JOV DIVERSIFIED FLOW-THROUGH 2007 LIMITED PARTNERSHIP

Management Report of Partnership Performance
December 31, 2007

Annual Management Report of Partnership Performance

As at December 31, 2007

Jov Diversified Flow-Through 2007 Limited Partnership

This Annual Management Report of Partnership Performance contains financial highlights but does not contain the complete annual financial statements for Jov Diversified Flow-Through 2007 Limited Partnership (the “Partnership”). You can get a copy of the annual financial statements at your request, and at no cost, by calling 1.866.688.5750, by writing the general partner, Jov Diversified Flow-Through 2007 Management Corp. (the “General Partner”), at to us at Jov Flow-Through, 1111 Melville Street, Suite 550, PO Box 3, Vancouver, BC V6E 3V6 or by visiting our website at www.jvflowthrough.com or SEDAR at www.sedar.com.

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

Forward-Looking Information

This Annual Management Report of Partnership Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Partnership. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words “believes”, “anticipates”, “plans”, “intends”, “will”, “should”, “expects”, “projects”, and similar expressions are intended to identify forward-looking information.

The General Partner believes the forecasts or projections herein are reasonable, however readers are cautioned not to place undue reliance on such forward-looking information and readers should review the prospectus filed with Canadian securities regulatory authorities. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons including, but not limited to, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Partnership may invest and the risks detailed in the Prospectus of the Partnership. We caution that the foregoing list of factors is not exhaustive.

The forward-looking information is given as of the date of this Annual Management Report of Partnership Performance, and the General Partner undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Partnership Performance

Investment Objectives

The investment objective of the Partnership is to provide limited partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource companies focused on oil & gas and mineral exploration, development and/or production companies or certain renewable energy production companies with a view to earning income and achieving capital appreciation.

Results of Operations

The Partnership raised $20 million in the fall of 2007 and invested the proceeds in 28 resource companies.

Natural Gas

2007 saw large swings in natural gas prices, but in the end it was a disappointing year for those who had hoped for a quick turnaround. After rallying early in the year, gas prices fell throughout the summer as warmer than normal winter weather kept inventory levels high. Despite significantly lower drilling levels in Canada and the resultant decline in gas exports to the US, gas exploration activities in the US remained surprisingly resilient, causing a notable increase in total supply. In addition, new liquefied natural gas (LNG) import capacities which had been under construction for years finally came on stream, adding excess natural gas to the North American market.

Fortunately, the good thing about a visible, traded commodity market is that it self-adjusts to regain balance. With low gas prices, drilling activities have declined sharply in Canada and production started to fall. With oil prices strong, importers of LNG from the rest of the world are taking away some of the gas originally destined for the US shore. Power generators are switching away from gas, and mid-stream processors are stripping out increasing amounts of liquids. All these are reducing the production and supply of natural gas, the full impact will be felt sometime in the next 12 months. Assuming normal weather patterns in 2008, this should drain excess storage of gas and the market should return to balance by the end of the year. Significant hurricane activities could also impact the natural gas market favourably in the near term.

Oil

After opening the year with a rapid decline to just below $50 per barrel, oil prices rose throughout the year, reaching a high of just below $100 by year end. The scare of an economic slowdown in the US was not enough to offset the ferocious demand from China, keeping the demand projection for oil firm. Meanwhile, the Organization for Petroleum Exporting Countries (OPEC) cut back decisively on production and successfully reversed a rising US inventory. Periodic geopolitical events added to the upside volatilities in oil prices as well. Gasoline demand remains very strong.

As oil is a global commodity, it is the prospects for the global economy that determines the outlook for oil demand. By all counts, the global economy is growing nicely. The slowdown in the US may create roadblocks but is not expected to derail the rest of the world. New discoveries of giant oil fields continue to be far and few in between despite record cash flows to oil companies. This is exacerbated by a lack of suitable offshore drilling equipment and power/money grabbing by host countries / governments.

Energy Sector Outlook

The investment outlook for the energy sector continues to be good, short term challenges notwithstanding. Global demand is growing strongly as billions of people are moving into middle class. Global supply, on the other hand, remains static despite the best efforts of the industry. It is this structural imbalance that’s driving commodity prices upwards over a long period of time. Weather, local unrest, hedge funds, and so on, may exert short term influence over oil and natural gas prices (sometimes substantial), but the long term trend is unmistakable.

Mining Sector Outlook

“Decoupling” was a topic hotly debated throughout 2007 by mining investors. Will the weakness in the US housing market spread to the rest of the US economy? Will the continuing strength in the emerging countries offset this weakness? Can metal prices “decouple” from the general stock indices? The answer, it seemed, was it depends. Precious metals such as gold, silver and platinum, and bulk materials such as coal and iron ore rose strongly, some reaching record highs as the declining US dollar boosted the attractiveness of alternative forms to store value. Specific supply tightness and resilient steel demand also helped. Most base metals, being more sensitive to the US economy, were not so lucky. All fell significantly except for copper, which staged a rally late in the year. This divergence was reflected in the stock performance. With the broadening US weakness, this debate is set to continue.

2008 will continue to see the diverging of the world economy, making short term price forecast perilous. However, the underlying structure deficits for metals of all kinds have not disappeared and the primary trend in prices is up. Flows of the demand and supply pipeline will impact prices in the near term, so more volatility is a given. As with all resource investing, the key is to identify companies that have the ability to discover new economic resources and bring them into production timely and efficiently. Precious metals, bulk materials and selected base metals should perform well in a turbulent market environment this year.

Recent Developments

The Partnership is expected to dissolve on or before June 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 (the “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.

On April 1, 2005, The Canadian Institute of Chartered Accountants, issued Section 3855 - Financial Instruments – Recognition and Measurement. This section is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006 and applies to the Partnership for the fiscal year ended December 31, 2007.

As a result of the new standards, publicly traded investments are valued at closing bid prices, warrants are valued using a valuation model based on observable market data and transaction costs are expensed.

A reconciliation of the transactional net asset value (“Transactional NAV”) and the NAV calculated in accordance with Section 3855 of an investment fund (“GAAP NAV”) is required to be disclosed in the financial statements for financial reporting periods up to September 30, 2008. A reconciliation between the Transactional NAV and the GAAP NAV as at December 31, 2007 has been provided in note 8 in the audited annual financial statements.

Credit Facility

The Partnership has a credit facility that enabled the Partnership to borrow an amount up to 12.5% of the gross proceeds of the offering for the payment of issue costs and provides the bank with a security interest in all the assets of the Partnership. As at December 31, 2007, the loan balance outstanding was

$1,600,000. The loan payable represents 8.00% of the gross proceeds raised and 11.28% of net assets. The loan matures on the earlier of December 31, 2009 and the dissolution of the Partnership.

Related Party Transactions

The General Partner is entitled to an annual management fee of 2.0% of the net asset value of the Partnership. The fee is calculated and payable monthly in arrears. For the period ended December 31, 2007 the management fee totalled $46,204 including goods and services tax (GST).

The General Partner has retained CADO Bancorp Ltd., a company controlled by directors of the General Partner, to provide office space and perform certain administrative functions on behalf of the General Partner. During the year an amount of $24,513 was incurred, which is included in administrative and other expenses.

The Partnership paid agent fees of $1,350,000, being 6.75% for each unit sold in connection with the offering of Partnership units of which MGI Securities Inc. ("MGI") received $22,343 thereof. MGI is controlled by Jovian Capital Corporation who controls the Investment Manager and indirectly owns 40% of the outstanding shares of Fairway Energy Investment Holdings Corp. and the General Partner.

Risk

There are risks associated with an investment in units of the Partnership. The most recent Prospectus of the Partnership contains a discussion of these risks and is available at our website at www.fairwayenergy.ca or on SEDAR at www.sedar.com.

There have been no major or significant changes that have had an impact on the overall risk level and investments of the Partnership.

Financial Highlights

The following tables summarize selected key financial information about the Partnerships and is intended to help you understand the Partnership's financial performance. The information is derived from the Partnership's audited annual financial statements.

Net Asset Value (NAV) per unit	
	2007
	$
Net assets (net of issue costs) - Beginning of period	22.72
Increase (decrease) from operations	
Total revenues	0.07
Total expenses	(0.15)
Realized gain (loss) for the period	(0.14)
Unrealized gain (loss) for the period	(4.77)
Total decrease from operations	(4.99)
Net assets - End of period	**17.73**

[(1)] Net asset value is based on the actual number of units outstanding at the relevant time. The decrease from operations is based on the weighted average number of units outstanding over the financial period.

[(2)] These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net asset value per unit.

Ratios and Supplemental Data	
	2007
	$
Net assets (000's)	14,181
Number of units outstanding	800,000
Management expense ratio [(1)] [(2)]	4.51%
Management expense before waivers or absorption	4.51%
Portfolio Turnover rate [(4)]	0.01%
Trading expense ratio [(3)]	2.55%
Net asset value per unit	17.73

Notes:

[(1)] This information is provided as at December 31 of the years shown.

[(2)] The Management Expense Ratio ("MER") is based on total expenses (excluding issue costs) for the stated period and is expressed as an annualized percentage of average net assets during the year.

[(3)] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net assets during the year.

[(4)] The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all of the securities in its portfolio once in the course of a year. The higher the Partnership's portfolio turnover rate in a year, the greater the trading costs payable by the Partnership in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Partnership.

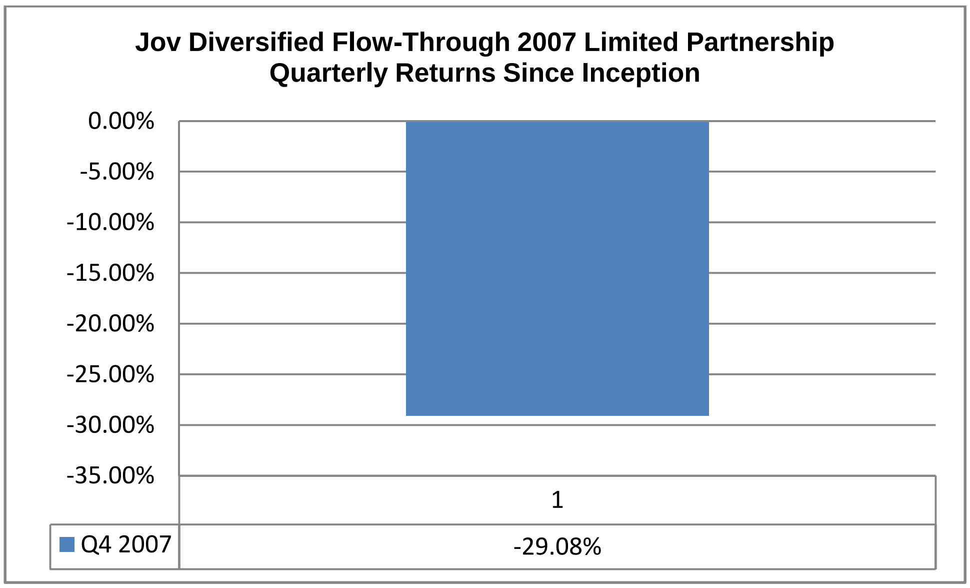
Management Fees

The General Partner is entitled to an annual fee in the aggregate amount of 2% of the Net Asset Value, calculated and paid monthly in arrears. The General Partner will also be entitled to a performance bonus (the “Performance Bonus”), equal to 20% of the product of (a) the number of Units outstanding on the Performance Bonus Date; and (b) the amount by which the net asset value per unit on the Performance Bonus date (prior to giving effect to the Performance Bonus) plus the total distributions per unit over the Performance Bonus Term exceeds $28.

Past Performance

The chart below shows the Partnership’s return on a quarterly basis, since inception. It illustrates the Partnership’s performance from quarter to quarter.

Please note that the Partnership’s past performance does not necessarily indicate how it will perform in the future.



Annual Compound Returns

The following table shows the Partnership's historical annual compound return since the Commencement of Operations on October 9, 2007 to December 31, 2007 as compared to the performance of the S&P/TSX Composite Index (the "Index").

	Period from October 9, 2007 to December 31, 2007	
Jov Diversified Flow-Through 2007 Limited Partnership	-29.08%	
S&P/TSX Composite Index	-3.01%	
Note:		
[1] The S&P/TSX Composite Index is a broad based securities market index that tracks the performance of some of the largest and most widely held Canadian stocks listed on the Toronto Stock Exchange. .		

Summary of Investment Portfolio

The following summary of the Partnership's investment portfolio reports the portfolio as at December 31, 2007 and discloses the top 25 positions held by the Partnership as a percentage of the net assets of the Partnership.

		% of Net Asset Value
Cash and cash equivalents		2.36
Equity securities		111.02
Total investment portfolio, including cash		113.38
Liabilities, net of other assets		(13.38)
Total Net Assets		100.00

Top 25 Investment Positions		
Long Positions	**$**	**% of Net Asset Value**
Connacher Oil & Gas Ltd.	1,316,000	9.28
Grey Wolf Exploration Ltd.	1,157,520	8.16
Comaplex Minerals Corp.	1,085,163	7.65
Tyhee Development Corp.	1,081,443	7.63
Laricina Energy Ltd.	1,015,000	7.16
Baffinland Iron Mines Corporation	982,706	6.92
Advanced Explorations Inc.	922,544	6.51
Alexco Resource Corp.	850,718	6.00
Earthfirst Canada Inc.	677,600	4.78
Metanor Resources Inc.	649,650	4.58
Oilsands Quest Inc.	529,945	3.74
Avalon Ventures Ltd.	521,657	3.67
Fission Energy Corp.	514,594	3.63
Sunshine Oilsands Ltd.	500,850	3.53
Athabasca Oil Sands Corp.	497,445	3.51
Trilogy Metals Inc.	464,747	3.28
Shore Gold Inc.	437,000	3.08
Roxmark Mines Limited	425,046	3.00
Excelsior Energy	386,245	2.72
Bellamont Exploration Ltd.	380,195	2.68
Open Range Energy Corp.	369,600	2.61
OPTI Canada Inc.	282,030	1.99
Buffalo Resources Corp.	250,249	1.76
Canadian Superior Energy Inc.	202,812	1.43
UTS Energy Corporation	80,700	0.57

Note:

(1) As at December 31, 2007 the Partnership had no short positions in equities.

(2) This summary of Investment Portfolio may change due to buy and sell transactions enacted by the portfolio manager. A quarterly update detailing future changes will be available on our website at www.jovflowthrough.com or you can request a quarterly update by calling Jov Flow-Through at 1.866.688.5750.

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