



49 NORTH RESOURCE FUND LIMITED PARTNERSHIP

Management Report of Fund Performance

For the six months ended June 30, 2007

This management report of fund performance for 49 North Resource Fund Limited Partnership (“49 North” or “Partnership”) contains financial highlights and should be read in conjunction with the interim financial statements for the six months ended June 30, 2007 and the notes that accompany those statements (collectively the “financial statements”). You may obtain a copy of the financial statements at your request, and at no cost, by writing us at #602 – 224 – 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5 or by visiting our website at www.49northresource.ca or by visiting the SEDAR website at www.sedar.com.

Security holders may also contact us by using one of these methods to request a copy of our proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

The Partnership was formed (originally under the name 49 North Resource Flow-Through Limited Partnership) under a limited partnership agreement made July 19, 2005, as amended and restated September 30, 2005 and was constituted a limited partnership under the laws of Saskatchewan upon the registration of a declaration of limited partnership (the “Declaration”) pursuant to *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan) effective July 20, 2005. In December 2005 the Partnership completed an initial public offering and private placements that raised \$6 million on the issuance of 1,200,000 limited partnership units (“Units”) at an price of \$5.00 per Unit; and, in the same month, the Partnership invested \$6,000,000 in flow-through shares of 14 Canadian resource issuers. As a result of trading over the course of 2006 the Partnership’s investment portfolio was somewhat diversified with the Partnership holding positions in 22 resource issuers as at December 31, 2006.

As part of a reorganization in the second half of 2006, (the “2006 Reorganization”), the Partnership’s limited partnership agreement was further amended and restated as of October 26, 2006 to, amongst other things, change the name of the Partnership to 49 North Resource Fund Limited Partnership, which name change legally took effect upon the registration of an amendment to the Declaration on November 8, 2006. The Partnership is now governed by this amended and restated limited partnership agreement (the “Partnership Agreement”) made as of October 26, 2006 between 49 North Resource Fund Inc., as general partner (the “General Partner”) and the persons who from time to time are limited partners of the Partnership (the “Limited Partners”). Generally, and subject to the Partnership Agreement, the General Partner has exclusive authority to manage the operations and affairs of the Partnership and to make all decisions regarding the business of the Partnership, although certain of the functions and powers of the General Partner with respect to the Partnership’s investment portfolio have been delegated to TMM Portfolio Management Inc. (“TMM” or the “Investment Manager”) pursuant to an investment management agreement originally made September 30, 2005, as amended and restated October 26, 2006 (the “Investment Management Agreement”). Also as part of the 2006 Reorganization, on December 28, 2006 the Partnership’s Units were listed (and now trade) on the TSX Venture Exchange (ticker symbol FNR.UN).

Further in 2006, certain of the officers and directors of the Partnership caused to be incorporated a new company known as 49 North 2006 Resource Fund Inc. (the “2006 GP”) which in turn formed, and acted as general partner of, another limited partnership under the laws of Saskatchewan known as 49 North 2006 Resource Flow-Through Limited Partnership (the “2006 Fund”). The management, organizational structure, business, and investment objectives, strategy and guidelines of the 2006 Fund were virtually identical to that of the Partnership prior to its 2006 Reorganization discussed above. Prior to December 31, 2006, the 2006 Fund raised gross proceeds of \$8,115,030 in its own initial public offering and related private placement (collectively the “2006 offering”), at \$5.00 per unit, of 1,623,006 limited partnership

units of the 2006 Fund (the “2006 Units”); and prior to December 31, 2006 the 2006 Fund invested a substantially equal amount in a portfolio of resource issuers with exploration programs in Saskatchewan.

Effective February 8, 2007, the Partnership and the 2006 GP, in its capacity as general partner and on behalf of the 2006 Fund, its personal, corporate capacity, and as agent and attorney for each of the limited partners of the 2006 Fund (the “2006 LPs”), entered into a reorganization agreement (the “Reorganization Agreement”), pursuant to which, effective February 21, 2007, the parties completed a series of transactions (collectively the “February 2007 Reorganization Transactions”) that resulted in the 2006 Fund effectively merging into the Partnership. The transactions included the acquisition by the Partnership of all of the 1,623,006 outstanding 2006 Units in exchange for issuing to the 2006 LPs a total of 1,598,314 Units of the Partnership, as well as the acquisition by the Partnership of all of the assets and the assumption by the Partnership of all of the liabilities of the 2006 Fund (which was then wound-up and dissolved).

The February 2007 Reorganization Transactions were carried out on the basis of the Partnership’s and the 2006 Fund’s respective Net Asset Values and Net Asset Values per Unit calculated as of the close of business on February 7, 2007, which at that time were approximately \$5,244,000 (\$4.37 per Unit) in the case of the Partnership and \$6,985,000 (\$4.30 per 2006 Unit) in the case of the 2006 Fund. The net result to the Partnership of the February 2007 Reorganization Transactions was to increase: (i) the number of its issued and outstanding Partnership Units from 1,200,000 to 2,798,314 Units; (ii) the number of companies in its portfolio to 42; (iii) the value of its portfolio from approximately \$5,858,000 to approximately \$13,892,000; (iv) its total liabilities from approximately \$614,000 to approximately \$1,051,287; and (v) the Partnership’s Net Asset Value from approximately \$5,244,000 immediately before the transactions to approximately \$12,229,000 immediately after the transactions; while maintaining a Net Asset Value of \$4.37 per Unit (note, all dollar values are based on February 7, 2007 unaudited valuations).

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Partnership was established in 2005 to invest in a diversified portfolio (the “Portfolio”) of shares of resource issuers; focusing its portfolio primarily on shares of junior and intermediate mineral exploration companies (“mining issuers”) and, to a lesser weighting, on shares of junior or intermediate oil and gas companies (“oil & gas issuers”). The Partnership may also invest up to 5% of its available funds in alternative energy issuers, but to date no funds have been invested in alternative energy issuers. Under the original Partnership Agreement and prior to the 2006 Reorganization, all available funds of the Partnership - \$6,000,000 - were invested in shares of resource issuers that constituted “flow-through shares” for the purposes of the *Income Tax Act* (Canada) under agreements pursuant to which the investee resource issuers agreed to incur and renounce to the Partnership, in amounts equal to the subscription price of the relevant flow-through shares, expenditures in respect of resource exploration and development which qualified as Canadian exploration expenses (“CEE”) including, as applicable, certain Canadian development expenses (“CDE”) which may be renounced as CEE. The CEE so renounced with an effective date on or prior to December 31, 2005 was then allocated pro rata amongst the Partnership’s Limited Partners as of December 31, 2005 who, subject to certain limitations, were generally entitled to claim deductions from income with respect to the CEE so renounced. Such Limited Partners may also have been entitled to claim certain non-refundable Federal and Saskatchewan Provincial investment tax credits in respect of the Partnership’s investments in certain mining issuers.

The October 26, 2006 amended and restated Partnership Agreement included amendments that were intended to de-emphasize the income tax considerations associated with an investment in the Partnership’s Units. In particular, the Partnership’s investment guidelines were amended to clarify that from and after December 31, 2005, the Partnership could invest its available funds in common shares or other equity linked securities of resource issuers and/or special warrants, warrants, options, rights, convertible debentures or similar convertible securities of resource issuers (collectively “resource securities” or, simply, “securities” regardless of whether or not such securities were issued on a flow-through basis. The guidelines were also amended to permit the Partnership to invest up to 5% of its available funds in publicly listed securities of issuers that are not resource issuers; as well as to purchase and sell derivative

instruments that are consistent with the Partnership's investment objective, strategy and guidelines and otherwise comply with the derivatives policy that is now included in the Partnership Agreement.

As a result of these amendments, the Partnership Agreement restated the Partnership's investment objective as follows:

“The Partnership's investment objective is to invest in a diversified Portfolio of Securities of Resource Issuers, with the focus on Resource Issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio”.

In addition to this investment objective, the Partnership Agreement includes an investment strategy pursuant to which, in making investments in resource issuers, the General Partner on behalf of the Partnership is required to consider (a) the experience of management; (b) the past production, exploration results and financial condition of investee resource issuers; (c) pricing of the securities and the relative value, liquidity and potential for growth in value of such securities; and (d) where available, engineering reports and other information relating to the exploration program to be conducted by the resource issuer.

The Partnership Agreement also contains detailed investment guidelines. Except as described above, the October 26, 2006 Partnership Agreement did not materially amend the Partnership's investment guidelines, key provisions of which continue to include the requirement that:

- at least 95% of available funds be invested in securities of resource issuers that are reporting issuers under Canadian securities laws, with not greater than 5% of such funds invested in flow-through shares of resource issuers which are not reporting issuers and which may, therefore, be subject to continuing resale restrictions.
- a minimum of 80% of available funds be invested in securities of issuers whose shares are listed and posted for trading on a Canadian stock exchange, including without limitation, the TSX and the TSX Venture Exchange; and
- the Partnership will invest not more than 5% of available funds in securities of alternative energy issuers.

Recent Developments

Independent Review Committee: The Partnership has appointed Irene Seiferling, Gary Meschishnick and Alon Zack, all of Saskatoon, Saskatchewan, as the initial “independent review committee” pursuant to National Instrument 81-107. Ms. Seiferling's firm, Board Dynamics, specializes in corporate governance consulting; she has been actively involved with various boards as a director and advisor for over 25 years and is Saskatchewan's first Institute of Corporate Directors accredited corporate director. Mr. Meschishnick is a senior partner with the law firm Meschishnick Clackson Zawada and has over 20 years experience in the areas of corporate, commercial and environmental law. Mr. Zack has been the President & CEO of Primewest Mortgage Investment Corporation since December 2006, prior to which he held senior positions with a Canadian chartered bank. The Partnership intends to be fully compliant with National Instrument 81-107 by not later than November 1, 2007.

Change in Accounting Policy: Effective January 1, 2007, the Partnership adopted the new accounting standard issued by the Canadian Institute of Chartered Accountants (the "CICA"): Handbook Section 3855, Financial Instruments – Recognition and Measurement. The standard was adopted prospectively pursuant to the respective adoption provisions and therefore there has no effect on prior periods.

CICA Handbook Section 3855 establishes the criteria for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under this standard, all financial instruments are required to be measured at fair value on recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in net income. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Partnership has immediate access. Where bid and ask prices are unavailable, the Partnership uses the closing price of the most recent transaction for that instrument. Financial assets classified as loans and receivables along with financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Transaction costs or fees attributable to the acquisition, issue or disposal of a financial asset or liability are expensed immediately to net income and are referred to on the Statements of Operations as buy commissions or sell commissions.

Impact upon Adoption of Section 3855

As a result of the adoption of these standards on January 1, 2007, the Partnership elected to classify its investments as held-for-trading and they were therefore recorded on the balance sheet at fair value, resulting in a \$96,810 decrease on January 1, 2007, with the offset to opening net assets. The decrease to net assets resulted from using the bid prices to determine fair value as at January 1, 2007, whereas closing prices were used to determine the fair market value of the investments as at December 31, 2006.

Private Placement of Convertible Debenture: The Partnership issued a \$2,000,000 secured convertible debenture on a private placement basis effective June 28, 2007. Details of this debenture are discussed below under "Results of Operation – Convertible Debenture".

Normal Course Issuer Bid: On July 16, 2007 the Partnership received all required regulatory approvals, including approval by the TSX Venture Exchange (the "Exchange"), to make a normal course issuer bid (the "Bid") for up to 276,041 of its Units representing approximately 9.86% of the 2,798,314 Units outstanding as of such date and 10% of the Partnership's "public float" as defined by applicable policies of the Exchange. The Bid will continue until the earlier July 23, 2008 and the date by which the Partnership has acquired the maximum 276,041 Units which may be purchased under the Bid. The Bid will be made through the facilities of the Exchange and the purchase and payment for the securities will be made in accordance with Exchange requirements at the market price of the Units at the time of acquisition. All Units purchased by the Partnership under the Bid will be cancelled. The Partnership has appointed Union Securities Ltd. as its broker to conduct the normal course issuer bid transactions. Management believes that the Partnership Units have been trading in a price range which does not adequately reflect their value and that the purchase of the Units under the Bid will enhance unitholder value in general. However, as at the date hereof, no Units have been purchased by the Partnership pursuant to the Bid.

Risk

The risk level of the Partnership did not significantly increase during this period of operation. The primary risk of the Partnership continues to be the volatility in fair value of investments in mining and the oil & gas securities. The market values can be impacted by trading volumes, restrictions and market price fluctuations, and market price may not be indicative of what the Partnership could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

Investing in securities of smaller resource issuer companies may be riskier than investing in larger, more established companies. Small companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of these companies to fluctuate more than those of larger companies. The market of the shares of these smaller resource issuer companies may be less liquid.

Investing in specific industry sectors, such as mining and oil & gas issuers (as the Partnership does) allows a concentrated focus on the potential in these industries, however it also means investments may be more volatile than diversified funds.

Some initiative that the Partnership has taken to help mitigate risk are:

- at the beginning of 2007, the Partnership's portfolio consisted of shares in 22 resource issuers, whereas at June 30, 2007, the portfolio was somewhat more diversified with holdings in 48 issuers (some of which were acquired through the acquisition of the 2006 Fund in the February 2007 Reorganization Transactions). The Partnership also replaced some of its flow-through shares with non flow-through shares;
- by more than doubling the number of outstanding Units as a result of the February 2007 Reorganization Transaction, management expects that administrative costs on a per Unit basis will be reduced; and
- the addition of new officers and directors throughout the preceding year and in the first six months of 2007 enhances the overall level of experience and expertise of the Partnership's management, thereby reducing somewhat the risk associated with the fact that investors were previously relying almost exclusively on the experience and expertise of Mr. Tom MacNeill who is the sole shareholder and was the sole officer of the General Partner as well as being the sole shareholder, director and officer of the Investment Manager, TMM. Additionally, the establishment of the Independent Review Committee may be expected to reduce risk by providing an additional level of independent scrutiny to transactions on conflict of interest matters.

Results of Operations

Investment Performance

During the six months ended June 30, 2007, the Partnership earned interest income of \$3,054 (June 30, 2006 - \$575) and incurred expenses of \$315,434 (June 30, 2006 - \$60,483) resulting in a net loss from investment operations of \$312,380 (\$0.11 per unit) (June 30, 2006 - \$211,613, \$0.05 per unit). Expenses for the period were audit and accounting of \$13,380, interest of \$33,464, legal fees of \$5,000, management fees of \$139,322, buying and selling commissions of \$122,181 and bank fees of \$2,087. Management fees are calculated based on 0.5% of the net asset value (NAV) of the Partnership at the end of each fiscal quarter.

Also during the six months ended June 30, 2007, the Partnership incurred a realized gain on investment of \$1,479,592 (June 30, 2006 - \$233,858) and unrealized depreciation of investments of \$244,609 (June 30, 2006 - \$487,974). Operating activity for the six months ended June 30, 2007 resulted in a net increase in net assets of \$922,603 (June 30, 2006 - net decrease in net assets of \$314,024).

Net assets have been further reduced by other issuance and reorganization costs of \$222,641 (December 31, 2006 - \$104,764) resulting in a net asset value of \$4.72 per unit (December 31, 2006 - \$5,570,511, \$4.64 per unit).

Loan Facilities

In December 2006, the Partnership established a new short-term loan facility for \$500,000 for general working capital and provided the lender with a security interest in all of the assets of the Partnership. Interest on this loan was charged at the Royal Bank of Canada's prime rate plus 2% with principal and interest payable on demand, provided that pending such demand interest was payable on the last business day of each month commencing January 31, 2007, with any interest not paid on its due date to be compounded with principal and bear interest at the above rate until paid. This loan and accrued interest of \$8,475 were repaid in full by the Partnership on March 19, 2007.

As part of the February 2007 Reorganization Transaction, the Partnership assumed all of the liabilities of the 2006 Fund. These liabilities included, without limitation, the 2006 Fund's obligations to Mr. Tom MacNeill (in such capacity hereafter referred to as the "Lender") under a loan agreement made as of July 31, 2006 pursuant to which the Lender in 2006 advanced loans to the 2006 Fund totaling \$850,000 for the payment of agent fees and other offering costs associated with the 2006 Offering and for working capital. Pursuant to the original July 31, 2006 loan agreement, as amended by an acknowledgement and loan amending agreement made February 21, 2007 (collectively the "2006 Loan Agreement"), interest on such loan continues to be payable monthly at the prime rate of the Royal Bank of Canada plus 2%, and the loan is otherwise payable within thirty days of demand by the Lender. The loan is secured by a general security interest in all of the assets of the Partnership.

Convertible Debenture

The Partnership completed the issue and sale of a \$2,000,000 convertible secured debenture on a private placement basis on June 28, 2007. The debenture is non-transferable and matures May 1, 2012 with the full principal amount payable in a single payment on maturity, except to the extent that principal is converted or the debenture redeemed prior to maturity. Outstanding principal bears interest at 9%, payable annually in cash on December 31 of each year commencing December 31, 2007.

The principal amount of the debenture is convertible in whole or in part at any time at the option of the holder into Units of the Partnership at a conversion price of \$5.00 per Unit. Additionally, if and when both the Net Asset Value per Unit and trading price of the Units reach \$6.00 for a period of at least sixty consecutive days, the Partnership will have the right to require the holder to either convert all of the outstanding principal into Units at the \$5.00 per Unit conversion price or to sell the debenture back to the Partnership at an amount equal to 120% of the then outstanding principal amount plus any accrued but unpaid interest. Pending achieving these targets, the Partnership may, on sixty days notice, call the debenture for repurchase at its \$2,000,000 face value plus accrued interest plus, if applicable, an early repurchase premium. The premium will decline at 2% annually, from 10% of face value if the debenture is repurchased prior to May 1, 2008 to 2% if repurchased in the last year prior to maturity.

The debenture is secured by a general security interest in all present and after acquired property of the Partnership, which security ranks ahead of the security granted to the Lender in respect of the 2006 Loan Agreement discussed above.

The carrying amount of the convertible debenture approximates fair value as determined by reference to current market conditions, except for the equity component of the \$2 million convertible debenture which had a fair value at issue date of \$50,000.

Related Party Transactions

The General Partner is responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. Under the terms of the Partnership Agreement, the General Partner is entitled to management fees, a share of the Partnership's income or loss and a performance bonus as described below in the "Management Fees" section of this report. In the six months ended June 30, 2007, the Partnership incurred management fees of \$139,322, of which \$89,322 was outstanding at the end

of the period. Management fees of \$14,777 related to the 2006 Fund were incurred in the period and assumed by the Partnership along with \$56,111 incurred in the year ended December 31, 2006. \$9,632 of management fees which were outstanding at December 31, 2006 were paid in the period in addition to management fees of \$70,888 which were assumed as part of the February 2007 Reorganization Transaction.

The loan facilities described above under “Loan Facility” were undertaken under normal commercial terms. For the period ending June 30, 2006, \$24,033 of interest expense was incurred (December 31, 2006 \$31,267).

Management Fees

The General Partner is responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement and is entitled to 0.01% of the net income of the Partnership and to be reimbursed by the Partnership for all expenses reasonably and properly incurred in conducting the Partnership’s business and in performing its duties and obligations under the Partnership Agreement.

Additionally, pursuant to the Partnership Agreement, for each fiscal quarter the General Partner is entitled to receive a management fee equal to 0.5% of the NAV of the Partnership calculated as of the last business day of the relevant fiscal quarter, which management fee is payable on or prior to the end of the month following the relevant fiscal quarter. Additionally, in each fiscal year of the Partnership starting with its fiscal year ended December 31, 2006, the General Partner is entitled to receive a performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each Unit that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the NAV per Unit as of that date, plus all distributions per Unit made during that fiscal year, exceeds the greater of \$5.50 and the NAV per Unit as of the last business day of the preceding fiscal year. Any such performance bonus is payable within 30 days following the end of the fiscal year to which it relates. Management fees and, if applicable, any performance bonus not paid by the due dates described above bear interest at prime plus 2% until paid in full.

The Partnership Agreement also authorizes the General Partner to retain an investment manager to manage, or assist in and/or advise the General Partner in the management of, the Partnership’s investment portfolio and to negotiate the terms and conditions of such engagement including the fees payable by the Partnership to such investment manager. Pursuant to this authority, the General Partner has retained TMM Portfolio Management Inc. (“TMM”) as the Partnership’s investment manager. TMM and the General Partner are controlled by the same person, and all or any of the management fees and, if applicable, performance bonus described above that is otherwise payable to the General Partner may instead be paid to TMM.

Financial Highlights

The following tables disclose selected financial highlights of the Partnership and are intended to assist in understanding the Partnership's performance for the six months ended June 30, 2007. This information is derived from the Partnership's financial statements.

Net Asset Value per Unit (NAV)

	2007 ²	2006	2005 ¹
Net Asset Value, beginning of period	\$ 4.64	\$ 4.76	\$ -
Initial issuance	-	-	5.00
Agent's fees and issuance costs	-	-	(0.47)
Reorganization costs	(0.11)	(0.09)	-
Net loss from investment operations	(0.11)	(0.18)	(0.02)
Realized gain on disposition of investments	0.53	0.57	-
Unrealized appreciation (depreciation) of investments	(0.19)	(0.42)	0.25
Prior period accounting change	(0.04)	-	-
Balance end of period	\$ 4.72	\$ 4.64	\$ 4.76
Balance end of period (fully-diluted)	\$ 4.73	\$ 4.64	\$ 4.76

1 25 day period from December 6, 2005 to December 31, 2005.

2 Six-month period ended June 30, 2007.

Ratios and Supplemental Data

	June 30 2007	December 30 2006	December 31 ³ 2005
Net assets	\$13,208,736	\$5,570,511	\$5,717,242
Number of units outstanding	2,798,314	1,200,000	1,200,000
Management expense ratio ⁴	4.79%	3.77%	6.30%
Portfolio turnover rate ⁵	52.49%	42.53%	0.00%
Trading expense ratio ⁶	3.13%	0.83%	0.00%
Closing market price	\$3.85	\$4.00	N/A

3 Ratios calculated from initial closing of Offering on December 6, 2005 to December 31, 2005.

4 Management expense ratio is based on total expenses (excluding commissions) for the stated period and is expressed as an annualized percentage of average net assets during the period.

5 The Partnership's portfolio turnover indicates how actively the Partnership's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all the securities in its portfolio once in the course of the year. Since no investments were traded prior to December 31, 2005, the portfolio turnover rate is 0.00% for the period ended December 31, 2005.

6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

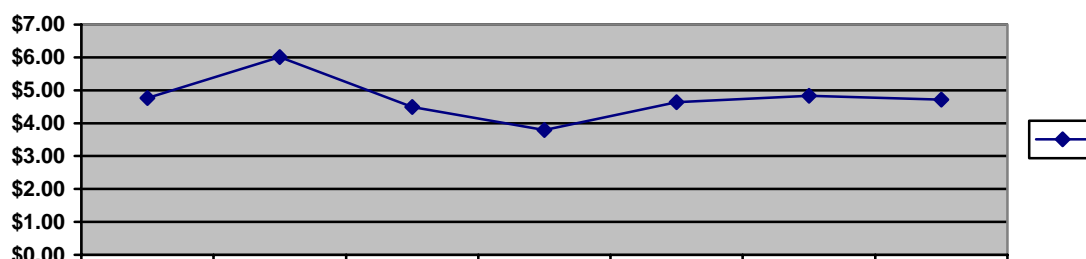
The following chart indicates the net asset value on a quarterly basis as at the end of each quarter from December 31, 2005 to June 30, 2007 inclusive. This data is provided for information purposes only. The Partnership is a close-end investment fund and, generally, investors are not entitled to have their Units redeemed by the Partnership.

The Units are listed and posted for trading on the TSX Venture Exchange (the "Exchange") under the ticker symbol FNR.UN and, generally, an investor who desires to purchase Units may do so only by contacting a registered dealer and purchasing the Units through the facilities of the Exchange. While the net asset value

of Partnership Units is calculated on each Valuation Date as set forth below, investors may not purchase Units at this amount, but rather only through the Exchange and at prices determined by the bid and ask prices as established through the facilities of the Exchange.

Historic Net Asset Values per Unit

2005 – Dec 31 = \$4.76; 2006 – Mar 30 = \$6.01, Jun 30 = \$4.49, Sep 30 = \$3.79, Dec 31 = \$4.64; 2007 – Mar 31 = \$4.83, Jun 30 = \$4.72



Summary of Investment Portfolio

The summary of investment portfolio may change due to future portfolio transactions and will be updated quarterly.

Investments at June 30, 2007	Shares / Warrants	Cost (\$)	Fair Value (\$)	% of Fund's NAV
Mineral Exploration				
Athabasca Potash Inc. ³	1,978,855	1,307,636	1,780,969	13.48%
Anglo Minerals Ltd. ¹	540,000	575,587	1,649,713	12.49%
Copper Canyon Resources Ltd. ¹	1,441,500	1,102,193	1,193,292	9.03%
Great Western Diamonds Corp. ¹	2,052,000	1,042,929	798,780	6.05%
Great West. Diamonds Corp. (warrants)	1,200,000	-	-	-
Great Western Minerals Group Inc. ¹	1,619,000	727,575	614,272	4.65%
Great West. Min. Grp. Inc. (warrants)	1,111,111	-	-	-
Red Rock Energy Inc. ³	1,784,656	1,045,960	1,249,944	9.46%
Red Rock Energy Inc. (warrants)	833,000	-	-	-
Claude Resources Inc. ²	400,000	643,770	587,353	4.45%
Vena Resources Inc. ²	430,000	602,000	572,078	4.33%
Vena Resources Inc. (warrants)	430,000	-	-	-
Wescan Goldfields Inc. ¹	1,699,586	871,696	535,977	4.06%
Wescan Goldfields Inc. (warrants)	428,571	-	-	-
Eagle Plains Resources Ltd. ¹	616,500	437,766	516,422	3.91%
Eagle Plains Resources Ltd. (warrants)	230,739	-	9,232	0.07%
Golden Band Resources Inc. ¹	934,000	377,221	437,213	3.31%
Copper Reef Mines Ltd. ³	2,000,000	600,000	533,556	4.04%
Copper Reef Mines Ltd. (warrants)	750,000	-	-	-
ESO Uranium Corp. ¹	590,000	489,000	343,050	2.60%
ESO Uranium Corp. (warrants)	250,000	-	-	-
El Nino Ventures Ltd. ¹	667,270	366,999	335,370	2.54%
El Nino Ventures Ltd. (warrants)	727,270	-	-	-
Shore Gold Inc. ²	69,100	335,426	333,678	2.53%
Tagish Lake Gold Corp. ¹	1,423,846	320,883	266,606	2.02%
Tagish Lake Gold Corp. (warrants)	1,132,423	-	-	-
CanAlaska Uranium Ltd. ¹	417,800	300,816	251,160	1.90%
CanAlaska Uranium Ltd. (warrants)	486,678	-	11,111	0.08%
Pacific Gold Inc. ¹	625,000	250,000	246,373	1.87%

Pacific Gold Inc. (warrants)	625,000	-	-	-
Valgold Resources Ltd. ¹	440,334	132,100	229,991	1.74%
Valgold Resources Ltd. (warrants)	833,334	-	86,667	0.66%
Stikine Gold Corp. ¹	1,666,667	500,000	221,736	1.68%
Stikine Gold Corp. (warrants)	833,333	-	-	-
Goldsource Mines Inc. ¹	710,000	440,249	202,913	1.54%
Blue Sky Uranium Corp. ¹	240,000	240,000	184,484	1.40%
Blue Sky Uranium Corp. (warrants)	120,000	-	-	-
ISX Resources Inc. ¹	142,500	128,307	182,562	1.38%
Northern Freegold Resources ¹	247,000	209,950	158,221	1.20%
Northern Freegold Resources (warrants)	180,000	-	-	-
Titan Uranium Inc. ¹	80,000	147,468	149,795	1.13%
Titan Uranium Inc. (warrants)	81,000	-	-	-
Aurex Copper Mines ³	640,000	160,000	142,222	1.08%
Allyn Resources Inc. ¹	1,994,000	299,000	127,730	0.97%
Allyn Resources Inc. (warrants)	997,000	-	-	-
Brett Resources Inc. ¹	129,000	92,880	124,586	0.94%
Metalex Ventures Ltd. ¹	296,000	149,775	122,516	0.93%
Soltoro Ltd. ¹	280,000	124,900	118,653	0.90%
Santoy Resources Ltd. ¹	150,000	173,996	107,911	0.82%
Santoy Resources Ltd. (warrants)	75,000	-	-	-
Berkeley Resources Inc. ¹	166,660	149,994	90,333	0.68%
Halo Resources Ltd. ¹	165,000	74,250	86,181	0.65%
Halo Resources Ltd. (warrants)	277,778	-	-	-
Skeena Resources Corp. ¹	146,500	31,497	49,087	0.37%
Diamondex Resources Ltd. ¹	50,000	18,000	14,290	0.11%
Oil and Gas				
Ruby Energy Inc. ¹	916,996	550,198	489,064	3.70%
Cheyenne Energy Inc. ¹	714,280	249,998	249,891	1.87%
Ivory Energy Inc. ¹	290,117	246,599	197,276	1.49%
Ivory Energy Inc. (warrants)	147,058	-	-	-
Oilsands Quest Inc. ⁴	70,000	212,387	170,390	1.29%
G2 Resources Inc. ¹	350,000	203,000	144,867	1.10%
G2 Resources Inc. (warrants)	175,000	-	-	-
Panterra Resources Corp. ¹	500,000	125,000	123,186	0.93%
Longford Corporation ¹	1,500,000	375,000	110,868	0.84%
Trivello Energy Corp. ¹	1,000,000	200,000	108,404	0.82%
Trivello Energy Corp. (warrants)	500,000	-	-	-
Fair Sky Resources Inc. ¹	65,570	199,989	84,004	0.64%
Nordic Oil & Gas Ltd. ¹	444,000	177,600	78,760	0.60%
Blackdog Resources Ltd. ¹	272,710	149,991	75,251	0.57%
Arsenal Energy Inc. ¹	80,000	138,019	37,449	0.28%
Magnus Energy Inc. ¹	160,000	257,451	9,461	0.07%
Notes:				
1. Listed on TSX Venture Exchange				
2. Listed on TSX				
3. Private				
4. Listed on American Stock Exchange				

Investments at December 31, 2006	Shares / Warrants	Cost (\$)	Fair Value (\$)	% of Fund's NAV
Mineral Exploration				
Wescan Goldfields Inc. ¹	1,699,586	871,696	764,814	13.73%
Wescan Goldfields Inc. (warrants)	428,571	-	-	-
Golden Band Resources Inc. ¹	1,235,080	428,558	592,838	10.64%

Santoy Resources Ltd. ¹	500,611	225,275	495,605	8.90%
Claude Resources Inc. ²	283,090	310,033	486,915	8.74%
Great Western Diamonds Corp. ¹	1,159,500	579,914	481,192	8.64%
ESO Uranium Corp. ¹	436,944	315,759	432,575	8.63%
ESO Uranium Corp. (warrants)	472,222	-	-	-
Great Western Minerals Group Inc. ¹	1,073,111	482,900	413,148	7.42%
Great West. Min. Grp. Inc. (warrants)	1,111,111	-	-	-
Tagish Lake Gold Corp. ¹	1,153,846	300,000	271,154	4.87%
Tagish Lake Gold Corp. (warrants)	576,923	-	-	-
Athabasca Potash ³	600,000	150,000	240,000	4.31%
Red Rock Energy Inc. ³	342,856	120,000	210,171	3.77%
Titan Uranium Inc. ¹	69,900	110,240	185,934	3.34%
Copper Reef Mines Ltd. ³	1,000,000	200,000	177,778	3.19%
Copper Reef Mines Ltd. (warrants)	500,000	-	-	-
Goldsource Mines Inc. ¹	567,429	397,200	164,554	2.95%
Aurex Copper Mines ³	640,000	160,000	142,222	2.55%
Allyn Resources Inc. ¹	1,994,000	299,000	139,580	2.51%
Allyn Resources Inc. (warrants)	997,000	-	-	-
Berkeley Resources Inc. ¹	55,550	49,995	47,218	0.85%
Copper Canyon Resources Ltd. ¹	10,000	7,090	7,000	0.13%
Oil and Gas				
Panterra Resources Corp. ¹	1,273,500	318,375	318,375	5.72%
Arsenal Energy Inc. ¹	269,714	465,321	210,377	3.78%
Nordic Oil & Gas Ltd. ¹	444,000	177,600	97,680	1.75%
Nordic Oil & Gas Ltd. (warrants)	50,000	-	-	-
Magnus Energy Inc. ¹	141,635	251,183	97,728	1.75%
Blackdog Resources Ltd. ¹	90,900	49,995	40,905	0.73%

Notes:

1. Listed on TSX Venture Exchange
2. Listed on TSX
3. Private