

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

INTERIM FINANCIAL STATEMENT

(unaudited)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

In accordance with National Instrument 81-106 adopted by the securities regulatory authorities of every jurisdiction in Canada, the Partnership discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended June 30, 2006.

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

INTERIM STATEMENT OF NET ASSETS

(unaudited)

JUNE 30, 2006

| | June 30, <u>2006</u> | December 31, <u>2005</u> |
|--|----------------------------|-----------------------------|
| <u>ASSETS</u> | | |
| Investments | <u>\$ 6,254,953</u> | <u>\$ 6,308,286</u> |
| <u>LIABILITIES</u> | | |
| Bank indebtedness (Note 3) | \$ 387,909 | \$ 120,320 |
| Accounts payable | 42,111 | 17,159 |
| Issuance costs payable | 2,676 | 23,241 |
| Due to general partner (Note 4) | 37,039 | 8,324 |
| Loan payable (Note 5) | <u>402,000</u> | <u>422,000</u> |
| | <u>871,735</u> | <u>591,044</u> |
| <u>PARTNERS' EQUITY</u> | | |
| Net assets, representing partners' equity | <u>\$ 5,383,218</u> | <u>\$ 5,717,242</u> |
| Limited partnership units outstanding (Note 6) | <u>1,200,000</u> | <u>1,200,000</u> |
| Net asset value per unit | <u>\$ 4.49</u> | <u>\$ 4.76</u> |

Approved on behalf of 49 North Resource Flow-Through Limited Partnership by the Board of Directors of its General Partner, 49 North Resource Fund Inc.

“Harvey Bay”

Director

“James Engdahl”

Director

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

INTERIM STATEMENT OF INVESTMENT PORTFOLIO

(unaudited)

JUNE 30, 2006

| | <u>Shares/Warrants</u> | <u>Cost</u> | <u>Fair Value</u> |
|--|------------------------|----------------------------|----------------------------|
| Mineral Exploration | | | |
| Allyn Resources Inc. | 1,994,000 | \$ 299,000 | \$ 398,800 |
| Allyn Resources Inc. (warrants) | 997,000 | - | - |
| Anglo Minerals Ltd | 260,000 | 130,000 | 241,800 |
| Athabasca Potash Inc. | 300,000 | 150,000 | 150,000 |
| Claude Resources Inc. | 342,190 | 374,759 | 479,066 |
| ESO Uranium Corp. | 468,444 | 423,120 | 281,066 |
| ESO Uranium Corp. (warrants) | 222,222 | - | - |
| Golden Band Resources Inc. | 1,229,750 | 393,520 | 510,346 |
| Goldsource Mines Inc. | 571,430 | 400,000 | 228,572 |
| Great Western Diamonds Corp. | 1,200,000 | 600,000 | 600,000 |
| Great Western Minerals Group Inc. | 1,111,111 | 500,000 | 450,000 |
| Great Western Minerals Group Inc(warrants) | 1,111,111 | - | - |
| Kings Bay Gold Corp. | 330,000 | 99,000 | 85,800 |
| Kings Bay Gold Corp. (warrants) | 165,000 | - | - |
| Santoy Resources Ltd. | 1,111,111 | 500,000 | 555,556 |
| Shore Gold Inc. | 44,000 | 259,647 | 218,680 |
| Titan Uranium Inc. | 217,000 | 342,233 | 358,050 |
| Wescan Goldfields Inc. | 796,944 | 554,719 | 358,625 |
| UEX Corp. | 20,000 | 77,714 | 66,400 |
| Oil & gas | | | |
| Arsenal Energy Inc. | 305,714 | 527,430 | 397,428 |
| Nordic Oil & Gas Ltd. | 502,500 | 201,000 | 135,675 |
| Nordic Oil & Gas Ltd. (warrants) | 251,250 | - | - |
| Magnus Energy Inc. | 135,135 | 250,000 | 189,189 |
| Panterra Resources Corp. | 1,410,000 | <u>352,500</u> | <u>549,900</u> |
| Total Investments | | <u>\$ 6,434,642</u> | <u>\$ 6,254,953</u> |

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

INTERIM STATEMENT OF OPERATIONS

(unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2006

Income

Interest \$ 575

Expenses

Audit and accounting 13,906

Bank fees 137

Directors' fees 20,000

Interest 17,724

Management fee 28,716

80,483

Net investment loss

(79,908)

Realized gain on disposition of investments 233,858

Unrealized depreciation of investments (487,974)

Net decrease in net assets resulting from operations

\$ (334,024)

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN NET ASSETS

(unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2006

| | |
|--|----------------------------|
| Net assets, beginning of period | \$ 5,717,242 |
| Operations | |
| Net decrease in net assets resulting from operations | <u>(334,024)</u> |
| Net assets, end of period | <u>\$ 5,383,218</u> |

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

(unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2006

Cash flows from operating activities

| | |
|--|------------------------|
| Net increase in net assets resulting from operations | \$ (334,024) |
| Unrealized depreciation of investments, not affecting cash | 487,974 |
| Realized gain on disposal of investments | (233,858) |
| Net changes in non-cash working capital items | <u>53,667</u> |
| | <u>(26,241)</u> |

Cash flows from investing activities

| | |
|--|-------------------------|
| Investments purchased | (923,421) |
| Proceeds from disposition of investments | <u>722,639</u> |
| | <u>(200,782)</u> |

Cash flows from financing activities

| | |
|---------------------------------|-----------------------|
| Increase in bank indebtedness | 267,589 |
| Payment of other issuance costs | (20,566) |
| Repayment of loan payable | <u>(20,000)</u> |
| | <u>227,023</u> |

Net increase in cash during the period and cash, end of period \$ -

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(unaudited)

JUNE 30, 2006

1. Formation of partnership

49 North Resource Flow-Through Limited Partnership (the "Partnership") was formed under a limited partnership agreement (the "Partnership Agreement") made July 19, 2005 as amended and restated September 30, 2005, between 49 North Resource Fund Inc., as general partner (the "General Partner") and T&N Holdings Inc., as initial limited partner (the "Initial Limited Partner"), and was constituted a limited partnership pursuant to The Partnership Act (Saskatchewan) and The Business Names Registration Act (Saskatchewan), effective July 20, 2005.

The Partnership has been formed to invest in a diversified portfolio of flow-through shares of resource issuers including, without limitation, resource issues engaged in mineral or oil and gas exploration and development, with the focus on resource issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the portfolio and maximizing the tax benefits for investors who become Limited Partners of the Partnership.

Subject to certain exceptions as provided in the Partnership Agreement, the Partnership will be dissolved effective March 31, 2007.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of appreciation (depreciation) of investments and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of investments

Investments are recorded in the financial statements at their fair value at the end of the period, determined as follows:

Public companies

The fair value of any security which is listed or traded upon a stock exchange shall be estimated by taking the latest available sale price, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price. The quoted market value of securities that are subject to a hold period will be valued with an appropriate discount as determined by the General Partner.

The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Partnership could realized 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.

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(unaudited)

JUNE 30, 2006

2. Significant accounting policies (continued)

Valuation of investments (continued)

Warrants

The fair value of share purchase warrants is determined by the excess, if any, of the quoted market value of the underlying security over exercise price.

Any difference between the estimated fair value and the cost of the investments is treated as unrealized appreciation or depreciation.

Investment transactions and income recognition

All investment transactions are accounted for on the business day the order to buy or sell is executed. Realized gains or losses from investment transactions and unrealized appreciation and depreciation of investments are calculated on an average cost basis.

Income from investment transactions is recognized on an accrual basis.

Issuance costs

Expenses related to the initial public offering of the Partnership units have been accounted for as a reduction of partners' equity.

Allocation of income and loss

Pursuant to the Partnership Agreement, 99.99% of the net income or loss of the Partnership in each fiscal year, and 100% of Canadian exploration expenses renounced or otherwise allocated to the Partnership with an effective date in that fiscal year, will be allocated pro rata among the Limited Partners who were Limited Partners of the Partnership on the last day of such fiscal year, and 0.01% of such income or loss will be allocated to the General Partner.

Net asset value of the Partnership and net asset value per unit

The net asset value of the Partnership is the total assets of the Partnership less the liabilities of the Partnership. The net asset value per Unit of the Partnership is determined by dividing the net asset value of the Partnership by the total number of units outstanding on that date.

Income taxes

No provision for income tax has been provided in the accompanying financial statements and the Partnership does not include the personal assets of the partners, nor is the Partnership liable for any income taxes. The Limited Partners are allocated their proportionate share of any Partnership income or loss and are entitled to a tax deductions permitted under the Canadian Income Tax Act.

For income tax purposes, the adjusted cost base of flow-through shares is nil. Upon disposition of such shares, a capital gain will result and be allocated to the limited partners based upon their proportionate share of the Partnership.

Financial instruments

The fair value of the Partnership's financial assets and liabilities approximate their carrying values unless otherwise disclosed.

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(unaudited)

JUNE 30, 2006

3. Bank indebtedness

Demand bank operating line of credit bearing interest at bank prime plus 1%, secured by a pledge of all investments held by the Partnership.

4. Expenses of the Partnership

The General Partner will be responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. The General Partner will be entitled to 0.01% of the net income of the Partnership.

Additionally, pursuant to the Partnership Agreement, for each fiscal quarter the General Partner (and/or such investment manager as may be engaged by the General Partner on behalf of the Partnership) will be paid management fees, in aggregate, equal to 0.5% of the net asset value of the Partnership calculated as of the last business day of the relevant fiscal quarter; and may be paid a performance bonus, calculated effective as of the earlier of the business day prior to the implementation of a reorganization transaction and the date the Partnership is dissolved, in an amount in respect of each unit then outstanding equal to 20% of the amount; if any, by which the sum of the net asset value per unit as of that date and all distributions per unit on or prior to that date exceeds \$5.50.

The Partnership will pay for all expenses incurred in connection with the operation and administration of the Partnership. All amounts due to the General Partner are unsecured and bear no interest.

4. Loan payable

The Partnership established a demand loan facility with the owner of the General Partner (the "Lender") for the payment of issuance costs and has provided the Lender with a general security agreement in all of the assets of the Partnership. Interest is charged on the loan at a rate of the Royal Bank of Canada prime plus 2%. The loan is payable on the earlier of demand, the date preceding the date of the reorganization transaction, the date of dissolution of the Partnership, or March 31, 2007.

5. Partners' equity

The authorized capital of the Partnership is limited to 1,200,000 Partnership units. All Partnership units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Partnership and the right to one vote at any meeting of the Limited Partners.

During 2005, the Partnership completed an initial public offering of 1,200,000 limited partnership units at \$5 per unit for gross proceeds of \$6,000,000. Issuance costs related to the issue of the limited partnership units were \$565,566.

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(unaudited)

JUNE 30, 2006

6. Related party transactions

During the period, the Partnership incurred \$28,716 (December 31, 2005 - \$8,324) of management fees to the General Partner and incurred \$11,045 (December 31, 2005 - \$2,159) of interest expense to the Lender.

These transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value and is the amount of consideration established and agreed to by the related parties.

7. Financial instruments

Interest rate risk

The Partnership is exposed to cash flow risk on its floating rate debt as fluctuations in interest rates affect the amount to be repaid.

8. Tax shelter identification number

The identification number issued for this tax shelter 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 this Partnership. The tax shelter number for the Partnership is TS070789.

9. Comparative figures

Certain of the comparative figures on the statement of net assets have been reclassified to conform with the current period's presentation.

The Partnership was formed on July 20, 2005, and closed its initial issuance on December 6, 2005. Accordingly, there are no comparative figures for the statements of operations, changes in net assets and cash flows.