

April 9, 2007

Dear Unitholders:

**Re: Merger of MINT Income Fund and MATRIX Income Fund**

Middlefield is pleased to announce the merger of MINT Income Fund (“MINT”) and MATRIX Income Fund (“MATRIX”) (collectively, the “Funds”), with MINT being the Continuing Fund. The merger is expected to take place on or about May 24, 2007 but no later than May 30, 2007. Completion of the merger is subject to all regulatory requirements and customary closing conditions being satisfied. At a special meeting of unitholders of MINT and MATRIX held on February 16, 2006, unitholders voted to approve a special resolution authorizing the board of directors of the manager of each Fund to merge or otherwise combine the Fund with one or more other funds, provided that certain specific criteria for a fund merger are satisfied, all as more particularly set out in the Joint Information Circular dated January 9, 2006.

The merger is intended to provide unitholders of both Funds with the opportunity to hold units of a continuing merged Fund with a larger market capitalization, potential increased trading liquidity and lower operating costs on a per unit basis. Since its inception in February 1997, MINT has generated strong returns for investors and provided high levels of monthly income.

The Manager of each Fund has determined in good faith that (i) the Funds have similar investment objectives, (ii) there is likely to be a reduction in the aggregate general and administrative expenses attributed to the Continuing Fund on a per unit basis as a result of the merger because the fixed costs will be spread over a larger number of units, and (iii) there is expected to be no increase in the management expense ratio as a result of the merger. In addition, the management fee payable by MINT is 1.0% of its net asset value (“NAV”) whereas the management fee payable by MATRIX is 1.1 % of its NAV.

It is proposed that MINT will be the Continuing Fund pursuant to the merger since MINT has outperformed MATRIX, it has the lower management fee of the two Funds and it has a much longer track record. The following table illustrates the total returns of each of MINT and MATRIX to February 28, 2007, based upon changes in total net asset value and reinvestment of distributions paid:

	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year Annualized</u>	<u>5 Year Annualized</u>	<u>Annualized from Inception</u>
<b>MINT</b>	5.2%	9.6%	-3.3%	16.8%	22.3%	13.8%
<b>MATRIX</b>	2.1%	7.3%	-5.8%	Not Applicable	Not Applicable	4.9%

The Managers believe that the performance of MINT has exceeded that of MATRIX as a result of MINT's investment restrictions being somewhat more flexible and because MINT is not obligated to invest in the securities of small capitalization issuers or capped in the investments it may make in large capitalization issuers. In addition, the distribution performance of MINT has exceeded that of MATRIX. For example, since April 30, 2005, MINT has paid monthly distributions of \$0.10 per unit, while MATRIX has paid distributions of \$0.075 per unit since its inception. Finally, the Continuing Fund should have increased liquidity and trading volume on the TSX following the merger. MATRIX unitholders who surrender units for redemption on April 30, 2007 pursuant to the annual redemption privilege will not participate in the merger.

The following is a summary comparing certain of the features of each of the Funds. This summary is intended to outline the more relevant features of the Funds and, while certain minor differences between such features of each Fund exist, the Managers believe that they are not significant as the Funds have been managed in a similar manner as illustrated by the similar portfolio compositions outlined in (i) below. Please refer to the annual information form dated March 23, 2007 of each of MINT and MATRIX located on SEDAR for additional information regarding the features of each Fund.

**(i) Investment Strategy and Investment Restrictions**

The investment strategies of each Fund are similar in that each Fund is able to invest in income trust securities, common shares, preferred shares, convertible securities, income deposit securities and the securities of issuers in new income trust sectors. In addition, each Fund is restricted from (i) owning more than 10% of any class of securities of any issuer or exercising control over or management of an issuer, (ii) using derivatives other than in a manner consistent with National Instrument 81-102 or as set forth by the Canadian securities administrators, (iii) purchasing securities from certain related parties, and (iv) making investments that would violate certain provisions in the Income Tax Act (Canada).

The main differences between the investment restrictions of the Funds are as follows : (i) MATRIX is required to invest at least 20% of its portfolio assets in the units of small capitalization trusts (i.e., income trusts with a market capitalization equal to or less than \$400 million) and is limited to investing only up to 80% of its portfolio assets in large capitalization trusts (i.e., income trusts with a market capitalization in excess of \$400 million), (ii) MATRIX is able to invest 20% of its portfolio assets in income deposit securities and securities convertible into income trust units or income deposit securities while MINT has no such limitation, (iii) MINT has the ability to invest up to 25% of its total assets in common shares while MATRIX is able to invest up to 20% of the value of its portfolio assets in common shares (and securities convertible into or exchangeable for common shares) and preferred shares of Canadian and U.S.-based issuers, including equity investments in private enterprises, (iv) MINT is able to invest in debt securities (generally having a prescribed minimum rating) and in the securities of any fund managed by an affiliate of the Manager of MINT provided that the management fee payable to the Manager is not paid in respect of any assets invested in the securities of any such funds, (v) MATRIX is able to short sell securities while MINT does not have this ability, and (vi) MINT is able to write covered call options and cash covered put options whereas MATRIX does not have this ability. In addition, MINT is subject to certain other investment restrictions to which MATRIX is not subject; for example, MINT is limited in investing in illiquid securities and in purchasing foreign investments.

Notwithstanding the foregoing minor differences, the investment portfolios of the two Funds historically had similar asset mixes and have been managed in a similar manner by the Managers. The following is a breakdown of the portfolio of each Fund as at February 28, 2007:

	<b>MINT</b>	<b>MATRIX</b>
<b>Business Trusts</b>	29.6%	35.7%
<b>Oil &amp; Gas Royalty Trusts</b>	24.1%	30.7%
<b>Real Estate Investment Trusts</b>	16.5%	22.2%
<b>Power &amp; Pipeline Trusts</b>	7.9%	9.4%
<b>Common Stocks</b>	21.9%	2.0%
<b>Total</b>	100.0%	100.0%

**(ii) Investment Advisor**

The portfolio of each of MATRIX and MINT is advised by Middlefield Capital Corporation.

**(iii) Loan Facility**

MINT is able to borrow up to 30% of the value of the assets within its portfolio and MATRIX is able to borrow up to 25% of the value of the assets within its portfolio.

**(iv) Distributions**

Each Fund endeavours to pay monthly distributions to its unitholders to be declared to unitholders of record on the last day of each month.

**(v) Termination**

The current term of MINT expires January 31, 2010, and thereafter the term is automatically extended for further successive five year terms. MINT may be terminated if the Manager of MINT proposes an alternative to extension no less than 6 months nor more than 12 months prior to January 31, 2010 or the end of any further successive 5 year term and such proposal is approved by 66 2/3% of the MINT unitholders at a meeting. The quorum for such a meeting is 2 or more persons present in person or by proxy and representing not less than 10% of the outstanding units (or any unitholders present in person or by proxy should the initial meeting be adjourned).

The term of MATRIX is until April 30, 2016 and thereafter the term is automatically extended for further successive five year terms. However, MATRIX may be terminated at any time after April 30, 2016 upon not less than 90 days' written notice to the trustee with the prior approval of unitholders by a resolution passed by holders of more than 50% of the units voting thereon at a meeting duly convened for the consideration of such termination provided that unitholders holding at least 10% of the units outstanding on the record date for voting for such meeting vote in favour of such resolution. In addition, the Manager of MATRIX may, in its discretion, terminate the Fund at any time without the approval of unitholders in certain circumstances.

**(vi) Other Features**

Each Fund has a distribution reinvestment plan whereby a unitholder can elect to have cash distributions reinvested in the purchase of additional units of the Fund. Each Fund also has a mandatory market purchase program whereby the Fund is required to purchase units in the market if the price at which units are offered for sale in the market is less than 95% of the NAV per unit as of the close of business in Toronto on the immediately preceding business day, subject to a limit of 1.25% of the number of units outstanding as at the beginning of each calendar quarter and subject to certain other exceptions. Each Fund also has the ability to effect other purchases of its units in accordance with applicable regulatory requirements. Each Fund also has an annual redemption privilege at NAV less expenses.

The units of each of MINT and MATRIX provide each holder thereof with the right to one vote per unit on all matters that are put before unitholders for a vote. Although each Fund requires unitholder approval of similar matters by a 66 2/3% vote of unitholders, MATRIX requires such unitholder approval in additional circumstances where MINT does not; namely, the sale of all or substantially all of its assets (other than on termination), a change in the frequency of calculating NAV per unit to less often than weekly, and issuances of units where the net proceeds are less than NAV per unit.

MINT trades under the symbol MID.UN on the Toronto Stock Exchange and currently pays out a monthly distribution at an annualized rate of \$1.20 per unit. It is expected that the continuing merged Fund will also pay distributions at this level.

The merger will be effected by a tax-deferred "rollover" using an exchange ratio based on the relative net asset values of MINT and MATRIX at the time of the merger.

For additional information regarding the merger, please contact Nancy Tham, Senior Vice President, at (416) 847-5349.

Yours truly,



W. Garth Jestley  
President and Chief Executive Officer