

49 NORTH 2008 RESOURCE FLOW THROUGH LIMITED PARTNERSHIP

Interim Management Report of Fund Performance

For the six months ended June 30, 2008

Dated: August 21, 2008

This management report of fund performance for 49 North 2008 Resource Flow Through Limited Partnership (the "Partnership") contains financial highlights and should be read in conjunction with the interim financial statements for the six months ended June 30, 2008 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.

As used in this report, "Tax Act" means the *Income Tax Act* (Canada) and/or the Regulations thereunder, as amended from time to time, and words and phrases that are defined in the Tax Act, and are not otherwise defined herein, including without limitation, the terms "flow-through share", "Canadian exploration expense" and "Canadian development expense" (and their abbreviated forms "CEE" and "CDE" as used herein) have the same meanings herein as therein. "Available Funds" means the gross proceeds of the Partnership's IPO plus borrowings under a Loan Agreement with FNR (as hereafter defined) less agent fees and other costs associated with the Partnership's IPO, all as discussed below under "Management Discussion of Fund Performance".

Caution Regarding Forward-Looking Information:

Certain information contained in this report constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Partnership that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Partnership believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this report. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this report include, but are not limited to: risks relating to investment performance, market fluctuations, fluctuations in prices of commodities underlying the Partnership's interests and equity investments, the strength of the Canadian and U.S. economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Partnership's portfolio investments are located, the impact of changes in accounting policies, and other risks discussed elsewhere in this report and/or in the Partnership's prospectus and other public disclosure documents filed with Canadian securities regulatory authorities and available at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Partnership has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this report is provided as of the date hereof and the Partnership and its General Partner undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this report is expressly qualified by this cautionary statement.

Management Discussion of Fund Performance

Background

The Partnership is one of a series of “flow-through funds”¹ that share common management with and function as a window for investing in 49 North Resource Fund Inc. (“FNR”) all of which flow-through funds and FNR are sometimes referred to, collectively, as the “49 North Group”. FNR was originally organized as a flow-through fund in July of 2005 and presently operates as a resource investment, financial and managerial advisory, and merchant banking corporation. The common shares of FNR are currently listed on the TSX Venture Exchange (“TSXV”) (symbol FNR). Other members of the 49 North Group have included 49 North 2006 Resource Flow-Through Limited Partnership (the “2006 Fund”) and 49 North 2007 Resource Flow-Through Limited Partnership (the “2007 Fund”), each of which was subsequently effectively merged into FNR in so-called “roll-over transactions” that were completed in February 2007 and February 2008, respectively. FNR is currently a reporting issuer in all provinces of Canada, other than Québec. Additional information concerning FNR, the 2006 Fund and the 2007 Fund is available under their respective profiles at www.sedar.com.

The Partnership was formed under a limited partnership agreement made December 10, 2007 (the “Partnership Agreement”) among 49 North 2008 Resource Fund Inc., as general partner (the “General Partner”), the Initial Limited Partner (as therein defined) and the persons who from time to time are limited partners of the Partnership (the “Limited Partners”), and was constituted a limited partnership under the laws of Saskatchewan upon the registration of a declaration of limited partnership pursuant to *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan) effective December 11, 2007. Generally, and subject to the Partnership Agreement, the General Partner has exclusive authority to manage the operations and affairs 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”) pursuant to a portfolio management agreement dated as of February 12, 2008 (the “Management Agreement”).

The Partnership did not commence active business operations until it undertook and completed an initial public offering as discussed below under “Recent Developments”.

Recent Developments

On February 14, 2008 the Partnership filed a final prospectus dated February 12, 2008 (the “prospectus”) with the securities regulators in all provinces and territories of Canada for an initial public offering (the “Offering” or “IPO”) of a minimum of 300,000 (\$3,000,000) and a maximum of 1,500,000 Units (\$15,000,000) at a price of \$10 per Unit. At the time of the prospectus, agent fees and other offering costs were estimated at \$430,000 if only the minimum offering was achieved and \$1,420,000 if the maximum

¹ The term “flow-through fund” is meant as a reference to an investment fund (whether or not a member of the 49 North Group), such as a limited partnership or other entity, that invests in flow-through shares of resource issuers with the intent that, pursuant to provisions of the Tax Act and/or provincial or territorial income tax or other legislation, the holders of the securities of the flow-through fund (such securities being sometimes referred to herein as “flow-through units”) will be able to claim deductions and/or tax credits in respect of Canadian exploration expenses renounced to the fund by such resource issuers.

offering was achieved. Also at the time of the prospectus the Partnership entered into the Management Agreement with TMM and a transfer agreement with FNR (the "Transfer Agreement") and upon the initial closing of the IPO the Partnership entered into a loan agreement with FNR (the "Loan Agreement"), each of which agreements is discussed below.

During the six months ended June 30, 2008, the Partnership issued a total of 915,655 Units in its IPO for gross proceeds of \$9,156,550. This included 556,372 Units issued for gross proceeds of \$5,563,720 at the initial closing of the Offering effective February 28, 2008 and a further 359,283 Units issued for gross proceeds of \$3,592,830 at the final closing of the Offering effective May 12, 2008. Also as of June 30, 2008, the Partnership had incurred agent fees and other offering costs of \$1,030,240, all of which are to be financed through loans from FNR under the Loan Agreement.

Investment Objectives

The Partnership's investment objective is to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of junior and intermediate resource issuers engaged in mineral or oil and gas exploration in Canada, with a view to achieving capital appreciation for Limited Partners. As at June 30, 2008 the Partnership had invested \$3,674,495 of the proceeds of its IPO in flow-through shares and, in accordance with applicable provisions of the Partnership Agreement, the General Partner anticipates that all Available Funds will be invested in flow-through shares prior to December 31, 2008. All investments will be made in accordance with the Partnership's investment strategy and investment guidelines as set forth in the Partnership Agreement under agreements ("flow-through agreements") pursuant to which the applicable resource issuer will agree to incur and renounce to the Partnership, in an amount equal to the aggregate subscription price paid for the flow-through shares acquired thereunder, expenditures in respect of resource exploration and development which qualify as CEE (including certain types of CDE which may be renounced as CEE) with an effective date not later than December 31, 2008.

The Partnership Agreement provides that, generally, 99.99% of the income or 100% of the loss of the Partnership for each fiscal year, and 100% of CEE renounced pursuant to flow-through agreements to the Partnership with an effective date in that fiscal year, shall be allocated *pro rata* among the Limited Partners who were Limited Partners of the Partnership on the last day of such fiscal year. Subject to certain limitations as discussed in detail in the prospectus, Limited Partners with sufficient income will, for income tax purposes, be entitled to claim deductions from income with respect to the CEE so allocated and may be entitled to certain investment tax credits deductible from tax payable; the effect of which – depending on an investor's personal circumstances, including without limitation his province or territory of residence and personal, marginal tax rate - is anticipated to significantly reduce the after tax cost to investors of their Units.

Pursuant to the Transfer Agreement it is anticipated that, effective on or about February 15, 2009, the assets of the Partnership will be transferred to, and in exchange for common shares of, FNR.

Results of Operations

➤ **General:** As discussed above under "Recent Developments" and "Investment Objectives", since its formation, the Partnership raised \$9,156,550 in its IPO; and as at June 30, 2008 had invested \$3,674,495 in a total of 8 Canadian resource issuers. At June 30, 2008, these portfolio assets were valued at \$3,956,703, with approximately 36.2% of the portfolio comprised of investments in mineral exploration issuers and 63.8% comprised of investments in oil and gas issuers.

As at June 30, 2008 the Partnership had assets of \$9,475,582 and liabilities of \$1,084,175, for net assets representing partners' equity of \$8,391,407; or \$9.16 per Unit based on 915,655 Units outstanding at the end of the period. Apart from the portfolio assets described above, the principal assets and liabilities of the Partnership included cash of \$4,418,576 and amounts due from FNR of \$1,077,803 (\$1,030,240 of which is

due pursuant to the Loan Agreement on account of agent fees and other offering costs incurred in connection with the IPO and is offset by a corresponding loan payable to FNR of \$1,030,240), for a total of \$5,496,379 which is expected to be invested in flow-through shares of resource issuers prior to the December 31, 2008. Other assets and liabilities include accounts receivable of \$22,500, accounts payable of \$500 and a management fee payable of \$53,435 (see below, "Management Fees").

Also during the six months ended June 30, 2008, the Partnership had a net loss from investment operations of \$17,111 based on \$36,480 in interest income versus \$53,591 in expenses including \$53,435 in management fees; and incurred unrealized appreciation of investments of \$282,208. Operating activity for the six months ended June 30, 2008 resulted in a net increase in net assets of \$265,097, or \$0.29 per Unit based on the average number of Units that were outstanding during the period.

Valuation of Investments

As discussed in note 9 of the financial statements, under generally accepted accounting principles ("GAAP"), the fair value of securities in the Partnership's portfolio that are held for trading and which are listed or traded upon a stock exchange, and the resulting calculation of the Partnership's net asset value and net asset value per Unit ("GAAP NAV"), is normally estimated by taking the latest bid prices for the securities. Investment funds have, historically, published their net asset values and net asset values per security (the "Published NAV") by estimating the fair value of publicly traded securities as of any particular date based on the closing price of such security on that date, unless the security did not trade, in which case it is valued at the average of the bid and ask price on that date. As of June 30, 2008, the Partnership's GAAP NAV, as presented in its financial statements, was \$9.16 per Unit; whereas its Published NAV was \$9.32 per Unit. All references in this Report to NAV or NAV per Unit are references to GAAP NAV unless otherwise indicated.

Related Party Transactions

Interest of the General Partner

Pursuant to the Partnership Agreement the General Partner is responsible for the management of the Partnership and, in accordance with the terms and conditions of the Partnership Agreement, 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.

Management Fees

Additionally pursuant to the Partnership Agreement, the General Partner is entitled to receive quarterly management fees and may be entitled to an annual performance bonus. 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 as the Partnership's portfolio manager pursuant to the Management Agreement and it is anticipated that all management fees and any performance bonus otherwise payable to the General Partner under the Partnership Agreement will in fact be paid to TMM under the Management Agreement. The General Partner and TMM are both controlled by the CEO of the General Partner. Pursuant to the Partnership Agreement and Management Agreement, the General Partner and/or TMM are entitled to a quarterly management fee equal to 0.5% of the Published NAV 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 ending December 31, 2008, the General Partner and/or TMM 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 Published 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.

During the six months ended June 30, 2008 the Partnership incurred management fees of \$53,435 under the arrangements described above.

Transactions with FNR

The Partnership is at arm's-length from, but shares common management with FNR in that all of the directors and officers of the General Partner are also directors and/or officers of FNR, such that the Loan Agreement and the Transfer Agreement discussed below may be considered related party transactions.

➤ **Loan Agreement:** Under the terms of a Loan Agreement made as of February 29, 2008 upon the initial closing of the Partnership's IPO, FNR agreed (i) to lend the Partnership an amount up to but not exceeding the actual agent fees and offering costs relative to the Partnership's IPO and (ii) to provide to the Partnership a revolving credit facility to fund (or reimburse the Partnership for) certain operating and administrative expenses to the extent such expenses are not funded from the proceeds of disposition of securities in the Partnership's investment portfolio. All advances under the Loan Agreement bear interest at prime plus 2%, are payable on demand and are secured by all present and after-acquired property of the Partnership, including a pledge and hypothecation of all of its portfolio investments. Pending demand, interest is payable monthly and, regardless of demand, the loans are repayable in full on the earlier of the day preceding implementation of the Proposed Roll-over Transaction (as defined below), the date of dissolution of the Partnership and March 31, 2010.

➤ **Transfer Agreement and Proposed Roll-over Transaction:** In order to provide Limited Partners with the potential for long-term growth of capital and secondary market liquidity, the General Partner entered into a Transfer Agreement with FNR effective February 12, 2008, pursuant to which the General Partner intends to implement, on or about February 15, 2009, a "Proposed Roll-over Transaction" with FNR. The Transfer Agreement currently provides that the Proposed Roll-over Transaction will be an exchange transaction pursuant to which the Partnership will transfer its assets to the FNR, on a tax deferred basis, in exchange for common shares of FNR and, within 60 days thereafter, the shares of the FNR will be distributed to the Limited Partners, *pro rata*, on a tax deferred basis upon the dissolution of the Partnership. The General Partner may, in its sole discretion, call a meeting of Limited Partners to approve the Proposed Roll-over Transaction by ordinary resolution but expects to do so only if the actual terms of the Proposed Roll-over Transaction are substantially different from those that were described in the prospectus or if it is otherwise required by law to do so. The completion of the Proposed Roll-over Transaction will be subject to the receipt of all approvals that may be necessary and the other conditions set forth in the Transfer Agreement. There can be no assurance that the Proposed Roll-over Transaction will be implemented or receive the necessary approvals (including regulatory approvals). Further, Limited Partners and other should appreciate that FNR's common shares are not redeemable. Rather, investors who desire to purchase or sell such shares may currently do so only in the secondary market through the facilities of the TSXV. The trading prices for FNR's common shares are determined by the bid and ask prices as established through the facilities of the TSXV and such trading prices may be materially different than the net asset value of such shares.

Risk

Investment in the Units of the Partnership is subject to numerous risks as disclosed in the Partnership's prospectus. The primary risk of the Partnership continues to be the volatility in the market value of

investments in mining and the oil and gas securities. Market values can be impacted by numerous factors including, without limitation, trading volumes, restrictions and market price fluctuations, and market price may not be indicative of what the Partnership could realize on the immediate sale of securities in its portfolio as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price. The Partnership's investment in securities of smaller resource companies may be riskier than investments in larger, more established companies. Small companies may have limited financial resources, a less established market for their shares and fewer shares issued. The market for their shares may be less liquid than the market for the shares of larger companies. These factors can cause the share prices of these companies to fluctuate more than those of larger companies.

Investing in specific industry sectors, such as mining and oil and 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.

Apart from the foregoing, changes in Federal and Saskatchewan investment tax credit ("ITC") programs that were announced subsequent to the date of the prospectus are expected to increase some of the tax benefits associated with investment in the Partnership's Units, thereby decreasing the overall risks of such investment. In that regard, the Tax Act includes provisions whereby taxpayers who are individuals (other than trusts) who purchase (or who are members of a partnership that purchases) certain types of flow-through shares may be entitled to a Federal non-refundable ITC equal to 15% of certain types of CEE incurred and renounced by the issuers of such shares. Generally, the CEE that gives rise to this ITC is described as "specified surface grass roots mining exploration expenses" and flow-through shares that give rise to this Federal ITC are sometimes referred to as "super flow-through shares". At the time of the prospectus the Tax Act provided that, in order for a taxpayer to claim these Federal ITC's, the resource issuer must incur the "specified surface grass roots mining exploration expenses" before 2010 and agree to renounce such CEE effective prior to 2009 under an agreement made before April 1, 2008. The Federal Government announced in its budget of February 26, 2008 that this program was being extended for another year to flow-through agreements entered into on or before March 31, 2009. As a result, the Partnership anticipates that all investments it makes this year in super flow-through shares of mining issuers will qualify for this Federal ITC. Additionally, in its budget of March 19, 2008, the Saskatchewan Government announced that it was reinstating the Saskatchewan provincial investment tax credit program under *The Mineral Exploration Tax Credit Regulations* and *The Mineral Resources Act, 1985* (as amended). Under this Saskatchewan program, which parallels the Federal program, it is anticipated that investors who are resident in Saskatchewan or are otherwise subject to Saskatchewan provincial income tax may be able to claim a 10% Provincial ITC in connection with investments made by the Partnership in super-flow through shares of mining issuers that incur eligible mining expenditures in the Province of Saskatchewan.

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, 2008. This information is derived from the Partnership's financial statements.

<i>Net Asset Value per Unit (NAV)</i>	2008 ¹
Net Asset Value, beginning of period	\$ -
Initial issuance	10.00
Agent fees and issuance costs	(1.13)
Net loss from investment operations	(0.02)
Unrealized appreciation of investments	0.31
Balance end of period (GAAP NAV)	\$ 9.16
Per Unit adjustment to Published NAV	\$ 0.16
Balance end of period (Published NAV)	\$ 9.32

<i>Ratios and Supplemental Data</i>	June 30, 2008 ¹
Net assets	\$8,391,407
Number of Units outstanding	915,655
Management expense ratio ³	-
Portfolio turnover rate ³	-
Trading expense ratio ³	-
Notes:	
1. Six-month period ended June 30, 2008.	
2. See "Valuation of Investments".	
3. Management expenses 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. The portfolio turn-over rate indicates how actively the portfolio manager manages the Partnership's 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. 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. The Partnership has not been in existence long enough to provide meaningful information on these matters.	

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 (\$) (GAAP)	% of Fund's NAV
Mineral Exploration				
Goldcliff Resources Corporation ¹	1,000,000	300,000	220,000	2.59%
Lakota Resources Inc. ¹	1,000,000	250,000	185,000	2.18%
Nu-Coal Energy Corp. ²	1,022,778	902,500	805,804	9.49%
Uranium North Resources Corp. ¹	833,333	250,000	220,833	2.60%
Oil and Gas				
Kenosee Resources Ltd. ²	8,547	50,000	44,643	0.52%
Nordic Oil & Gas Ltd. ¹	605,870	257,495	351,405	4.14%
Nordic Oil & Gas Ltd. (warrants)	302,935	-	-	-
Panwestern Energy Inc. ¹	1,250,000	750,000	1,312,500	15.46%
Panwestern Energy Inc. (warrants)	1,250,000	-	-	-
Prairie Hunter Energy Corp. ²	590,000	914,500	816,518	9.62%
Notes:				
1. Listed on TSX Venture Exchange				
2. Private				