to ensure the fund complies with the laws and regulations applicable to it or the requirements of any regulatory authority having jurisdiction over it;
2. a change which BMS decides is necessary and which will provide additional protection for the unitholders of that class of the fund;
3. a change which BMS has been advised is necessary in order to correct any typographical error, clerical mistakes or ambiguities in the declaration of trust of the fund, as long as the change or correction is not prejudicial to the interests of the unitholders of that class of the fund; or
4. a change which BMS decides is necessary to facilitate the administration of the fund or to respond to amendments to the *Income Tax Act* (Canada) which might otherwise adversely affect the interests of the fund or the unitholders of that class of the fund.

Responsibility for Fund Operations

Trustee and Manager

BMS is the trustee and manager of each fund pursuant to the declaration of trust of that fund described under the section entitled “Name, Formation and History of the Funds”. The address, telephone number, e-mail and web-site address of BMS is 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1, 905 474 1001 or toll free at 1 888 474 1001, info@bmgbullion.com and www.bmgbullion.com.

BMS is responsible for managing the day-to-day activities of the funds and providing or arranging for all required administrative services of the funds.

BMS may resign as trustee of a fund at any time. However, the resignation will not take effect until a new trustee, that has been approved of by the unitholders of each class of the fund, has been appointed for the fund.

The name and municipality of residence and current principal occupation of each director and officer of BMS is as follows:

<i>Name and Municipality of Residence</i>	<i>Office or Position With BMS</i>	<i>Principal Occupation Within Preceding Five Years</i>
Nick Barisheff, Stouffville, Ontario	Chief Executive Officer, President and Director	Mr. Barisheff has been the President and a Director of BMS from its inception in 1998.
Larry Gamble, Orillia, Ontario	Chief Financial Officer and Director	Management Consultant for Carthew Management Ltd. Mr. Gamble is a Certified Financial Planner and has been Chief Financial Officer and a Director of BMS from its inception in 1998.
David Chapman, Toronto, Ontario	Director	Mr. Chapman was an Investment Adviser and Technical Strategist for Union Securities Ltd. from October 2001 until May 2009, when he joined MGI Securities in the same capacity. He has been a Director of BMS since 2002.

Portfolio Adviser

Each fund has a fixed investment objective of investing its assets in gold, silver and platinum bullion, as applicable, regardless of market conditions. As a result, the funds do not have a portfolio adviser.

Administrative Services

BMS has retained the services of RBC Dexia Investor Services Trust of Toronto, Ontario, to assist it with the administration of the funds pursuant to a valuation and record keeping services agreement. The valuation and record keeping services agreement made as of the 9th day of August 2004 is between BMS and RBC Dexia Investor Services Trust and may be terminated by either party on 30 days' prior written notice.

The services RBC Dexia Investor Services Trust provides to the funds include the determination of the value of a fund, maintaining certain records of the fund and processing subscriptions and redemptions for units of each class of the fund.

Brokerage Arrangements

Other than buying bullion through The Bank of Nova Scotia, there are no ongoing contractual arrangements with any dealer with respect to trading activities of a fund. No commission is payable to The Bank of Nova Scotia in connection with a fund's bullion purchases.

Principal Distributor

BMO Nesbitt Burns Inc. is the principal distributor for the class S1 units and class S2 units of each fund pursuant to a principal distributor agreement dated July 5, 2010 between BMO Nesbitt Burns Inc., BMS and BMS on behalf of each fund. The principal distributor agreement between the parties provides that BMO Nesbitt Burns Inc. can market and sell the class S1 units and class S2 units of each fund through its salespersons and the salespersons of other dealers.

The remaining classes of units of each fund do not have a principal distributor.

Custodian

The Bank of Nova Scotia of Toronto, Ontario, a leading bank and member of the London Bullion Marketing Association, through its ScotiaMocatta division, is the custodian of the assets of each fund pursuant to an amended and restated bullion trading account agreement made as of September 17, 2010 for each precious metal held by that fund and an amended and restated holding account agreement made as of September 17, 2010. Each bullion trading account agreement is between the applicable fund and The Bank of Nova Scotia and may be terminated by The Bank of Nova Scotia on 180 business days' notice. Each holding account agreement is between the applicable fund and The Bank of Nova Scotia and may be terminated by either party on not less than 180 days' prior written notice to the other party prior to the annual renewal of the agreement. It is expected that the BMG BullionFund's and BMG Gold BullionFund's annual custodial costs for 2010 will be approximately 0.30% and 0.20%, respectively, of the net asset value of that fund.

The Bank of Nova Scotia, as custodian, holds custody of the physical gold, silver and platinum bullion assets, as applicable, of each fund on a fully allocated and segregated basis. The Bank of Nova Scotia, as custodian, has also agreed to maintain the broadest form of insurance on the gold, silver and platinum bullion, as applicable, held by the funds that is commercially available to it against all risks of physical loss or damage howsoever caused, excluding the risks of war,

terrorist events, nuclear incident and government confiscations. Such insurance may help mitigate any losses suffered by a fund.

In addition, BMS has taken out insurance on behalf of the funds to further reduce any risk of certain losses occurring.

RBC Dexia Investor Services Trust has been appointed by The Bank of Nova Scotia, with the consent of BMS, as a sub-custodian of the non-bullion assets of the funds pursuant to a sub-custodian agreement made as of the 9th day of August, 2004. The agreement may be terminated at any time by any party on 30 days prior written notice to the other parties.

Auditor

The auditor of each fund is KPMG LLP of Toronto, Ontario.

Registrar

The registrar of units of each fund is BMS. The registrar maintains a register of unitholders of each class of each fund in Toronto, Ontario.

Conflicts of Interest

Principal Holders of Securities

1. BMG BullionFund

As at September 17, 2010:

- (a) John Hannah owned 15,858.584 or 41.31% of the issued and outstanding class F (USD) units of BMG BullionFund;
- (b) Serena Raab-Goitanich owned 5,187.798 or 13.51% of the issued and outstanding class F (USD) units of BMG BullionFund;
- (c) Martin Karp owned 44,417.927 or 76.66% of the issued and outstanding class E9 (CDN) units of BMG BullionFund;
- (d) William Grenier owned 20,287.832 or 82.86% of the issued and outstanding class E10 (CDN) units of BMG BullionFund;
- (e) The Anne Maksinuk Trust owned 3,149.699 or 12.86% of the issued and outstanding class E10 (CDN) units of BMG BullionFund;
- (f) Gregory L & Susan M Steger owned 131,500.873 or 15.20% of the issued and outstanding class E11 (CDN) units of BMG BullionFund;
- (g) The Don Ierullo Family Trust owned 90,300.000 or 10.44% of the issued and outstanding class E11 (CDN) units of BMG BullionFund;
- (h) KYN Investments Limited owned 245,110.618 or 50.00% of the issued and outstanding class E11 (USD) units of BMG BullionFund;

- (i) Axis Holding Limited owned 245,110.618 or 50.00% of the issued and outstanding class E11 (USD) units of BMG BullionFund;
- (j) Lewis H. Silverberg Profit Sharing owned 138,942.726 or 45.82% of the issued and outstanding class E15 (CDN) units of BMG BullionFund;
- (k) Priscilla Costello owned 37,222.489 or 12.27% of the issued and outstanding class E15 (CDN) units of BMG BullionFund;
- (l) C. Akropolis Holdings Inc. owned 632,800.736 or 35.88% of the issued and outstanding class G1 units of BMG BullionFund;
- (m) Camponavia Investments Ltd. owned 194,623.287 or 11.04% of the issued and outstanding class G1 units of BMG BullionFund;
- (n) Royal Skandia Life Assurance Ltd. owned 29,962.905 or 25.03% of the issued and outstanding class G5 units of BMG BullionFund;
- (o) Roytor & Co T12267501 for the A/C owned 17,948.458 or 15.00% of the issued and outstanding class G5 units of BMG BullionFund;
- (p) Michael Robert & Liu Rong Ashburn owned 63,208.826 or 34.75% of the issued and outstanding class G10 units of BMG BullionFund;
- (q) Jonathan Ashby & Julian Gurnsey owned 66,981.132 or 36.83% of the issued and outstanding class G10 units of BMG BullionFund;
- (r) Sandra Christine Genillard owned 51,688.584 or 28.42% of the issued and outstanding class G10 units of BMG BullionFund;
- (s) Citco Global Custody NV-REF 190023 owned 420,010.605 or 85.54% of the issued and outstanding class G11 units of BMG BullionFund;
- (t) Banque De Luxembourg-Client Account owned 50,000.000 or 10.18% of the issued and outstanding class G11 units of BMG BullionFund; and
- (u) Daniel T. McSweeney Trust UDT owned 37,078.788 or 100% of the issued and outstanding class G15 units of BMG BullionFund.

2. *BMG Gold BullionFund*

As at September 17, 2010:

- (a) Sociedad Anonima Brymon owned 46,190.230 or 18.33% of the issued and outstanding class A (USD) units of BMG Gold BullionFund;
- (b) Afolabi & Justina Oladele owned 33,276.303 or 13.20% of the issued and outstanding class A (USD) units of BMG Gold BullionFund;
- (c) Ana Elena Brant De Weinger owned 29,108.599 or 11.55% of the issued and outstanding class A (USD) units of BMG Gold BullionFund;

- (d) Paul Sian owned 2,842.303 or 12.31% of the issued and outstanding class F (USD) units of BMG Gold BullionFund;
- (e) Mars Investments Ltd. owned 5,136.005 or 22.25% of the issued and outstanding class F (USD) units of BMG Gold BullionFund;
- (f) UY Nora owned 3,879.578 or 16.81% of the issued and outstanding class F (USD) units of BMG Gold BullionFund;
- (g) Canadian Properties Corp. owned 4,906.399 or 21.26% of the issued and outstanding class F (USD) units of BMG Gold BullionFund;
- (h) Eugene & Jean Tekatch JTWROS owned 5,041.136 or 21.84% of the issued and outstanding class F (USD) units of BMG Gold BullionFund;
- (i) Gregory L and Susan M Steger owned 50,000.000 or 100% of the issued and outstanding class E10 (CDN) units of BMG Gold BullionFund;
- (j) Royal Bank of Canada (Suisse) owned 4,999.219 or 16.42% of the issued and outstanding class G1 units of BMG Gold BullionFund;
- (k) Alejandra & Patricia Contessi owned 4,999.875 or 16.42% of the issued and outstanding class G1 units of BMG Gold BullionFund;
- (l) Salvador Limited owned 4,999.219 or 16.42% of the issued and outstanding class G1 units of BMG Gold BullionFund;
- (m) Brigido & Gonzalez de Teran Vega owned 4,963.650 or 16.31% of the issued and outstanding class G1 units of BMG Gold BullionFund;
- (n) Royal Skandia Life Assurance Ltd. owned 18,529.605 or 14.68% of the issued and outstanding class G9 units of BMG Gold BullionFund; and
- (o) Friends Provident Int. Ltd. owned 19,504.131 or 15.45% of the issued and outstanding class G9 units of BMG Gold BullionFund.

With the exception of the foregoing, no other person owns more than 10% of the issued and outstanding units of any class of either fund.

3. BMS

BMS, the trustee and manager of the funds, is a wholly-owned subsidiary of Bullion Management Group Inc. The voting securities of Bullion Management Group Inc. are owned 30.77% by the Barisheff Family Trust and 30.29% by Carthew Management Ltd. All of the shares of Carthew Management Ltd. are owned by immediate family members of Mr. Gamble. No other shareholder owns more than 10% of Bullion Management Group Inc. Representatives of dealers selling units of the funds also own approximately 7% of the outstanding shares of Bullion Management Group Inc.

Fund Governance

Each fund is organized as a trust. BMS, as the trustee and the manager of each fund, has the responsibility for managing the affairs of each fund, and has all the necessary powers, duties and authority to do so pursuant to the declaration of trust of each fund. BMS will comply with the declaration of trust of each fund, including the investment policies and restrictions established therein, and all applicable securities laws, regulations and policy statements of the relevant Canadian securities regulatory authorities.

BMS is governed by a board of directors consisting of three individuals, two of whom are officers of BMS. The board of directors oversees the activities of BMS and the funds.

BMS has established policies, procedures and guidelines relating to the management of the funds, including with respect to business practices and compliance with regulatory and corporate requirements.

Independent Review Committee

Set out below are the names of the three individuals who currently comprise the independent review committee (the **IRC**) for each fund:

- a) Mr. Chris Ward
President and Chief Executive Officer, Riverhorse America Brand Counselors
- b) Mr. Tim Conway
Vice President of Media, PenexMedia
- c) Bob Reeves
Retired

Each member of the IRC is independent of BMS, its affiliates and each fund. The IRC provides independent oversight and impartial judgment on conflicts of interest involving a fund that are referred to it by BMS. Its mandate is to consider such matters and to recommend to BMS what action BMS should take to achieve a fair and reasonable result for a fund in those circumstances; and to review and advise on or consent to, if appropriate, any other matter required by applicable securities laws. The IRC intends to meet at least three times a year.

Among other matters, the IRC prepares, at least annually, a report of its activities for unitholders of each fund which will be available on the internet at www.bmgbullion.com and upon request by any unitholder of a fund, at no cost, by calling: 905 474 1001 or toll-free at 1 888 474 1001 or e-mailing to: info@bmgbullion.com.

Under securities legislation, the IRC may approve a change in the auditor of a fund in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds*. In such circumstances, a written notice describing the change in auditors will be sent to unitholders of the applicable fund(s) at least 60 days before the effective date of the change.

Each member of the IRC is paid an annual fee of \$2,200 plus \$1,100 for each meeting attended by the funds, and is reimbursed, by each fund, as applicable, for any fees and/or expenses he

incurs in carrying out such duties for that fund. Typically, the IRC meets three times per year. During 2009, each IRC member was paid \$5,400.

Calculation of Net Asset Value per Unit

All units of a class of a fund will be sold at the net asset value per unit of that class of the fund for that day. The net asset value per unit of a class of a fund is calculated before any units of that class of the fund are issued or redeemed. Any units of a class of a fund that are purchased or redeemed on that day are reflected in the net asset value per unit of that class of the fund the next time it is calculated.

Valuation of Portfolio Assets

The value of a class of a fund (the **net asset value per unit of a class**) is determined in Canadian dollars at the close of business (Toronto time) (the **valuation time**) on each valuation date and is equal to the assets of that class of the fund minus the liabilities of that class of the fund divided by the number of units of that class of the fund that are outstanding. A valuation date for a fund is each day on which both the Toronto Stock Exchange and the London Stock Exchange are both open for business.

The assets of each class of a fund will be valued, as applicable, as follows:

- the value of gold bullion on a valuation day shall be equal to its London PM fix price set by the London Bullion Market Association, the value of silver bullion on a valuation day shall be equal to its London fix price set by the London Bullion Market Association, and the value of platinum bullion on a valuation day shall be equal to its London PM fix price set by the London Platinum and Palladium Market;
- any cash and subscription receivables will be valued at their face value; and
- all assets of a class of the fund carried in foreign currency will be translated into Canadian currency for valuation purposes as nearly as practicable using the Bank of Canada's noon rate on the valuation date on which the net asset value of that class of the fund is calculated.

A class of units of a fund will only be valued in accordance with the foregoing rules and BMS does not and will not exercise any discretion in how the net asset value of a class of the fund will be determined.

The liabilities of a class of a fund on a valuation date include all of the expenses of the fund that are attributable to that class of the fund and have arisen or accrued on or before that valuation date.

Purchases of Units

An investor may buy units of a class of a fund in Canadian dollars or U.S. dollars from his or her dealer. Units of a class of a fund will not be issued to an investor until the investor's dealer confirms to BMS that it has received the necessary funds from the investor to buy the units of

that class of the fund. Certified cheques should be made payable to the name of the applicable fund. On request, a fund will issue certificates for units of any class of the fund.

Purchase orders for units of a class of a fund which are received by BMS at or prior to the close of business on any valuation date will be priced on that day. Any purchase orders for units of a class of a fund received after the close of business on a valuation date will be priced on the next valuation date.

Within three business days following the valuation date on which a subscription for units of a class of a fund is accepted, BMS will issue the units of the class of the fund subscribed for at the net asset value per unit of that class of the fund on the valuation date. An investor may purchase units of a class of a fund by certified cheque, bank draft, wire transfer or FundSERV transfer.

BMS has the right to accept or reject a purchase order for units of a class of a fund. BMS will decide to accept or reject a purchase order for units of a class of a fund within one business day of receiving the purchase order. If BMS rejects a purchase order, it will immediately return any monies received with the purchase order to the investor.

An initial investment in units of a class of a fund must usually be at least \$1,000. Subsequent investments in that class of a fund must be at least \$100. The minimum subsequent investment per transaction for an investor interested in buying class A units or class F units of a fund by means of a pre-authorized chequing plan is \$25.

If BMS does not receive payment for units of a class of a fund from an investor's dealer within three days of processing an investor's order, BMS will redeem the investor's units of that class of the fund. If the proceeds of redemption are greater than what the investor owes, the fund will keep the difference. If the proceeds are less than what the investor owes, BMS will pay the difference to the fund and will collect this amount from the investor's dealer, who may collect it from the investor.

BMS will arrange for the sale of units of each class of each fund through dealers qualified to sell mutual fund securities.

A dealer may make provision in arrangements that it has with an investor who wants to buy units of a class of a fund that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement to buy units of that class of the fund which is caused by the investor.

Purchase Options

Investors can buy class A units, class F units, class I units, class S1 units or class S2 units of a fund in either Canadian or U.S. dollars. Investors in foreign jurisdictions may also buy class A units, class F units, class I units, class S1 units or class S2 units of a fund in either Canadian or U.S. dollars in accordance with the laws of that jurisdiction.

Investors in foreign jurisdictions can also buy class G units (G1 through G15 inclusive) of a fund in U.S. dollars in accordance with the laws of that jurisdiction. A fund may also issue class E units (E1 through E15 inclusive) in either Canadian or U.S. dollars to investors resident in Canada who are accredited investors within the meaning of National Instrument No. 45-106 *Prospectus and Registration Exemptions*.

No fee is charged to buy units of a fund in U.S. dollars.

Units of class of a fund usually cannot be converted into units of another class of the fund.

Class A Units

Class A units of a fund are designed for retail investors. If an investor purchases class A units of a fund, the investor will negotiate with his or her dealer the sales charge that they will pay, which may be up to 5.00% (i.e., up to 5.26% of the investor's net investment in class A units of the fund). An investor's dealer will generally deduct the amount of the sales charge that is negotiated from the investor's subscription and will forward the net amount to BMS to be invested in class A units of the applicable fund. The amount of the sales commission depends on what the investor negotiates with his or her dealer. Subject to a fund's short-term trading fee, an investor can redeem his or her class A units of a fund under this option at any time and the investor does not have to pay any redemption fees.

BMS may also pay a class A unitholder's dealer an annual trailer fee of up to 1.00% of the average daily value of the class A units of the applicable fund(s) purchased by the dealer's clients.

Class E Units

Class E units of a fund are designed exclusively for accredited investors in Canada.

Class F Units

Class F units of a fund are designed exclusively for investors who have entered into an investment management agreement with their dealers. This may include:

- (i) individual investors who participate in fee-based programs where BMS does not pay any sales charges, trailing fees or other fees to their dealers. Fee-based accounts are all-inclusive programs where the individual investor pays their dealer a set fee (usually based on assets under administration) for all services and advice that they provide to the investor; and
- (ii) other investors provided BMS does not pay any sales charges, trailing fees or other fees to their dealer.

An investor buying class F units of a fund does not pay any sales charge as the investor is already paying his or her dealer for the advice and other services that they are providing to the investor. As BMS does not pay trailer fees to dealers with respect to class F units of a fund, BMS can therefore charge a lower management fee. However, the investor's dealer must be a participant in BMS' class F program. If BMS becomes aware that an investor is no longer eligible to hold class F units of a fund, BMS will give the investor 30 days' notice before BMS will switch the investor's class F units of the fund for class A units of the fund. Subject to a fund's short-term trading fee, an investor can redeem his or her class F units of a fund under this option at any time and the investor does not have to pay any redemption fees.

Class G Units

Class G units of a fund are designed exclusively for investors in foreign jurisdictions.

Class I Units

Class I units of a fund are designed exclusively for institutional investors and individual investors who have been approved by BMS. Each eligible investor must enter into a class I unit account agreement with BMS.

The criteria for approval may include the value of the investment. No management fees are charged to, or are payable by, a fund with respect to class I units. Each investor will negotiate a separate management fee directly payable to BMS, which will be specified in that investor's class I unit account agreement.

If an investor purchases class I units of a fund, the investor will negotiate with his or her dealer the sales charge that they will pay, which may be up to 5.00% (i.e., up to 5.26% of the investor's net investment in class I units of the fund). An investor's dealer will generally deduct the amount of the sales charge that is negotiated from the investor's subscription and will forward the net amount to BMS to be invested in class I units of the applicable fund. The amount of the sales commission depends on what the investor negotiates with his or her dealer. Subject to a fund's short-term trading fee, an investor can redeem his or her class I units of a fund under this option at any time and the investor does not have to pay any redemption fees.

BMS may also pay a class I unitholder's dealer an annual trailer fee of up to 1.00% of the average daily value of the class I units of the applicable fund(s) purchased by the dealer's clients.

Class S1 and Class S2 Units

Class S1 units and class S2 units of a fund will be offered to investors, but only as BMS deems appropriate, at its discretion, for specified periods of time. An investor will not be able to buy class S1 or class S2 units of a fund all the time (i.e., if an investor bought class S1 or class S2 units of a fund at one point in time, the investor may not be able to buy class S1 units or class S2 units of the fund at a later time). An investor buying class S1 units of a fund will pay a sales charge to their dealer of up to 5.50% (i.e., 5.82% of the investor's net investment in class S1 units of the fund) and an investor buying class S2 units of a fund will pay a sales charge to their dealer of up to 3.00% (i.e., 3.09% of the investor's net investment in class S2 units of the fund).

In addition, class S1 units and class S2 units of the fund will only be distributed by dealers designated by BMO Nesbitt Burns Inc. and/or BMS during such times, at its sole discretion.

It is not expected, that class S1 units or class S2 units of a fund will be offered on a continuous basis at all times. BMS will publicly disclose by press release when class S1 units and class S2 units of a fund are available for purchase by investors.

Class S1 units and class S2 units of a fund will only be offered to investors by select dealers from time to time at the discretion of BMO Nesbitt Burns Inc. and/or our discretion. Investors will not be able to buy class S1 or class S2 units of a fund all the time.

Subject to a fund's short-term trading fee, a unitholder can redeem their class S1 units and class S2 units of the fund under this option at any time and do not have to pay any redemption fees. The only differences between the class S1 units and the class S2 units are the times at which they may be offered for sale, and the initial sales charges, management fees and trailer fees that are charged to these units.

BMS does not pay an annual trailer fee for class S1 units. BMS will pay a class S2 unitholder's dealer an annual trailer fee of 0.50% of the average daily value of the class S2 units of the applicable fund(s) purchased by the dealer's clients.

Redemption of Units

A unitholder may redeem units of a class of a fund by sending a redemption order to their dealer. The unitholder may have to pay an administrative fee to their dealer. BMS will confirm with the unitholder's dealer that they have received all necessary information and instructions from the unitholder to redeem the unitholder's units of that class of the applicable fund.

Requests to redeem units of a class of a fund which are received by BMS at or prior to the close of business on any valuation date will be priced on that day and any redemption requests to redeem units of a class of the fund received after the close of business on such valuation day will be priced on the next valuation date.

The unitholder's dealer is responsible for sending the unitholder's redemption order to BMS on the same day that the dealer receives it from the unitholder. BMS will redeem the unitholder's units of a class of a fund on the business day BMS receives the redemption order from the unitholder's dealer, provided BMS receives it at or before the close of business on such day. If BMS does not receive the unitholder's redemption order to redeem units of a class of a fund from the unitholder's dealer until after the close of business on such day, BMS will process the unitholder's redemption order on the next business day. Once BMS receives from the unitholder's dealer the instructions necessary to complete the redemption, BMS will send the redemption proceeds in the same currency as the units were initially purchased to the unitholder. If BMS does not receive these instructions from the unitholder's dealer within 10 business days of the redemption, the applicable fund will repurchase the unitholder's units of that class of such fund. If the redemption proceeds are greater than the repurchase amount, the applicable fund will keep the difference. If the redemption proceeds are less than the repurchase amount, BMS will pay the applicable fund the difference. BMS will then collect this difference from the unitholder's dealer, who may collect it from the unitholder.

The obligation to pay the redemption proceeds will be discharged when the monies are deposited into the unitholder's bank account or a cheque is mailed to the unitholder, unless the cheque is not honoured on presentation for payment. In certain limited situations, BMS may allow a unitholder to redeem his or her units of a class of a fund on an *in specie* basis.

A dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of a fund or securities legislation for a redemption of units of a class of the fund.

No redemption fee is payable to BMS if an investor buys class A units of the fund , although a unitholder's dealer may charge the investor an administrative fee. In addition, no fee is charged to redeem units of a fund that were purchased in U.S. dollars.

Units of a class of the fund are usually not redeemable at BMS' option.

BMS may suspend the redemption of units of each class of a fund:

- (i) if normal trading is suspended in the market, within or outside Canada, which represents more than 50% by value, or underlying market exposure, of the total assets of the fund without any allowance for liabilities and if the assets of the fund cannot be traded in any other market that represents a reasonably practical alternative for the fund; or
- (ii) with the consent of the Ontario Securities Commission.

BMS will not accept subscriptions for a fund during any time while the right to redeem units of each class of the fund is suspended.

The declaration of trust of each fund provides that to the extent that it is required to sell bullion to satisfy the payment of proceeds of redemption to a redeeming unitholder, it may allocate any taxable capital gains realized or income earned from such sale to such redeeming unitholder. For more details see "Income Tax Considerations – Tax Status of a Fund".

Reclassification

A reclassification of units from one class of a fund to another class of the fund is not considered to be a disposition for tax purposes and, accordingly, a unitholder will not realize a gain or loss on such reclassification.

Switches

Except for class S units of a fund, a unitholder can switch their investment from a class of units of one fund to the corresponding class of units of another fund through their dealer. Such a switch will result in a redemption of the units of the fund that the unitholder owns and a purchase of units of the new fund. Because the unitholder is moving their investment from one fund to another fund, the switch will be a taxable transaction to the unitholder who may realize a gain or loss in the same manner as the unitholder would otherwise realize on a redemption of units of a fund. A switch fee of up to 2.0% of the value of the units switched may be charged by the unitholder's dealer.

Fees and Expenses

A fund is responsible for paying all operating expenses incurred in the normal course of its activities including record keeping, fund and unitholder accounting costs, audit fees and expenses, reporting and filing fees, legal fees, insurance costs, bullion storage fees, custodial expenses, brokerage commissions and other expenses directly related to portfolio transactions of the fund and taxes payable by the fund. To the extent applicable these costs are borne by the class of units of a fund to which they apply.

Investment Restrictions

The funds are subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 *Mutual Funds*, which are designed in part to ensure that the investments of the funds are diversified and relatively liquid and to ensure the proper administration of each fund. These restrictions and practices may only be varied with the prior consent of the Canadian Securities Administrators.

Each fund is managed in accordance with these restrictions and practices except that each fund has obtained the necessary consent from the Canadian Securities Administrators such that it may invest more than 10% of its total assets (taken at the market value at the time of purchase) in each of gold, silver and platinum bullion, as applicable.

Each fund currently qualifies as a mutual fund trust under the *Income Tax Act* (Canada). Therefore, units of each class of each fund are currently qualified investments for registered retirement savings plans (a RRSP), registered retirement income funds (a RRIF), deferred profit sharing plans (a DPSP), registered disability savings plans (a RDSP), registered education savings plans (a RESP) and tax-free savings accounts (a TFSA).

Income Tax Considerations

The following general summary describes the principal Canadian federal income tax considerations of an investment in units of a class of a fund to a unitholder who is an individual (other than a trust) resident in Canada, who holds units of that class of the fund as capital property and who deals at arm's length with, and is not affiliated with, the funds.

This summary takes into account the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, as well as all publicly announced proposed amendments to the *Income Tax Act* (Canada) and regulations as of the date hereof. It also takes into account the current published administrative policies and assessing practices of the Canada Revenue Agency.

This summary is not intended to be exhaustive. It does not address provincial, territorial or foreign tax considerations. Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in their particular circumstances.

The summary assumes that at all relevant times each fund is a mutual fund trust for the purposes of the *Income Tax Act* (Canada). If a fund ceased to qualify as a mutual fund trust, the tax considerations for unitholders would be materially different from those described below. Based on the current investments of each fund and its investment policy, each fund will retain its status as a mutual fund trust for purposes of the *Income Tax Act* (Canada) even if a majority of the units

of the fund are owned by non-residents of Canada. The fact that non-residents may invest in a fund will have no adverse tax consequences under the *Income Tax Act* (Canada) to an individual resident in Canada who holds units of a class of the fund or to a registered plan such as an RRSP, RRIF, DPSP, RDSP, RESP or TFSA.

Tax Status of a Fund

Each fund is a unit trust for purposes of the *Income Tax Act* (Canada) and currently qualifies as a mutual fund trust under the *Income Tax Act* (Canada).

Based on the assumption that the units of each fund will not be listed or traded on a stock exchange or other public market for purposes of the *Income Tax Act* (Canada), each fund will not be a SIFT trust within the meaning of the *Income Tax Act* (Canada).

Under the current administrative practices of the Canada Revenue Agency, an individual may generally choose to treat gains and losses realized on the disposition of gold, silver and platinum bullion as either capital gains and capital losses, or as income gains and income losses, provided that the individual is consistent from year to year. However, this practice does not apply to gains and losses realized by a fund. In particular, the Canada Revenue Agency has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for purposes of the *Income Tax Act* (Canada) as being derived from an adventure or concern in the nature of trade, so that such transactions give rise to ordinary income rather than capital gains—although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. The holding by the funds of physical bullion with no intention of disposing of such bullion except, where necessary, to fund or satisfy redemptions of units likely would not represent an adventure or concern in the nature of trade so that a disposition of bullion in connection with a redemption of units that previously had been acquired with such intention would likely give rise to a capital gain (or capital loss) to the fund. As the funds intend to be long-term holders of physical bullion and do not anticipate that they will sell their physical bullion (otherwise than where necessary to fund redemptions of units), the funds generally will treat gains (or losses) as a result of dispositions of physical bullion as capital gains (or capital losses), although depending on the circumstances, the funds may instead include (or deduct) the full amount of such gains or losses in computing its income. The declaration of trust of each fund provides that, to the extent that the fund is required to sell bullion to fund or satisfy the payment of proceeds of redemption to a redeeming unitholder, it may allocate any capital gains realized from such sale to such redeeming unitholder. Accordingly, if a fund is required to sell bullion to fund or satisfy a unitholder's redemption of units of a class of the fund, the capital gains realized by the fund on such sale will not be taxed in the fund but may be allocated and distributed to the redeeming unitholder and such unitholder will be taxed on such amount as capital gains if the fund treats such disposition as giving rise to a capital gain. However, there is no guarantee that the fund will always treat dispositions of bullion as giving rise to capital gains or that the Canada Revenue Agency will accept such treatment.

No fund will be liable for regular tax under the *Income Tax Act* (Canada) in respect of its net realized taxable capital gains or net income for a taxation year to the extent that such net realized capital gains and net income is distributed to its unitholders and deducted by the fund.

Losses incurred by a fund cannot be allocated to unitholders, but may be carried forward and deducted by the fund in future years.

A distribution by a fund of bullion upon an *in specie* redemption of units of a class of the fund will be treated as a disposition by the fund of the bullion so distributed for proceeds of disposition equal to its fair market value. A fund will realize a gain (or a loss) to the extent that the proceeds of disposition (computed in Canadian dollars) exceed (or are less than) the fund's cost of the bullion (computed in Canadian dollars) and any reasonable costs of disposition. Since a fund must compute its income in Canadian dollars in accordance with the rules in the *Income Tax Act* (Canada) in that regard, it may realize gains and losses due to fluctuations between the foreign exchange rate between the Canadian and U.S. dollar. Each fund currently intends to treat as payable to a redeeming unitholder any gain realized by that fund as a result of the distribution of bullion *in specie* to the unitholder.

Taxation of Distributions

It is not anticipated that a fund will make any distributions of capital gains or other income to unitholders of any class of the fund other than in the event of a redemption of units of that class of the fund that requires the fund to sell bullion to fund or satisfy the redemption price. In the event that a fund makes a distribution to a unitholder of a class of the fund, the unitholder of that class of the fund will be required to include in income the net realized taxable capital gains and/or other net income of the fund distributed to the unitholder in the year, including management fee distributions to the extent paid from the net realized taxable capital gains and/or other net income. The non-taxable portion of a fund's net realized capital gains paid or payable and designated to a unitholder in a taxation year will not be included in the unitholder's income for the year. Provided that appropriate designations are made by a fund, such portion of the net realized taxable capital gains of a fund as is paid or becomes payable to a unitholder will effectively retain its character and be treated as such in the hands of the unitholder for purposes of the *Income Tax Act* (Canada). If a unitholder's share of distributions from a fund in a year exceeds the unitholder's share of the fund's net realized capital gains and other net income for the year, the excess will not be taxable but will reduce the adjusted cost base of the unitholder's units of that class of the fund. To the extent that the adjusted cost base of a unitholder's unit of a fund would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the unit and the unitholder's adjusted cost base in such unit will be increased by the amount of such deemed capital gain.

If a unitholder owns units of a class of a fund on a distribution date, the unitholder may receive a share of the net realized taxable capital gains or net income distributed by the fund on that date. The unitholder will be required to pay tax on the distribution even if the unitholder just bought the units of that class of a fund and the net taxable capital gains and/or net income arose before the units of that class of the fund were purchased. However, it is anticipated that any income of a fund will only be allocated to redeeming unitholders. A distribution generally reduces a fund's net asset value per unit per class.

Redemption and Issue of Units

On a redemption or other disposition of a unit of a class of a fund (including on a switch of units between funds), a capital gain will be realized by a unitholder to the extent that the proceeds of disposition of the unit of that class of the fund exceed the unitholder's adjusted cost base of the

unit of that class of the fund and any costs of disposition. If the adjusted cost base of the unit of that class of a fund and any costs of disposition exceed the proceeds of disposition, the unitholder will realize a capital loss. One-half of a capital gain or a capital loss is generally taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses may only be deducted against taxable capital gains. The redemption proceeds for computing a unitholder's capital gain or loss will be reduced to the extent that a fund distributes taxable income to the unitholder that it realizes on selling bullion or on distributing bullion to the unitholder *in specie* to satisfy the unitholder's redemption requests.

Based on the current published administrative policies of the Canada Revenue Agency made publicly available, a reclassification of units from one class of a fund to another class of the fund is not considered to be a disposition for tax purposes and, accordingly, a unitholder will not realize a gain or loss on such reclassification.

For Canadian tax purposes a unitholder must compute the cost of units of a class of a fund owned by the unitholder in the Canadian dollar equivalent at the time of payment of the subscription price using the appropriate exchange rate in accordance with the detailed rules in the *Income Tax Act* (Canada). A unitholder must also report the redemption proceeds in the Canadian dollar equivalent at the time of redemption using the appropriate exchange rate. Accordingly, if a unitholder subscribes for units of a class of a fund in U.S. dollars, the unitholder may realize a foreign exchange gain or loss if the exchange rate between the Canadian and U.S. dollar at the time of purchase of a unit of a class of the fund differs from the exchange rate at the time such unit is redeemed.

When units of a class of a fund are redeemed by the distribution of bullion *in specie* to a unitholder, the proceeds of disposition to the unitholder from the units of that class of the fund that are redeemed will be equal to the fair market value of the property so distributed expressed in Canadian dollars, and any cash received, less any gain realized by the fund as a result of the redemption of such units of that class of the fund which is being made payable by the fund to the unitholder. For greater certainty, if a gain is realized by a fund as a result of an *in specie* distribution of bullion as a result of a redemption of units of a class of the fund by a unitholder and such gain is allocated to and made payable by the fund to the unitholder, the unitholder will be required to include an amount on account of such gain in income. The cost of any bullion distributed by a fund to a unitholder upon a redemption of units of a class of the fund will be equal to the fair market value of the bullion at the time of the distribution.

The adjusted cost base of a unit of a class of a fund will generally be the weighted average cost of all units of that class of the fund. Accordingly, when a unit of a class of a fund is acquired, its cost (including any sales commissions) will generally be averaged with the adjusted cost base of the other units of that class of the fund owned by the unitholder to determine the adjusted cost base of each unit of that class of the fund then owned by the unitholder.

Unitholders who pay fees directly to the manager should consult with their tax advisors regarding the deductibility of such fees.

Alternative Minimum Tax

In general terms, any capital gains paid to a unitholder of a fund will increase the unitholder's liability for alternative minimum tax. Capital gains realized on the disposition of units of a class of the fund may also increase a unitholder's liability for alternative minimum tax.

Statements

Unitholders of a class of a fund will receive an annual statement in order to complete their income tax returns in respect of their investment in the funds. Unitholders should keep records of the cost of units of a class of a fund acquired so that they can calculate any capital gain or loss on the redemption or other disposition of units of that class of the fund.

Registered Tax Plan Status of a Fund

Units of each fund are currently qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

Generally, distributions by a fund to an RRSP, RRIF, DPSP, RDSP, RESP or TFSA and gains realized by such registered plans upon the disposition of units of a class of a fund will not be subject to tax under the *Income Tax Act* (Canada). Amounts received from a registered plan (other than a TFSA) by an individual will generally be included in the individual's income for tax purposes in the year of receipt. Unitholders should consult with their own tax advisor before withdrawing any amount from a registered plan.

If the units of a fund are "prohibited investments" for the purposes of a tax-free savings account, a unitholder who is a holder of such tax-free savings account will be subject to a penalty tax as set out in the *Income Tax Act* (Canada). A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder or with a person or partnership in which the holder has a significant interest, or in which the holder has a significant interest. A significant interest, in general terms, means the ownership of 10% or more of the value of the fund's outstanding units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard.

Bullion distributed by a fund to a unitholder on a redemption of units will not be a qualified investment for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

Material Contracts

The material contracts pertaining to the funds are listed below:

- (a) the amended and restated master declaration of trust and the regulations of each fund referred to in the section entitled "Name, Formation and History of the Fund";
- (b) the valuation and record keeping services agreement referred to in the section entitled "Responsibility for Fund Operations";
- (c) the principal distributor agreement referred to in the section entitled "Responsibility for Fund Operations";

- (d) the bullion trading account agreements referred to in the section entitled “Responsibility for Fund Operations”;
- (e) the sub-custodian agreement referred to in the section entitled “Responsibility for Fund Operations”; and
- (f) the amended and restated holding account agreements referred to in the section entitled “Responsibility for Fund Operations”.

Copies of the foregoing material contracts may be inspected by prospective or existing unitholders during normal business hours at the principal office of the funds.

Exemptions and Approvals

Each fund has received exemptive relief allowing it to invest the appropriate amount of its assets in gold, silver and platinum bullion, as applicable.

AUDITORS' CONSENT

BMG BullionFund
BMG Gold BullionFund
(collectively, the "Funds")

We have read the amended and restated simplified prospectus and annual information form dated September 30, 2010 amending and restating the simplified prospectus dated August 16, 2010 of the Funds relating to the sale and distribution of Class A, Class F, Class I, Class S1 and Class S2 Units of the Funds (the "Prospectus and AIF"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus and AIF of our report to the Unitholders of BMG BullionFund on the statements of net assets and investment portfolio of BMG BullionFund as at December 31, 2009 and 2008 and the statements of operations and changes in net assets for the years then ended. Our report is dated January 22, 2010.

We also consent to the incorporation by reference in the Prospectus and AIF of our report to the Unitholders of BMG Gold BullionFund on the statements of net assets and investment portfolio of BMG Gold BullionFund as at December 31, 2009 and the statements of operations and changes in net assets for the period from inception on September 4, 2009 to December 31, 2009. Our report is dated January 22, 2010.

"KPMG LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
September 30, 2010

Certificate of the Funds and the Manager and Promoter of the Funds

This amended and restated annual information form dated September 30, 2010, amending and restating the annual information form dated August 16, 2010, together with the amended and restated simplified prospectus dated September 30, 2010, amending and restating the simplified prospectus dated August 16, 2010, required to be sent or delivered to a purchaser during the currency of this amended and restated annual information form and the documents incorporated by reference into the amended and restated simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the amended and restated simplified prospectus as required by the securities legislation of all provinces and territories and do not contain any misrepresentations

September 30, 2010

“Nick Barisheff”

Nick Barisheff
Chief Executive Officer
Bullion Management Services Inc.

“Larry Gamble”

Larry Gamble
Chief Financial Officer
Bullion Management Services Inc.

On behalf of the Board of Directors
Bullion Management Services Inc.
as Trustee and as Manager and Promoter of the funds

“David Chapman”

David Chapman
Director
Bullion Management Services Inc.

Certificate of the Principal Distributor of the Funds

To the best of our knowledge, information and belief, this amended and restated annual information form dated September 30, 2010, amending and restating the annual information form dated August 16, 2010, the financial statements of BMG BullionFund and BMG Gold BullionFund for the financial period ended December 31, 2009 and the auditors' report on those financial statements, together with the amended and restated simplified prospectus dated September 30, 2010, amending and restating the simplified prospectus dated August 16, 2010, required to be sent or delivered to a purchaser during the currency of this amended and restated annual information form, constitute full, true and plain disclosure of all material facts relating to the class S1 units and class S2 units of each fund offered by such amended and restated simplified prospectus and do not contain any misrepresentation

September 30, 2010

BMO NESBITT BURNS INC.

“Robin Tessier”

Robin Tessier

BMG FUNDS

Additional information about the funds are available in each fund's management reports of fund performance and financial statements.

You can obtain a copy of these documents at no cost by calling us at 905 474 1001 or toll-free at 1 888 474 1001, by e-mail at info@bmgbullion.com or from your dealer.

These documents and other information about the funds, such as information circulars and material contracts, are also available on BMG Funds internet site at www.bmgbullion.com or on the internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

**Bullion Management Services Inc.
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