

**Jov Diversified Flow-Through 2008  
Limited Partnership**

Financial Statements  
**June 30, 2009**

**(Unaudited)**

# Jov Diversified Flow-Through 2008 Limited Partnership

Statement of Net Assets

(Unaudited)

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	June 30, 2009	December 31, 2008
	\$	\$
<b>Assets</b>		
Cash	1,103,645	1,268,106
Short-term investment	-	100,000
Accounts receivable	-	10,767
Investments - at fair value	<u>4,579,407</u>	<u>2,705,717</u>
	<u>5,683,052</u>	<u>4,084,590</u>
 <b>Liabilities</b>		
Accounts payable and accrued liabilities	26,336	32,659
Loan payable (note 3)	<u>1,547,209</u>	<u>1,547,209</u>
	<u>1,573,545</u>	<u>1,579,868</u>
Net assets	<u>4,109,507</u>	<u>2,504,722</u>
Partnership units outstanding (note 5)	<u>589,413</u>	<u>589,413</u>
Net asset value per Partnership unit	<u>6.97</u>	<u>4.25</u>

Approved by the General Partner  
JOV DIVERSIFIED FLOW-THROUGH 2008-II MANAGEMENT CORP.

“Hugh Cartwright” (signed)

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Hugh Cartwright  
Director

“Shane Doyle” (signed)

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Shane Doyle  
Director

# Jov Diversified Flow-Through 2008 Limited Partnership

Statement of Operations

(Unaudited)

	For the six-month period ended June 30, 2009 \$	For the period from commencement of operations on March 6, 2008 to June 30, 2008 \$
<b>Investment income</b>		
Dividend	536	-
Interest	2,209	68,829
	<u>2,745</u>	<u>68,829</u>
<b>Expenses</b>		
Administrative and other (notes 4 and 6)	122,263	64,429
Audit fees	1,203	7,724
Interest	32,456	15,357
Management fee (note 4)	35,749	58,970
	<u>191,671</u>	<u>146,480</u>
<b>Net investment loss</b>	(188,926)	(77,651)
<b>Unrealized appreciation (depreciation) on investments</b>	1,839,876	(286,563)
<b>Realized losses on investments</b>	<u>(46,165)</u>	<u>-</u>
<b>Decrease in net assets from operations</b>	<u>1,604,785</u>	<u>(364,214)</u>
<b>Decrease in net assets from operations per Partnership unit</b>	<u>2.72</u>	<u>(0.62)</u>

# Jov Diversified Flow-Through 2008 Limited Partnership

Statement of Changes in Net Assets

(Unaudited)

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	For the six- month period ended June 30, 2009 \$	For the period from commencement of operations on March 6, 2008 to June 30, 2008 \$
<b>Net assets - Beginning of period</b>	<u>2,504,722</u>	<u>-</u>
<b>Increase (decrease) in net assets from operations</b>	<u>1,604,785</u>	<u>(364,214)</u>
<b>Partners' transactions</b>		
Proceeds from issue of Partnership units	-	14,735,350
General Partner's contribution	-	10
Redemption of Partnership unit	-	(25)
Issue costs	<u>-</u>	<u>(1,552,443)</u>
	<u>-</u>	<u>13,182,892</u>
<b>Net increase in net assets</b>	<u>1,604,785</u>	<u>12,818,678</u>
<b>Net assets - End of period</b>	<u>4,109,507</u>	<u>12,818,678</u>

# Jov Diversified Flow-Through 2008 Limited Partnership

Statement of Cash Flows

(Unaudited)

	For the six- month period ended June 30, 2009 \$	For the period from commencement of operations on March 6, 2008 to June 30, 2008 \$
<b>Cash flows from operating activities</b>		
Net investment loss	(188,926)	(77,651)
Changes in non-cash working capital items		
Accounts receivable	10,767	-
Accounts payable and accrued liabilities	(6,323)	34,124
	(184,482)	(43,527)
Short-term investment	100,000	-
Purchase of investments	(614,802)	(6,733,808)
Proceeds from sale of investments	534,823	-
	(164,461)	(6,777,335)
<b>Cash flows from financing activities</b>		
Issue of initial Partnership unit	-	25
General Partner's contribution	-	10
Redemption of Partnership unit	-	(25)
Proceeds from issue of Partnership units	-	14,735,325
Proceeds from loan	-	1,547,209
Issue costs	-	(1,552,442)
	-	14,730,102
<b>Increase in cash</b>	(164,461)	7,952,767
<b>Cash - Beginning of period</b>	1,268,106	-
<b>Cash - End of period</b>	1,103,645	7,952,767
<b>Interest paid</b>	30,909	15,357

# Jov Diversified Flow-Through 2008 Limited Partnership

Statement of Investment Portfolio

As at June 30, 2009

	Number of Shares/ Warrants	Cost \$	Fair value \$	Net assets %
<b>Equity investments</b>				
Addax Petroleum Corporation	1,500	60,364	73,800	1.80
Advanced Explorations Inc.	318,182	350,000	54,091	1.32
Alberta Oilsands Inc.	1,325,500	1,259,225	324,748	7.90
Alexco Resource Corp.	112,500	225,000	249,750	6.08
Brett Resources Inc.	178,000	169,100	140,620	3.42
Canadian Natural Resources Limited	1,600	69,669	97,824	2.38
Clifton Star Resources Inc., warrants	159,090	-	-	-
Complex Minerals Corp.	40,000	262,000	168,400	4.10
Connacher Oil & Gas Ltd.	57,600	51,840	51,840	1.26
Corridor Resources Inc.	27,300	354,900	72,345	1.76
Delphi Energy Corp.	35,000	119,000	37,100	0.90
Diamonds North Resources Ltd.	310,000	372,000	46,500	1.13
Dianor Resources Inc.	1,166,667	350,000	81,667	1.99
Dianor Resources Inc., warrants	583,334	-	-	-
Excelsior Energy Limited	2,060,000	700,400	288,400	7.02
Fairborne Energy Ltd.	25,200	311,220	92,485	2.25
Forsys Metals Corp.	23,000	136,004	106,950	2.60
Fortune Minerals Limited	360,000	414,000	183,600	4.47
Glamis Resources Ltd.	414,000	455,400	173,880	4.23
Great Western Minerals Group Ltd.	2,000,000	500,000	210,000	5.11
HudBay Minerals Inc.	13,900	102,746	106,057	2.58
Kinbauri Gold Corp.	104,000	52,000	57,200	1.39
Kinbauri Gold Corp., warrants	52,000	-	-	-
Mustang Minerals Corp.	1,135,000	499,400	164,575	4.00
North Peace Energy	348,635	575,248	261,476	6.36
Nuinsco Resources Limited	1,521,800	350,014	60,872	1.48
Oilsands Quest Inc.	30,000	110,250	33,494	0.82
Open Range Energy Corp.	58,600	293,000	82,040	2.00
Orleans Energy Ltd.	26,800	58,960	56,816	1.38
San Gold Corporation	130,000	195,000	296,400	7.21
Starfield Resources Inc.	333,300	333,300	56,661	1.38
Trafalgar Energy Ltd.	50,500	222,200	37,370	0.91
Underworld Resources Inc.	443,700	244,035	701,046	17.06
Victory Nickel Inc.	1,560,000	702,000	101,400	2.47
West Hawk Development Corp.	2,000,000	700,000	110,000	2.68
		10,598,275	4,579,407	111.43
Liabilities - net of other assets			(469,900)	(11.43)
<b>Net assets</b>			4,109,507	100.00

# Jov Diversified Flow-Through 2008 Limited Partnership

Notes to Financial Statements

June 30, 2009

(Unaudited)

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## 1. Formation and purpose of the Partnership

Jov Diversified Flow-Through 2008 Limited Partnership (the “Partnership”) was formed on December 19, 2007 as a limited partnership under the laws of the Province of British Columbia and commenced operations on March 6, 2008. The principal purpose of the Partnership is to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource companies for capital appreciation and profits.

The Partnership is managed by Jov Diversified Flow-Through 2008 Management Corp. (the “General Partner”). Under the Amended and Restated Limited Partnership Agreement between the General Partner and each of the limited partners (the “LPA”) dated February 26, 2008, 99.9% of the net income of the Partnership, 100% of the net loss of the Partnership and 100% of any Eligible Expenditures renounced to the Partnership will be allocated pro-rata to the Limited Partners and the General Partner is to be allocated 0.01% of the net income of the Partnership.

The Partnership is expected to dissolve on or before September 30, 2009. Upon dissolution, Limited Partners are entitled to receive 99.99% of the net assets of the Partnership and the General Partner is entitled to receive 0.01% of the net assets. The General Partner intends to implement a transaction pursuant to which the Partnership will transfer its assets to a Mutual Fund in exchange for shares of that Mutual Fund (the “Liquidity Event”) and the Mutual Fund shares will be distributed to the Limited Partners, pro rata, on a tax deferred basis upon the dissolution of the Partnership. The Liquidity Event is subject to the mutual agreement of the General Partner and the Mutual Fund and the receipt of all necessary regulatory approvals.

## 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used by the Partnership.

### Investments in public equity securities

The fair value of equity securities which are traded in active markets is measured using the closing bid price at the period-end date. An appropriate discount from the values of an actively traded security is taken for holdings of securities when there is a formal restriction that limits the sale of the security. The amounts at which the Partnership’s publicly traded investments could be disposed of currently may differ from carrying value based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

### Investments in private equity securities

For financial instruments not traded in an active market, the Partnership establishes fair value using a valuation technique in order to estimate what the transaction price would have been on the measurement date in an arm’s length transaction motivated by normal business considerations. The initial transaction price is considered to be fair value on the date of purchase. Adjustments to carrying value are made when there is evidence of a change in the value of an investment as indicated by more recent financing transactions, or an assessment of the financial condition of an investment, based on a review of the operational results, forecasts and business developments since the investment was made. Management may also utilize comparable public transactions or industry valuation performance multiples in the estimation of fair value. Where an investment has a track record of earnings, management may use discounted cash flow models making maximum use of market based inputs in the estimation of fair value. Management makes an assessment of estimated fair value at each reporting date.

The resulting values for non-publicly traded investments may differ from values that would be realized had a ready market existed. In addition, the amounts at which the Partnership’s privately held investments

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Notes to Financial Statements

**June 30, 2009**

**(Unaudited)**

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could be disposed of currently may differ from the carrying value assigned, as a substantial period of time may have elapsed since the latest third party equity financing, and the differences could be material.

## **Warrants**

Warrants are recorded at their estimated fair value using a recognized valuation model. For private companies, management makes maximum use of publicly available inputs, such as comparable companies with appropriate adjustments to reflect the individual company circumstances to establish volatility and other inputs to the model.

## **Transaction costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, are recorded as an expense in the statement of operations.

## **Investments in public equity securities**

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# Jov Diversified Flow-Through 2008 Limited Partnership

Notes to Financial Statements

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(Unaudited)

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## Transaction costs

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## Reconciliation of NAV

The Partnership determines the fair value of its investments for purposes of preparing financial statements by following the recommendations contained in the CICA Handbook Section 3855, which, requires the use of bid prices for securities owned and traded in an active market. Pursuant to National Instrument 81-106, an investment fund must also follow Canadian GAAP when determining its net asset value for all other purposes. The Canadian Securities Administrators (“CSA”) interim relief from complying with Section 3855, for the purposes of calculating and reporting of net asset value for other than GAAP NAV (referred to as “net assets”) was incorporated into the *National Instrument 81-106 Investment Funds: Continuous Disclosure* issued in September 2008. Accordingly, the net asset value computed by the Partnership for all other purposes follows its historic methods of valuing listed securities at their last traded price. A reconciliation as at June 30, 2009 between the net asset value and net assets per partnership unit value calculated in accordance with Section 3855 of an investment fund (“net assets”) has been provided in note 8.

## Cash

Cash consists of cash and deposits with maturities of three months or less and is held with a Canadian chartered bank.

## Revenue and expense recognition

Dividend income is recognized at the ex-dividend date. Realized gains or losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of operations and calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains and losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Interest is recorded on an accrual basis. All costs directly attributable to operating activities are expenses as incurred.

Purchases and sales of securities are accounted for on a trade date basis.

For income tax purposes, the adjusted cost base of flow-through shares is reduced by the amount of expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain will result and be allocated to Limited Partners based upon their proportionate share if the Partnership.

## Issue costs

Expenses related to the initial offering of the Partnership units have been accounted for as a reduction of net assets.

## Valuation of Partnership units

Net assets per Partnership unit is calculated by dividing the net assets of the Partnership by its outstanding units on each valuation date.

## Increase (decrease) in net assets from operations per Partnership unit

Increase (decrease) in net assets from operations per partnership unit is determined by dividing the net increase (decrease) in net assets from operations by the weighted average number of units outstanding during the reporting period.

# Jov Diversified Flow-Through 2008 Limited Partnership

Notes to Financial Statements

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(Unaudited)

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## Income taxes

Since the Partnership is an unincorporated business, the liability for income taxes is that of the partners and not the Partnership. Accordingly, no provision for income taxes for the Partnership has been made in these financial statements.

## Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and income and expenses during the reporting period. Actual results could differ from those reported and the differences could be material. Significant areas involving the use of estimates include determining the estimated fair value of private investments and the fair value of warrants. In calculating the estimated fair value, the Partnership makes maximum use of publicly available market-based inputs.

## Foreign currency translation

The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the close of each valuation day. Purchases and sales of securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions..

## Financial instruments

The carrying value of accounts payable and accrued liabilities, loan payable and due to related parties approximates fair value due to the relatively short period to maturity.

### 3. Loan payable

In February 2008 the Partnership established a credit facility of up to \$5,000,000 (subject to certain conditions) with a Canadian chartered bank (the "Bank") for the payment of issue costs and provided the bank with a security interest in all the assets of the Partnership. The Partnership incurred a \$10,000 loan arrangement fee which is included in issue costs. As at June 30, 2009, the loan principle balance outstanding was \$1,547,209 (December 31, 2008 \$1,547,209) which is the maximum amount borrowed during the period. This loan is repayable at the earlier date of (a) the option of the Bank; (b) dissolution; and (c) December 31, 2009.

### 4. Expenses of the Partnership

The Partnership paid, from the proceeds of the Partnership's credit facility, all of the expenses of the offering and all other costs which were reasonably incurred in connection with the formation, capitalization or organization of the Partnership, and pays certain operating and administrative costs that are not expected to be fully deductible in computing income of the Partnership pursuant to the *Income Tax Act*.

The Partnership pays all of the expenses of carrying on of its business including the legal and audit fees, interest and administrative costs relating to financial and other reports, compliance with all applicable laws, regulations and policies. The General Partner is reimbursed for all reasonable out-of-pocket costs and expenses that are incurred by the General Partner on behalf of the Partnership in the ordinary course of business or other costs and expenses incidental to acting as general partner so long as the General Partner is not in default of its obligations. Such costs and expenses include reimbursement for any overhead costs or costs of personnel of the General Partner and its affiliated companies which provide time and services to the Partnership.

# Jov Diversified Flow-Through 2008 Limited Partnership

Notes to Financial Statements

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(Unaudited)

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The General Partner is entitled to an annual management fee of 2.0% of the net asset value of the Partnership, calculated and paid in arrears, which totalled \$5,749 for the period ended June 30, 2009 (December 31, 2008 - \$58,970). The General Partner is also entitled to a performance bonus equal to 20% of the product of: (a) the number of Units outstanding on the Performance Bonus Date (as defined in the LPA); and (b) the amount by which the net asset value per unit (prior to giving effect to the performance bonus) plus the total distributions per unit during the performance bonus term exceeds \$28. As at June 30, 2009, this threshold has not been achieved; accordingly, no performance bonus has been accrued (December 31, 2008 - \$nil).

## 5. Partners' Equity

### a) Authorized

The interest of the Limited Partners in the Partnership is divided into an unlimited number of units. The Partnership is authorized to issue a maximum of 1,600,000 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.

### b) Issued and outstanding

As at December 31, 2008, there were 589,413 Partnership units issued and outstanding.

Pursuant to the LPA, the General Partner contributed \$10 to the capital of the Partnership.

## 6. Related party balances and transactions

The General Partner has retained CADO Bancorp Ltd., a related company, to provide office space and perform certain administrative functions on behalf of the General Partner. During the period ended June 30, 2009, an amount of \$58,275 was incurred (December 31, 2008 - \$101,750). Balances and transactions with related parties have been recorded at the exchange amount.

The Partnership paid agent fees of \$994,634, being 6.75% for each unit sold in connection with the offering of Partnership units of which MGI Securities Inc.(MGI) received \$10,125 thereof. MGI is controlled by Jovian Capital Corporation who controls the Investment Manager and indirectly owns 40% of the outstanding shares of Jov Flow-Through Holdings Corp. and the General Partner.

## 7. Brokerage commissions and custodial fees

During the period ended June 30, 2009, the Partnership incurred transaction costs for its portfolio transactions of \$2,828 (December 31, 2008 - \$16,205) and custodial fees of \$2,472 (December 31, 2008 - \$4,616), which are included in administrative and other expenses in the statement of operations.

## 8. Reconciliation of net asset value

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional NAV ("net asset value") and net assets of an investment fund is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing prices currently used for the purposes of determining Trading NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than use of valuation

## Jov Diversified Flow-Through 2008 Limited Partnership

Notes to Financial Statements

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(Unaudited)

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techniques by virtue of general practice in the investment fund industry. These changes account for the difference between net asset value and net assets as follows:

	Net Asset Value as at June 30, 2009	Section 3855 Adjustment	Net Assets as at June 30, 2009
	\$	\$	\$
Total \$	4,275,450	(165,943)	4,109,507
Total per unit	7.25	(0.28)	6.97

	Net Asset Value as at December 31, 2008	Section 3855 Adjustment	Net Assets as at December 31, 2008
	\$	\$	\$
Total \$	2,582,316	(77,594)	2,504,722
Total per unit	4.38	(0.13)	4.25

### 9. Risk Management

The Partnership's activities expose it to a variety of financial instrument risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Partnership's overall risk management strategy focuses on the unpredictability of performance of early stage public and private resource investments and seeks to minimize potential adverse effects on the Partnership's financial performance. The Partnership uses diversification to moderate risk exposures associated with a concentration of investments. The Partnership's investment objective is to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource issuers with a view to achieving capital appreciation. The principal business of the resource issuers are mineral, oil or gas exploration, development or production and projects in renewable energy and the development of energy efficient technologies.

The Partnership's investment strategy is to invest in flow-through shares or resource companies that are considered to:

- a) Have experienced and reputable management with a defined track record in the energy, mining or alternative energy industries;
- b) Have a knowledgeable board of directors;
- c) Have exploration programs or exploration and development programs in place;
- d) Have securities that are suitably priced and offer capital appreciation potential; and
- e) Meet certain market capitalization and other investment criteria.

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## Market risk

### a) Price risk

The Partnership's investments are exposed to market price risk due to changing market conditions for equities as well as specific industry changes in the energy sector such as changes in commodity prices and the level of market demand as well as any changes to the tax environment in which investee entities operate. The privately held investments may be early stage investments with unproven mineral, oil or gas reserves. All investments in equity securities have an inherent risk of loss of capital. The maximum risk resulting from financial instruments investments is determined by the fair value of the financial instruments.

The Partnership seeks to manage market risks by careful selection of securities prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. The Manager also sets thresholds on individual investments to mitigate the risk of exposure to any one investment. The Partnership's overall market positions are monitored on a daily basis by the Partnership's Manager and are reviewed on a semi-annual basis by the Board of Directors.

The Partnership's overall exposure is managed by the investment restrictions outlined in the prospectus which include a requirement for 80% of investments to be held in publicly traded resource investments, an overall limit on private company investments of not more than 20% of investments and no more than 20% of investments held in any one investment.

During 2008 and 2009, global stock markets have experienced significant turbulence due to the convergence of adverse credit, liquidity and economic developments. As the Partnership invests in equity securities, the Partnership has been negatively impacted by the general market downturn. The Partnership has managed the overall portfolio exposure by adherence to the overall investment restrictions of the Partnership.

At June 30, 2009, the Partnership's market risk is impacted directly by changes in equity prices and indirectly by changes in oil and gas and other commodity prices. The immediate impact on equities of a 5% increase or decrease in the fair value of investments is approximately \$228,970.

### b) Interest rate risk

The substantial majority of the Partnership's assets are non-interest bearing. As a result, the Partnership is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates except for interest on the loan payable. Any excess cash is invested at short-term market interest rates. The Partnership's interest-bearing financial assets and liabilities expose it to risks associated with fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarizes the Partnership's exposure to interest rate risks at June 30, 2009. It includes the Partnership's assets and liabilities at fair values, categorized by the earlier of the contractual re-pricing or maturity dates.

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	Due less than 3 months	Non-interest bearing	Total
	\$	\$	\$
Cash	1,103,645	-	1,103,645
Investments	-	4,579,407	4,579,407
Loan payable	(1,547,209)	-	(1,547,209)
Other liabilities	-	(26,336)	(26,336)
	<u>(443,564)</u>	<u>4,553,071</u>	<u>4,109,507</u>

The Partnership's exposure to interest rate changes results from the differences between assets and liabilities and their respective maturities or interest rate repricing dates. Based on current differences as at June 30, 2009, the Partnership estimates that an immediate and sustained 100 basis point change in interest rates would impact net interest income over the next 12 months by approximately \$4,435.

### c) Foreign exchange risk

The financial asset and liabilities of the Partnership are all denominated in Canadian dollars. Consequently, the Partnership has no significant direct exposure to foreign currency risk.

### Credit risk

The Partnership has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

When the Partnership trades in listed or unlisted securities which are settled upon delivery using approved brokers, the risk of default is considered minimal since delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Partnership only transacts with reputable, highly credit rated brokers.

The Partnership monitors its credit position regularly, and the Board of Directors reviews it on a periodic basis. The Partnership has not identified any past due assets or receivables as at June 30, 2009.

### Liquidity risk

The Partnership is a closed end Partnership and therefore it does not have significant exposure to early redemptions of partnership units. There is no market for units of the Partnership and it is unlikely that any public market will develop through which the units may be sold. At the time of dissolution, the General Partner intends to transfer the assets of the Partnership to a mutual fund in exchange for shares of that mutual fund. However, there is no assurance that the liquidity event will be implemented and the limited partners may receive securities upon dissolution of the Partnership for which there may be an illiquid market or which may be subject to resale restrictions.

The Partnership invests in early stage energy resource companies which may be publicly listed securities but thinly traded or in privately held companies. Investments in privately held companies may not be able to be liquidated quickly at an amount close to their fair value to meet the Partnership liquidity requirements or to respond to specific events such as the deterioration in the creditworthiness of any particular issuer. Securities purchased by the Partnership may be subject to resale restrictions such as hold periods. During periods when resale restrictions apply, the Partnership may dispose of such securities only pursuant to statutory exemptions. The resulting values for non-publicly held securities may differ from values that

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would be realized had a ready market existed. Owing to the liquidity risks of early stage private company investments, the Partnership is limited to a maximum holding of 20% of investments in private companies.

The Partnership is exposed to liquidity risk related to the loan payable (note 3) which is due on demand. The Partnership manages liquidity risk by maintaining sufficient liquid cash resources and publicly listed resource companies to ensure the Partnership's liquidity requirements are met.

### **10. Partnership capital**

Units issued and outstanding represent the capital of the Partnership. The Partnership issued 589,413 units in 2008 for \$14,735,325, before issue costs. The Partnership cannot issue any additional units. Until the time of dissolution of the Partnership, the limited partners cannot redeem units. The Partnership manages capital in accordance with its investment objectives. There are no externally imposed restrictions on the Partnership's capital although any distributions of capital are limited in relation to the borrowing limits on the loan payable (note 3).

### **11. Future Accounting Standards**

The Canadian Accounting Standards Board has confirmed the *International Financial Reporting Standards* ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for fiscal periods beginning and after January 1, 2011. As the Partnership is expected to be dissolved on or before December 31, 2009, the Partnership is not expected to have to implement IFRS accounting and disclosure requirements.