BROMPTON FUNDS

BROMPTON FLOW-THROUGH LP 2007

Brompton 2007 Flow-Through LP

Diversified portfolio of flow-through shares of resource issuers engaged in the oil and gas and mining sectors.

Management Report of Fund Performance

August 14, 2008

This annual management report of fund performance for Brompton 2007 Flow-Through LP (the "Fund") contains financial highlights but does not contain either the interim or annual financial statements of the Fund. The interim financial statements follow this report. You may obtain a copy of the interim or annual financial statements at your request, at no cost, by calling 866-642-6001 or by sending a request to Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com.

Limited partners may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, independent review committee's report, or quarterly portfolio disclosure.

The Fund

Brompton 2007 Flow-Through LP is a limited partnership managed by Brompton Funds Management Limited (the "Manager").

Investment Objectives and Strategies

The Fund's investment objective is to provide Limited Partners with the opportunity for capital appreciation by investing, on a tax-advantaged basis, in a diversified portfolio of resource issuers engaged in the oil and gas and mining sectors. The Fund will seek to achieve its investment objective by investing in flow-through shares of resource issuers such that Limited Partners will be entitled to claim certain deductions from their taxable income. The Fund is managed by Morrison Williams Investment Management LP (the "Portfolio Manager"), a leading institutional asset manager.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's prospectus, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the period that materially affected the risks associated with an investment in the units of the Fund.

Recent Developments

There were no recent developments over the period.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance are based on the Fund's calculation of its weekly net asset value ("Published NAV"), which is exempted from the application of Canadian Institute of Chartered Accountants ("CICA") Section 3855, except for the figures presented in the Net Asset Value per Unit table, which can be found under Financial Highlights. In accordance with National Instrument ("NI") 81-106, the figures in this table must be derived from the financial statements ("GAAP NAV").

Results of Operations

Net Asset Value

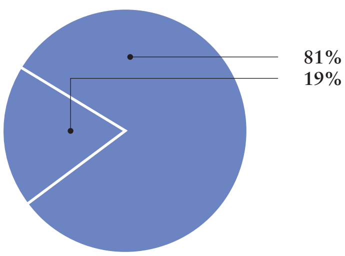
During the six months ended June 30, 2008, the net asset value of the Fund increased by $0.79 per unit, or 4.8%, from $16.55 per unit at December 31, 2007 to $17.34 per unit at June 30, 2008. The increase was mainly due to the strong performance of oil and gas and natural gas during the first half of 2008.

Investment Portfolio

As of June 30, 2008, the Fund investments included 18 flow-through securities of resource issuers and one warrant issue acquired in conjunction with an investment in flow-through shares. The diversified portfolio consists of 81% oil and gas flow-through issuers and 19% mining issuers. A detailed listing of the Fund's security holdings is provided in the financial statements. The Fund recorded net unrealized gains of $1.0 million during the period.

The following chart breaks down the investment portfolio by resource sector as of June 30, 2008.

Portfolio Sectors



Net Gains (Losses) by Sector (millions)		Unrealized
Energy	$	3.2
Materials		(2.2)
Total	**$**	**1.0**

Revenues and Expenses

Since the Fund commenced operations on October 4, 2007, there were no comparatives for revenue and expenses for the six months ended June 30, 2008. Given the nature of the investment portfolio, investment returns are expected to be generated from capital gains. As a result, the Fund's revenues over the six-month period ending June 30, 2008 were negligible. Expenses totaled $0.22 million or $0.27 per unit.

Capital Resources

As of June 30, 2008, the Fund had borrowings of $2.0 million under its 364-day renewable revolving credit facility, which represented 11.9% of total assets, or 13.7% of net assets. The credit facility provides for maximum borrowings of $4.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. During the period ended June 30, 2008, the minimum and maximum amounts of borrowings were $1.7 million and $2.0 million, respectively. Borrowings under the credit facility were used to pay the costs of issuing the units of the Fund and for working capital purposes. These borrowings allowed the Fund to invest the entire proceeds of the offering in flow-through shares.

Related Party Transactions

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below.

Management Fees

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.50% per annum of the Published NAV of the Fund, plus applicable taxes. The Manager is responsible for providing management and administrative services to the Fund and for paying the fees of Morrison Williams Investment Management LP, the Portfolio Manager of the Fund. All of the management fees are to cover its general administration expenses, the cost of portfolio management services and for profit. During the six-month period ended June 30, 2008, management fees amounted to $0.1 million. The Manager is entitled to a performance bonus payable by the Fund to the Manager in an amount equal to 20% of the amount by which the net asset value per unit plus the aggregate amount of all distributions made, if any, on a per unit basis, exceeds $28.00 on the performance bonus date multiplied by the number of units outstanding on the performance bonus date. There was no performance bonus paid during the period.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual and unaudited interim financial statements. *The information in the following tables is presented in accordance with NI 81-106 and, as a result, does not act as a continuity of opening and closing net asset value per unit.* The increase (decrease) in net assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Asset Value per Unit

	For the Six Months Ended June 30, 2008	For the Period Ended Dec. 31, 2007[1]
Net asset value, beginning of period[2][3]	**$ 16.52**	$ 22.31
Increase (decrease) from operations:[4]		
Total revenue	**—**	0.12
Total expenses	**(0.27)**	(0.24)
Realized gain (loss) for the period	**—**	—
Unrealized gain (loss) for the period	**1.10**	(7.41)
Total increase (decrease) in net assets from operations	**$ 0.83**	$ (7.53)
Net asset value, end of period[2][3]	**$ 17.34**	$ 16.52

(1) Period from October 4, 2007 (commencement of operations) to December 31, 2007.

(2) The net asset value per unit at the beginning and at the end of the period for 2007 is the GAAP NAV.

(3) Net asset value per unit is based on the actual number of units outstanding at the relevant time.

(4) The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

Ratios and Supplemental Data (Based on Published NAV)

	June 30, 2008	Dec. 31, 2007[1]
Net assets (in 000s)	**$ 14,890**	$ 14,563
Number of units outstanding (in 000s)	**854**	854
Management expense ratio ("MER")[2]	**3.35%**	17.71%
Portfolio turnover rate[3]	**—**	N/A
Trading expense ratio[4]	**—**	—

(1) Annualized, if applicable, for the period from October 4, 2007 (commencement of operations) to December 31, 2007.

(2) MER is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including interest expense and issuance costs, but excluding brokerage commissions on securities transactions, and is expressed as an annualized percentage of the average net assets of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate was not provided when the Fund was less than one year old. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

(4) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets of the Fund during the period.

Expense Ratio

The MER of the Fund for the six-month period ended June 30, 2008, was 3.35%. This ratio is exaggerated by the inclusion of interest expense incurred on borrowings used to fund the agents' fees and to pay for certain operating expenses of the Fund. The MER in 2007 of 17.71% included issuance costs, which were a one-time expense.

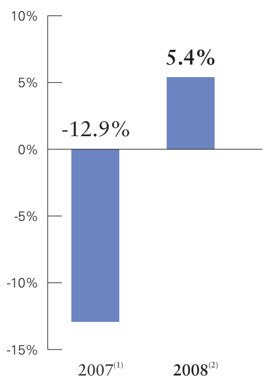
The MER, excluding interest expense and issuance costs, was 2.68% for the period, down from 3.04% at December 31, 2007. The MER decreased as a result of lower general and administration costs in 2008 and a slightly higher average net asset value. This latter rate is representative of the ongoing efficiency of the administration of the Fund.

Past Performance

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on Published NAV per unit and assumes that distributions made by the Fund on its units in the periods shown were reinvested (at Published NAV per unit) in additional units of the Fund.

The bar chart shows the Fund's return for the six-month period ended June 30, 2008, and each period since inception. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have changed by the last day of the fiscal period.

Returns Since Inception



(1) Period from October 4, 2007 (commencement of operations) to December 31, 2007.

(2) Period from January 1, 2008 to June 30, 2008.

The following table shows the Fund's returns since inception, compared with the S&P/TSX Composite Energy Index ("Energy Index"), the S&P/TSX Composite Materials Index ("Materials Index") and the S&P/TSX Composite Index ("Composite Index"). The Energy Index and the Materials Index are derived from the S&P/TSX Composite Index based on the energy and materials sectors, respectively, of the Global Industry Classification Standard. The Composite Index tracks the performance, on a market weight basis, of approximately 300 large stocks listed on the TSX. The Energy Index, the Materials Index and the Composite Index are calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

Compound Returns

	Six Months Ended June 30, 2008	Since Inception[1]
Brompton 2007 Flow-Through LP	**5.4%**	(28.3%)
S&P/TSX Composite Energy Index	**24.3%**	27.8%
S&P/TSX Composite Materials Index	**26.2%**	30.6%
S&P/TSX Composite Index	**6.0%**	4.4%

(1) Period from October 4, 2007 (commencement of operations) to June 30, 2008.

The Fund underperformed both the Energy Index and the Materials Index during the six-month period ended June 30, 2008. The Energy Index and Materials Index are composed of large-capitalization issuers, while the Fund's portfolio contains many smaller-capitalization issuers which have generally not benefited as much from the rising oil and natural gas prices in 2008. In addition, approximately 16% of the portfolio is held in Athabasca Oil Sands Corp. and Laricina Energy Ltd., which are private companies whose values were not revised over the period. The value of private companies is not adjusted unless there is a clear indication of an increase or decrease in value, such as additional financings. The Fund's return is also net of administration costs as represented in the MER, while the benchmark's returns do not include these expenses. During the six-month period, the Fund performed in line with the broad-based Composite Index.

Summary of Investment Portfolio

As at June 30, 2008

Total Published NAV	$ 14,889,849

Portfolio Composition	% of Portfolio	% of Published NAV
Energy	81.0%	92.9%
Materials	19.0%	21.8%
Total investment portfolio	100.0%	114.7%
Other net liabilities		(14.7%)
Total net asset value		100.0%

Holdings	% of Portfolio	% of Published NAV
OPTI Canada Inc.	21.6%	24.8%
Oilsands Quest Inc.	12.5%	14.4%
Athabasca Oil Sands Corp.	11.7%	13.4%
Baffinland Iron Mines Corporation	8.6%	9.9%
Grey Wolf Exploration Inc.	7.1%	8.2%
UTS Energy Corporation	7.0%	8.0%
Crew Energy Inc.	5.4%	6.2%
Connacher Oil and Gas Limited	5.0%	5.8%
Laricina Energy Ltd.	4.7%	5.4%
Buffalo Resources Corp.	4.5%	5.2%
Kodiak Exploration Ltd.	3.1%	3.6%
Shore Gold Inc.	3.1%	3.6%
Ascot Resources Ltd	1.5%	1.7%
VMS Ventures Inc.	1.1%	1.2%
Erdene Gold Inc.	1.0%	1.2%
Breaker Energy Ltd.	0.7%	0.8%
ProspEx Resources Ltd.	0.6%	0.7%
Aurora Energy Resources Inc.	0.5%	0.6%
Athabasca Oil Sands Corp. – Warrants	0.1%	0.1%

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end.

Portfolio Manager

Morrison Williams Investment Management LP
Morrison Williams Investment Management LP is a leading institutional asset manager which offers discretionary investment management services to pension funds, mutual funds, high net worth individuals and other third parties. It has total assets under management of approximately $4.3 billion as at November 30, 2007, including approximately $900 million in resource companies.

MORRISON WILLIAMS
Investment Management LP

Portfolio Manager's Report

The Brompton 2007 Flow-Through Limited Partnership produced a positive 5.4% return during the first half of 2008, underperforming the Energy and Materials indices, which are comprised of large-capitalization companies, and outperforming the S&P/TSX Small Cap Index. While the Fund focuses on larger-capitalization, more liquid flow-through issuers, most issuance comes from small capitalization resource companies. In addition, the Fund's performance does not reflect potential appreciation from the two private holdings, Laricina Energy Ltd. and Athabasca Oil Sands Corp., which, currently, are not publicly traded and therefore their potentially higher values from higher commodity prices were not reflected in the portfolios to date.

Oil prices continued to soar during the first half of this year, rising from $96 to $140 at quarter end. Natural gas price increases were even more impressive, rising steadily throughout both quarters, ending over US$13, up 86%. The Portfolio Manager believes that current market prices of oil and gas equities do not reflect these high prices. Oil production remained fairly stagnant as new capacity coming on-stream was offset by production declines from existing fields. The strong momentum in prices this year reflected the sluggish supply response. The widespread realization that production continues to be constrained due to soaring investment costs, geopolitical concerns, policy constraints, and even energy nationalism should help support high energy prices throughout the rest of this year.

The materials sector experienced poor performance in the first and second quarters with copper prices up and most other base metals faltering. Nickel prices were soft as steelmakers increased production of low nickel content products while, at the same time, stainless steel consumers held purchases of stainless products to a minimum. Zinc and lead both experienced growing inventories throughout the quarter, which held their prices down. The Portfolio Manager believes this short-term correction in materials prices creates opportunities for investors in the long term as current prices do not reflect the long-term supply/demand relationship for these commodities.

Forward-Looking Statements

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

Statements of Net Assets (Unaudited)

As at	June 30, 2008	Dec. 31, 2007
Assets		
Investments, at market value	$ 17,005,582	$ 16,073,227
Cash and short-term investments	518	84,192
Total assets	17,006,100	16,157,419
Liabilities		
Accounts payable and accrued liabilities	155,964	319,715
Loans payable (note 8)	2,041,770	1,734,196
Total liabilities	2,197,734	2,053,911
Limited Partners' equity		
Limited Partners' capital (note 4)	19,456,476	19,456,476
Deficit	(4,648,110)	(5,352,968)
Net assets, representing Limited Partners' equity	$ 14,808,366	$ 14,103,508
Units outstanding (note 4)	853,896	853,896
Net asset value per unit	$ 17.34	$ 16.52

Statement of Operations and Deficit (Unaudited)

For the six months ended June 30	2008
Income	
Interest income	$ 867
	867
Expenses	
Management fees (note 6)	105,822
Independent review committee and director fees	9,973
Audit fees	14,103
Custodial fees	1,498
Legal expense	21,390
Unitholder reporting costs	1,748
Other administrative expenses	28,018
Interest and bank charges (note 8)	45,145
	227,697
Net investment loss	(226,830)
Net change in unrealized gain/loss on investments and short-term investments	931,688
Increase in net assets from operations	704,858
Deficit, beginning of period	(5,352,968)
Deficit, end of period	$ (4,648,110)
Increase in net assets from operations per unit[1]	$ 0.83

[1] Based on the weighted average number of units outstanding for the period (note 4).

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows (Unaudited)

For the six months ended June 30		2008
Cash flows from operating activities:		
Increase in net assets from operations	$	704,858
Adjustments to reconcile net cash provided by (used in) operations:		
Net change in unrealized (gain) loss on investments		(932,355)
Increase (decrease) in accounts payable and accrued liabilities		(163,751)
Cash used in operating activities		(391,248)
Cash flows from financing activities:		
Increase (decrease) in loans payable		307,574
Cash provided by financing activities		307,574
Net decrease in cash and short-term investments		(83,674)
Cash and short-term investments, beginning of period		84,192
Cash and short-term investments, end of period	$	518
Supplemental information:		
Interest paid	$	48,960

Statement of Changes in Net Assets (Unaudited)

For the six months ended June 30	2008
Net assets, beginning of period	$ 14,103,508
Operations:	
Increase in net assets from operations	704,858
Net increase in net assets	704,858
Net assets, end of period	$ 14,808,366

Statement of Investments (Unaudited)

As at June 30, 2008		Cost	Fair Value	% of Portfolio
No. of Shares	**Energy**			
240,000	Athabasca Oil Sands Corp.[1]	$ 9,600	$ 9,600	
240,000	Athabasca Oil Sands Corp. – Warrants	9,600	9,600	
10,000	Breaker Energy Ltd.	69,000	125,200	
610,000	Buffalo Resources Corp.	805,200	774,700	
200,000	Connacher Oil and Gas Limited	1,000,000	858,000	
50,000	Crew Energy Inc.	537,500	923,500	
500,000	Grey Wolf Exploration Inc.	1,275,000	1,175,000	
24,600	Laricina Energy Ltd.[1]	998,760	799,500	
325,000	Oilsands Quest Inc.	2,005,250	2,143,234	
160,000	OPTI Canada Inc.	3,952,000	3,689,600	
30,000	ProspEx Resources Ltd.	111,000	103,500	
200,000	UTS Energy Corporation	1,520,000	1,190,000	
		14,673,710	13,783,834	81.1%
No. of Shares	**Materials**			
400,000	Ascot Resources Ltd.	800,000	264,000	
20,000	Aurora Energy Resources Inc.	410,000	84,000	
475,000	Baffinland Iron Mines Corporation	2,517,500	1,453,500	
190,000	Erdene Resource Inc.	266,000	171,000	
208,300	Kodiak Exploration Ltd.	999,840	533,248	
200,000	Shore Gold Inc.	1,260,000	534,000	
280,000	VMS Ventures Inc.	420,000	182,000	
		6,673,340	3,221,748	18.9%
	Embedded Broker Commission (note 2)	—	—	
	Total	$ 21,347,050	$ 17,005,582	100.0%

[1] Investments are not publicly traded.

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements (Unaudited)

June 30, 2008

1. OPERATIONS

Brompton 2007 Flow-Through LP (the "Fund") is a limited partnership created under the laws of the Province of Ontario on September 27, 2007, pursuant to an amended and restated limited partnership agreement. Brompton Funds Management Limited (the "Manager") is responsible for managing the affairs of the Fund. Morrison Williams Investment Management LP manages the Fund's portfolio. RBC Dexia Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuation of the Fund. The Fund commenced operations on October 4, 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and should be read in conjunction with the December 31, 2007 annual audited financial statements.

a) Adoption of New Accounting Standards

Section 3862 – Financial Instruments – Disclosures

On January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3862, "Financial Instruments – Disclosures." Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Fund manages those risks. This standard impacts the Fund's disclosure provided but does not affect the Fund's results or financial position.

Section 3863 – Financial Instruments – Presentation

On January 1, 2008, the Fund adopted CICA Section 3863, "Financial Instruments – Presentation." Section 3863 carries forward the presentation requirements of Section 3861 with respect to financial instruments. This standard impacts the Fund's disclosure provided but does not affect the Fund's results or financial position.

Section 3855 – Financial Instruments – Recognition and Measurement

Effective January 1, 2007, the Fund adopted CICA Section 3855, "Financial Instruments – Recognition and Measurement," which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires that bid prices (for investments held) and ask prices (for investments sold short) be used in determining the fair value of investments. Prior to the adoption of this new standard, fair value was commonly based on the closing price of an investment for the day.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments by the Fund be expensed in the period incurred. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments.

Section 1535 – Capital Disclosures

On January 1, 2008, the Fund adopted CICA Section 1535, "Capital Disclosures," which requires that the Fund disclose information about its objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This standard impacts the Fund's disclosure provided but does not affect the Fund's results or financial position.

b) Valuation of Investments

Investments are deemed held for trading in accordance with Section 3855 and Accounting Guideline 18. The Fund's investments are valued at estimated fair value. Investments held long that are publicly traded are valued at their bid prices on the valuation date. Investments with no available bid price are valued at their closing price. Investments that are not publicly traded are valued at the estimated fair value. Generally, such investments are valued at cost until there is a clear indication of an increase or decrease in value. Short-term investments and bonds are valued at the average bid quotations from recognized investment dealers. The cost of investments is based on their average cost.

c) Cash and Short-term Investments

Cash and short-term investments consist of cash on hand and short-term debt investments with maturities of less than three months on acquisition. Cash and short-term investments are deemed held for trading and therefore are carried at fair value.

d) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date, and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Net realized gains or losses on investments include net realized gains or losses from foreign currency changes.

e) Transaction Costs

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities are expensed and are recognized in the Statement of Operations and Deficit.

Notes to the Financial Statements (Unaudited) (continued)

f) Other Assets and Liabilities

For the purposes of categorization in accordance with Section 3862, accounts payable and accrued liabilities and loans payable are designated as financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these liabilities due to their short-term nature.

g) Tax Shelter Identification Number

The identification number TS 073395 issued for the Fund shall be included in any income tax return filed by an investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investment to claim any tax benefits associated with the Fund.

h) Recent Accounting Pronouncements

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board, on or by January 1, 2011. In accordance with Canadian GAAP and AcSB's plan, the Fund will adopt all the International Financial Reporting Standards.

3. RECONCILIATION OF NET ASSET VALUE

In accordance with a decision dated September 28, 2006 by the Canadian securities regulatory authorities, a reconciliation is required between the net asset value for financial reporting purposes (the "GAAP NAV") and the net asset value for reporting other than in the financial statements (the "Published NAV"). The reconciliation of net asset value is as follows:

	June 30, 2008		Dec. 31, 2007	
	Net Asset Value	**Net Asset Value per Unit**	Net Asset Value	Net Asset Value per Unit
Published NAV	**$ 14,889,849**	**$ 17.44**	$ 14,131,304	$ 16.55
Section 3855 adjustment	**(81,483)**	**(0.10)**	(27,796)	(0.03)
GAAP NAV	**$ 14,808,366**	**$ 17.34**	$ 14,103,508	$ 16.52

4. LIMITED PARTNERS' EQUITY

The authorized capital of the Fund consists of an unlimited number of limited partnership units.

On October 4, 2007, the Fund completed its initial public offering of 382,440 units at a price of $25.00 per unit for proceeds, net of agents' fees and issuance costs, of $8,533,193. On October 31, 2007, the Fund completed its final closing for 471,456 units at a price of $25.00 per unit for proceeds, net of agents' fees and issuance costs, of $10,923,283. Including the proceeds of the initial public offering and final closing, the gross proceeds raised by the Fund were $21,347,400.

The weighted average number of units outstanding for the six months ended June 30, 2008, was 853,896.

5. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide Limited Partners with the opportunity for capital appreciation. The Fund's capital includes Limited Partners' equity and loans payable. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may make distributions to Limited Partners or increase or decrease its level of borrowing.

6. MANAGEMENT FEES

The Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.50% per annum of the Published NAV of the Fund, plus applicable taxes. The net asset value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. The Manager is responsible for paying fees to Morrison Williams Investment Management LP, the Portfolio Manager of the Fund. The fees are calculated and payable monthly.

The Manager is entitled to a performance bonus payable on a per unit basis by the Fund to the Manager in an amount equal to 20% of the amount by which the NAV per unit on the performance bonus date plus the aggregate amount of all distributions made, if any, on a per unit basis exceeds $28.00, multiplied by the number of units outstanding on the performance bonus date. No performance bonus was payable in respect of the period ended June 30, 2008.

7. INVESTMENT TRANSACTIONS

Investment transactions excluding brokerage commissions for the period ended June 30 were as follows:

		2008
Proceeds from sale of investments	$	—
Less cost of investments sold:		
Investments at cost, beginning of period		21,347,050
Investments purchased during the period		—
Investments at cost, end of period		(21,347,050)
Cost of investments sold during the period		—
Net realized gain (loss) on sale of investments	$	—

There were no brokerage commissions on investments purchased and sold during the period ended June 30, 2008. For the period ended June 30, 2008, there were no soft dollar amounts paid.

8. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility. The revolving credit facility provides for maximum borrowings of $4.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There were $2.0 million in borrowings under this facility at June 30, 2008. The loan facility has been used to fund the agents' fees, the expenses of the offering and certain operating expenses of the Fund. During the period ended June 30, 2008, the minimum and maximum amounts of borrowings were $1.7 million and $2.0 million, respectively.

9. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at June 30, 2008. Significant risks that are relevant to the Fund are discussed below.

The Manager attempts to minimize potential adverse effects of these risks on the Fund's performance by employing a professional, experienced Portfolio Manager and by diversifying the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

a) Interest Rate Risk

The Fund is exposed to interest rate risk on its 364-day revolving credit facility. Fluctuations in interest rates have a direct impact on the interest payments the Fund makes on its loans.

As at June 30, 2008, the Fund had no significant exposure to interest rate risk.

b) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Portfolio Manager attempts to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in flow-through securities. As at June 30, 2008, had the prices for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately $1.7 million (approximately 11.5% of total net assets). In practice, the actual trading results may differ, and the difference could be material.

c) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. As at June 30, 2008, the Fund did not have a significant credit risk exposure.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. The trade will fail if either party fails to meet its obligation.

d) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its 364-day revolving credit facility, which can be used to finance investments or working capital; see note 8. The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facility. The Manager monitors the use of the credit facility on a regular basis.

Corporate Information

Independent Review Committee

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Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

Directors and Officers

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Director

Raymond R. Pether, BA, MBA
Director

Mark A. Caranci, BComm, CA
Director, President,
Chief Executive Officer

Craig T. Kikuchi, BA, CA, CFA
Chief Financial Officer

David E. Roode, BA, CA, MBA
Senior Vice President

Moyra E. MacKay, BA
Vice President and Corporate Secretary

Lorne J. Zeiler, BA, MBA, CFA
Vice President

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CPA (Delaware), CFA
Vice President and Controller

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