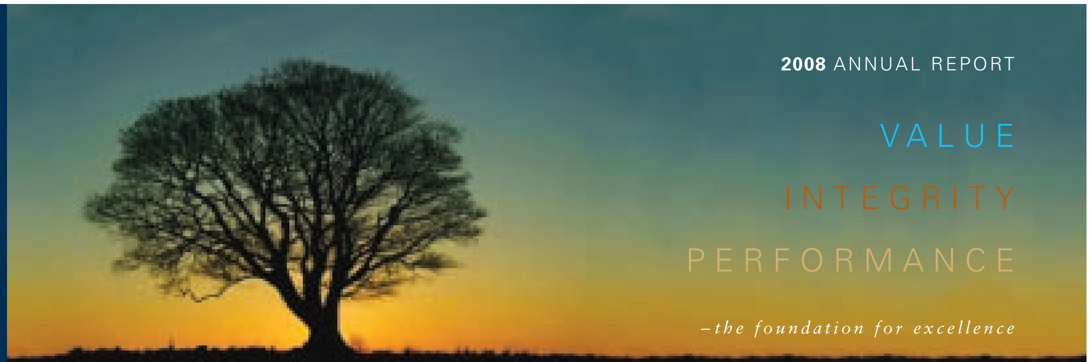


BROMPTON FUNDS

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

March 12, 2009

This annual management report of fund performance for Brompton 2007 Flow-Through LP (the "Fund") contains financial highlights but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of the annual financial statements at your request, at no cost, by calling 866-642-6001 or by sending a request to Investor Relations, 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. As of February 1, 2009, the Fund's Portfolio Manager is Brompton Capital Advisors Inc. ("BCAI"), an affiliate of the Manager. BCAI's team has extensive experience in the issuance of flow-through shares and resource investments, and in the direct management of resource companies and flow-through funds.

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

New Portfolio Manager
On January 7, 2009, the Manager announced the resignation of Morrison Williams Investment Management, the Portfolio Manager of the Fund. On that date, the Manager also announced the appointment of BCAI, an affiliate of the Manager, as Portfolio Manager of the Fund, responsible for managing the Fund's investment portfolio, effective February 1, 2009.

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 ("Net Asset Value"), which is exempted from the application of Canadian Institute of Chartered Accountants ("CICA") Section 3855, except for the figures presented in the Net Assets 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 ("Net Assets").

Results of Operations

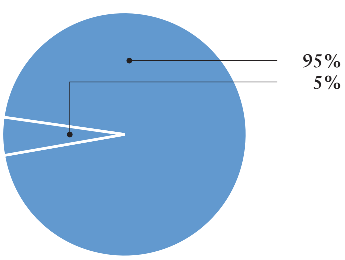
Inception of the Fund was October 4, 2007, so results for the year ended December 31, 2007 were for less than three months of operations, compared to a full 12 months for the year ended December 31, 2008.

Net Asset Value
During the year ended December 31, 2008, the Net Asset Value per unit of the Fund declined by $14.83, from $16.55 per unit at December 31, 2007 to $1.72 per unit at December 31, 2008. This steep decline reflects the overall drop in materials and energy prices during the year, particularly the 70% drop in the price of oil from its peak in July 2008, and the fact that flow-through funds tend to invest in junior exploration companies, which were more severely affected by the drop in commodity prices and economic downturn. Aggregate Net Asset Value declined to $1.5 million at December 31, 2008 from $14.1 million the previous year, for the reasons given above.

Investment Portfolio
As of December 31, 2008, the Fund's investments included 11 flow-through securities of resource issuers and one warrant issue acquired in conjunction with an investment in flow-through shares. The number of securities in the portfolio was down by seven from 18 at December 31, 2007, as the Fund sold securities in the last quarter of 2008 to reduce debt/asset ratios in conjunction with the steep decline in the market. As of December 31, 2008, the Fund had no debt outstanding. The Fund's portfolio consists of 95% oil and gas flow-through issuers and 5% mining issuers. A detailed listing of the Fund's security holdings is provided in the financial statements. The Fund recorded net realized and unrealized losses of $12.3 million during 2008.

The following chart breaks down the investment portfolio by resource sector as of December 31, 2008.

Portfolio Sectors



Losses by Sector (millions)		**Unrealized**		**Realized**		**Total**
Energy	$	(1.0)	$	(6.5)	$	(7.5)
Materials		(1.1)		(3.7)		(4.8)
Total	**$**	**(2.1)**	**$**	**(10.2)**	**$**	**(12.3)**

Revenues and Expenses
In 2007, the Fund recorded income of $0.12 per unit, reflecting interest earned on the cash from the initial proceeds of the Fund in October 2007. In 2008, interest income was negligible, as all of the initial proceeds had been invested, leaving little in cash and cash equivalents. Expenses totaled $0.39 per unit for 12 months of management fees and interest costs in 2008, compared to $0.24 per unit for less than three months of operations in 2007.

Capital Resources
As of December 31, 2008, the Fund had no borrowings under its 364-day renewable revolving credit facility. The credit facility provides for maximum borrowings of $0.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage; this was a reduction in the credit facility limit from $4.5 million the previous year, reflecting the decline in Net Asset Value and repayment of the loan. During the year ended December 31, 2008, the minimum and maximum amounts of borrowings were nil and $2.2 million, respectively.

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 Net Asset Value 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 the Portfolio Manager of the Fund, which, for the year ended December 31, 2008, was Morrison Williams Investment Management LP. All of the management fees are used to cover its general administration expenses, the cost of portfolio management services and for profit. During the year ended December 31, 2008, management fees amounted to $0.2 million.

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 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 Assets 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 Assets per Unit[1]

For the year/period ended December 31		2008		2007[2]
Net Assets, beginning of year/period[3]	$	**16.52**	$	22.31
Increase (decrease) from operations:[4]				
Total revenue		**—**		0.12
Total expenses		**(0.39)**		(0.24)
Realized gain (loss) for the year/period		**(11.92)**		—
Unrealized gain (loss) for the year/period		**(2.51)**		(7.41)
Total increase (decrease) in Net Assets from operations	$	**(14.82)**	$	(7.53)
Net Assets, end of year/period[3]	$	**1.70**	$	16.52

(1) This information is derived from the Fund's audited annual financial statements. The Net Assets per unit presented in the financial statements differ from the Net Asset Value calculated for weekly Net Asset Value purposes. An explanation of these differences can be found in the notes to the financial statements.

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

(3) Net Assets per unit and distributions per unit are 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 Net Asset Value)

As at December 31		2008		2007[1]
Net Asset Value (in 000s)	$	**1,466**	$	14,563
Number of units outstanding (in 000s)		**854**		854
Management expense ratio ("MER")[1][2]		**3.11%**		17.71%
Trading expense ratio[3]		**0.19%**		—
Portfolio turnover rate[4]		**—**		N/A
Net Asset Value per unit	$	**1.72**	$	16.55

(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 (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the period.

(3) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period. This disclosure was a new requirement in 2005 under NI 81-106 and was not applied retroactively.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 2008, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

Expense Ratio

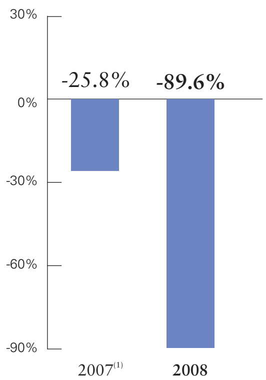
The MER of the Fund for the year ended December 31, 2008, was 3.11%. This ratio is exaggerated by the inclusion of interest expense incurred on borrowings used to fund the agents' fees and to pay for certain operating expenses of the Fund. The MER in 2007 of 17.71% included issuance costs, which were a one-time expense. The MER, excluding interest expense and issuance costs, was 2.36% for 2008, down from 3.04% at December 31, 2007. The MER decreased as a result of lower general and administration costs in 2008. 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 Net Asset Value per unit

The bar chart shows the Fund's return for 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.

Year-by-Year Returns



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

The following table shows the Fund's returns for the periods indicated, compared with the S&P/TSX Small Cap Composite Energy Index ("Energy Index"), the S&P/TSX Small Cap 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 Small Cap 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 returns are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Annual Compound Returns

	1 Year	Since Inception[1]
Brompton 2007 Flow-Through LP	(89.6%)	(92.3%)
S&P/TSX Small Cap Composite Energy Index	(38.8%)	(39.8%)
S&P/TSX Small Cap Composite Materials Index	(63.1%)	(60.7%)
S&P/TSX Composite Index	(33.0%)	(28.4%)

(1) Period from October 4, 2007 (commencement of operations) to December 31, 2008.

The negative performance of the Brompton 2007 Flow-Through LP this past year was due primarily to the significant drop in commodity prices in the fourth quarter of 2008. For further information, please see the Portfolio Manager's Report.

While the Fund focuses on larger-capitalization, more liquid flow-through issuers, most issuance comes from small-capitalization, junior resource companies, often still in the exploration phase, with little or no production or cash flow. Junior exploration-focused equities needing to fund future developments through access to capital markets were punished in light of the scarcity of capital and high risk aversion amongst investors. Consequently, most of the equities within the Fund's portfolio experienced substantial losses. The Fund was also negatively impacted by leverage. In order to provide investors with a full write-off of their investment, the Fund borrowed the issue costs under a credit facility.

Summary of Investment Portfolio

As at December 31, 2008

Total Net Asset Value	$ 1,466,175

Portfolio Composition	% of Portfolio	% of Net Asset Value
Energy	88.1%	93.2%
Cash and short-term investments	7.1%	7.5%
Materials	4.8%	5.1%
Total investment portfolio	100.0%	105.8%
Other net liabilities		(5.8%)
Total Net Asset Value		100.0%

Holdings	% of Portfolio	% of Net Asset Value
Athabasca Oil Sands Corp.	19.3%	20.3%
Laricina Energy Ltd.	17.0%	18.0%
Crew Energy Inc.	13.8%	14.6%
Buffalo Resources Corp.	10.3%	10.9%
OPTI Canada Inc.	8.1%	8.6%
Oilsands Quest Inc.	7.4%	7.9%
Grey Wolf Exploration Inc.	7.1%	7.5%
Cash and short-term investments	7.1%	7.5%
Baffinland Iron Mines Corporation	4.8%	5.1%
Breaker Energy Ltd.	3.3%	3.5%
ProspEx Resources Ltd.	1.2%	1.2%
Athabasca Oil Sands Corp. – warrants	0.6%	0.7%

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 was Portfolio Manager of the Fund from inception to January 31, 2009.

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.

MORRISON WILLIAMS
Investment Management LP

Portfolio Manager's Report

The negative performance of the Brompton 2007 Flow-Through LP this past year was due primarily to the significant drop in commodity prices in the fourth quarter and the fallout from the financial crisis. Oil prices declined by 70% from their peak levels in July, and all other commodities, such as steel, copper and zinc, followed suit. The tremendous de-leveraging or de-risking of global portfolios by the major financial institutions resulted in the collapse of the resource sectors. Investors began to sell or liquidate their equity holdings and move their capital into the perceived safety of the US dollar or US treasuries. This compounded the selling pressure on commodities, which in turn accelerated the selling of the resource stocks. All traditional valuation metrics were superseded by the desire to hold cash. Some stocks actually traded below their cash value.

While the Fund focuses on larger-capitalization, more liquid flow-through issuers, most flow-through deals come from small-capitalization, junior resource companies, often still in the exploration phase, with little or no production or cash flow. Junior exploration-focused equities with little or no productive capacity and a need to fund future developments through access to capital markets were punished in light of the scarcity of capital and high risk aversion amongst investors and strategic buyers over the final quarter of the year. Tax-loss selling at year-end exacerbated the decline in small-cap energy and materials equities. During 2008, the S&P/TSX small-cap energy and materials sectors declined by 39% and 63%, respectively.

The Fund was also negatively impacted by leverage. In order to provide investors with a full write-off of their investment, the Fund borrowed the issue costs under a credit facility.

Performance in 2009 will largely be based on returning confidence in the global financial system and an increase in demand for commodities when the world economy improves. With nearly all energy and mining companies greatly reducing their capital expenditure budgets, commodity prices and resource-based equities will likely rebound dramatically in the coming years due to this underdevelopment of productive capacity and expected supply/demand imbalance.

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.

Management's Responsibility Statement

The financial statements of Brompton 2007 Flow-Through LP (the "Fund") have been prepared by Brompton Funds Management Limited (the "Manager" of the Fund) and approved by the Board of Directors of the Fund. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies applicable to the Fund are described in note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of a majority of independent directors.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

(Signed)

Mark A. Caranci
President and Chief Executive Officer
Brompton Funds Management Limited
March 12, 2009

(Signed)

Craig T. Kikuchi
Chief Financial Officer
Brompton Funds Management Limited

Auditors' Report

To the Limited Partners of Brompton 2007 Flow-Through LP:
We have audited the statement of investments of Brompton 2007 Flow-Through LP (the "Fund") as at December 31, 2008, the statements of Net Assets as at December 31, 2008 and 2007 and the statements of operations and deficit, changes in Net Assets and cash flows for the year ended December 31, 2008 and the period from September 27, 2007 (date of formation) to December 31, 2007. These financial statements are the responsibility of the Fund's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the investments of the Fund as at December 31, 2008, the Net Assets as at December 31, 2008 and 2007 and the results of its operations and deficit, the changes in its Net Assets and its cash flows for the year ended December 31, 2008 and the period from September 27, 2007 (date of formation) to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

(Signed)

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 12, 2009

Statements of Net Assets

As at December 31	2008	2007
Assets		
Investments, at market value	**$ 1,428,307**	$ 16,073,227
Cash and short-term investments	**110,017**	84,192
Total assets	**1,538,324**	16,157,419
Liabilities		
Accounts payable and accrued liabilities	**85,749**	319,715
Loans payable (note 8)	**—**	1,734,196
Total liabilities	**85,749**	2,053,911
Partners' equity		
Partners' capital (note 4)	**19,456,476**	19,456,476
Deficit	**(18,003,901)**	(5,352,968)
Net Assets, representing Limited Partners' equity	**$ 1,452,575**	$ 14,103,508
Units outstanding (note 4)	**853,896**	853,896
Net Assets per unit	**$ 1.70**	$ 16.52

Approved on behalf of Brompton 2007 Flow-Through LP by the Board of Directors of Brompton Funds Management Limited, the Manager.

(Signed)

Peter A. Braaten
Director

(Signed)

Raymond R. Pether
Director

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

Statements of Operations and Deficit

For the year/period ended December 31	2008	2007[1]
Income		
Interest income	$ 929	$ 88,352
	929	88,352
Expenses		
Management fees (note 6)	164,891	51,562
Independent review committee and director fees	22,138	7,100
Audit fees	25,834	22,601
Custodial fees	1,718	1,500
Legal expenses	3,635	10,000
Unitholder reporting costs	16,223	8,500
Other administrative expenses	16,599	50,300
Interest and bank charges (note 8)	79,731	16,601
	330,769	168,164
Net investment loss	(329,840)	(79,812)
Net realized loss on sale of investments (note 7)	(10,179,776)	—
Transaction costs (note 2)	(20,011)	—
Net realized loss on foreign currency transactions	(1,774)	—
Net change in unrealized gain/loss on investments and short-term investments	(2,119,532)	(5,273,156)
Decrease in Net Assets from operations	(12,650,933)	(5,352,968)
Deficit, beginning of year/period (note 3)	(5,352,968)	—
Deficit, end of year/period	$ (18,003,901)	$ (5,352,968)
Decrease in Net Assets from operations per unit[2]	$ (14.82)	$ (7.53)

[1] For the period from September 27, 2007 (date of formation) to December 31, 2007.

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

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

Statements of Cash Flows

For the year/period ended December 31	2008	2007[1]
Cash flows from operating activities:		
Decrease in Net Assets from operations	**$ (12,650,933)**	$ (5,352,968)
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized (gain) loss on sale of investments (note 7)	**10,179,776**	—
Net change in unrealized (gain) loss on investments	**2,118,865**	5,273,823
Increase (decrease) in accounts payable and accrued liabilities	**(233,966)**	319,715
Purchase of investments (note 7)	**—**	(21,347,050)
Proceeds from sale of investments (note 7)	**2,346,279**	—
Cash provided by (used in) operating activities	**1,760,021**	(21,106,480)
Cash flows from financing activities:		
Increase (decrease) in loans payable	**(1,734,196)**	1,734,196
Proceeds from issuance of limited partnership units (note 4)	**—**	19,456,476
Cash provided by (used in) financing activities	**(1,734,196)**	21,190,672
Net increase in cash and short-term investments	**25,825**	84,192
Cash and short-term investments, beginning of year/period	**84,192**	—
Cash and short-term investments, end of year/period	**$ 110,017**	$ 84,192
Supplemental information:		
Interest paid	**$ 86,625**	$ 12,591

[1] For the period from September 27, 2007 (date of formation) to December 31, 2007.

Statement of Changes in Net Assets

For the year/period ended December 31	2008	2007[1]
Net Assets, beginning of year/period	**$ 14,103,508**	$ —
Operations:		
Decrease in Net Assets from operations	**(12,650,933)**	(5,352,968)
Unitholder transactions:		
Proceeds from issuance of units (note 4)	**—**	19,456,476
Total unitholder transactions	**—**	19,456,476
Net increase (decrease) in Net Assets	**(12,650,933)**	14,103,508
Net Assets, end of year/period	**$ 1,452,575**	$ 14,103,508

[1] For the period from September 27, 2007 (date of formation) to December 31, 2007.

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

Statement of Investments

As at December 31, 2008			Cost		Fair Value	% of Portfolio
No. of Shares	**Energy**					
120,000	Athabasca Oil Sands Corp.[1]	$	1,195,200	$	300,000	
240,000	Athabasca Oil Sands Corp. – warrants		9,600		9,600	
10,000	Breaker Energy Ltd.		69,000		51,200	
420,000	Buffalo Resources Corp.		554,400		159,600	
40,400	Crew Energy Inc.		434,300		212,100	
234,500	Grey Wolf Exploration Inc.		597,975		110,215	
24,600	Laricina Energy Ltd.[1]		998,760		263,220	
US 128,000	Oilsands Quest Inc.		789,760		113,772	
70,000	OPTI Canada Inc.		1,729,000		124,600	
30,000	ProspEx Resources Ltd.		111,000		18,000	
			6,488,995		**1,362,307**	**95.4%**
No. of Shares	**Materials**					
440,000	Baffinland Iron Mines Corporation		2,332,000		66,000	
			2,332,000		**66,000**	**4.6%**
	Embedded Broker Commission (note 2)		—		—	
	Total	**$**	**8,820,995**	**$**	**1,428,307**	**100.0%**

[1] Investments are not publicly traded.

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

Notes to the Financial Statements

December 31, 2008 and 2007

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 managed the Fund's portfolio until January 31, 2009. Commencing February 2009, Brompton Capital Advisors Inc. 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 they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the periods for which the financial statements report. Actual results could differ from these estimates.

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 September 27, 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. 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 prices 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.

f) Other Assets and Liabilities

For the purposes of categorization in accordance with Section 3855, 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) Income Taxes

The Fund is not subject to income taxes. The income or loss for Canadian income tax purposes is allocable to the partners, pro-rated by units held, and is included in the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada). Accordingly, income tax is not provided for in these financial statements. Income for Canadian income tax purposes is allocated 99.99% to the Limited Partners and 0.01% to the General Partner. Losses for Canadian income tax purposes are allocated fully to the Limited Partners.

h) Tax Shelter Identification Number

The identification number, TS073395, issued for the Fund shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the Fund.

i) Recent Accounting Pronouncements

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), 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 IFRS.

At December 31, 2008 the Fund has developed a plan to meet the timetable published by the CICA for changeover to IFRS. Key elements of the plan include the determination of the qualitative impact and the quantitative impact, if any, on the Fund's financial statements in accordance with IFRS. The Fund has presently determined that there will be no impact to Net Assets per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of presentation of unitholders' equity and certain items in the financial statements of the Fund.

3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

As a result of the adoption of Section 3855 and in accordance with National Instrument 81-106, a reconciliation was required between the Net Assets for financial reporting purposes (the "Net Assets") and the Net Asset Value for reporting other than in the financial statements (the "Net Asset Value"). The reconciliation of the Net Assets to Net Asset Value is as follows:

As at December 31		2008		2007
	Total	**Per Unit**	Total	Per Unit
Net Asset Value	**$ 1,466,175**	**$ 1.72**	$ 14,131,304	$ 16.55
Section 3855 adjustment	**(13,600)**	**(0.02)**	(27,796)	(0.03)
Net Assets	**$ 1,452,575**	**$ 1.70**	$ 14,103,508	$ 16.52

4. PARTNERS' EQUITY

Authorized

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

Issued

		2008		2007[1]
	Number of Units	**Amount**	Number of Units	Amount
Units, beginning of year/period	**853,896**	**$ 19,456,476**	—	$ —
Initial public offering, net	**—**	**—**	382,440	8,533,193
Final closing, net	**—**	**—**	471,456	10,923,283
Units, end of year/period	**853,896**	**$ 19,456,476**	853,896	$ 19,456,476

[1] For the period from October 4, 2007 (commencement of operations) to December 31, 2007.

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 year ended December 31, 2008, was 853,896 (2007 – 710,870).

Notes to the Financial Statements (continued)

5. CAPITAL MANAGEMENT

The Fund's objective in managing its capital is to provide Limited Partners with the opportunity for capital appreciation. The Fund's capital includes 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 Net Asset Value 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 was 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 will be 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 Net Asset Value 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 is payable in respect of the year ended December 31, 2008.

7. INVESTMENT TRANSACTIONS

Investment transactions, excluding brokerage commissions, for the year/period ended December 31 were as follows:

	2008	2007
Proceeds from sale of investments	$ 2,346,279	$ —
Less cost of investments sold:		
Investments at cost, beginning of year/period	21,347,050	—
Investments purchased during the year/period	—	21,347,050
Investments at cost, end of year/period	(8,820,995)	(21,347,050)
Cost of investments sold during the year/period	12,526,055	—
Net realized loss on sale of investments	$ (10,179,776)	$ —

For the year/period ended December 31, 2008 and 2007, 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 provided for maximum borrowings of $4.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. The maximum borrowings were reduced to $0.5 million during the year. There were no borrowings under this facility at December 31, 2008. The loan facility has been used to fund the agents' fee, the expenses of the offering and certain operating expenses of the Fund.

During the year ended December 31, 2008, the minimum and maximum amounts of borrowings were nil (2007 – $0.7 million) and $2.2 million (2007 – $1.7 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 December 31, 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) Other Price Risk

Other price risk is the risk that the fair value or future cash flows 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 a 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 December 31, 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 $0.1 million (approximately 9.8% of Net Assets). In practice, the actual trading results may differ, and the difference could be material.

b) 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 December 31, 2008, the Fund does 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.

Corporate Information

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