

**CANADIAN SMALL CAP RESOURCE FUND
2006 No. 2 LIMITED PARTNERSHIP**

**Unaudited Interim Financial Statements
For the three and six month periods ended June 30, 2007
(expressed in Canadian dollars)**

CANADIAN SMALL CAP RESOURCE FUND 2006 NO.2 LIMITED PARTNERSHIP

Suite 450, 650 W. Georgia Street
Vancouver, B.C., CANADA V6B 4N8

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Partnership have been prepared by and are the responsibility of the General Partner.

The Partnership's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

For further information please contact:

Donald M. Cameron, Chief Financial Officer of the General Partner

Tel: (604) 541 - 9420

Fax: (604) 608 - 2963

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Statement of Net Assets
As at June 30, 2007 and December 31, 2006

(expressed in Canadian dollars)

	June 30, 2007 (unaudited) \$	December 31, 2006 (audited) \$
Assets		
Cash and cash equivalents	554,069	323,932
Investments at fair value	4,425,124	4,633,215
	4,979,193	4,957,147
Liabilities		
Accounts payable and accrued liabilities	30,110	200,843
Due to General Partner (note 8)	8,979	76,499
Current portion of Promissory note (note 5)	450,000	-
Current Liabilities	489,089	277,342
Promissory note (note 5)	-	450,000
	489,089	727,342
Net Assets	4,490,104	4,229,805
Number of partnership units outstanding (note 4)	450,373	450,373
Net asset value per partnership unit	\$9.97	\$ 9.39

**On behalf of the Board of Directors of Canadian Small Cap Resource 2006 No. 2 Management Ltd.
as General Partner**

“Sargent Berner”

Sargent Berner
Director

“Shannon Ross”

Shannon Ross
Director

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Statement of Changes in Net Assets
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007 \$	For the six months ended June 30, 2007 \$
Net assets, beginning of period	4,057,831	4,229,805
Increase in net assets from operations	438,680	281,525
Partners' transactions:		
Proceeds from issuance of partnership units	-	-
Cost of issuance of partnership units (note 4)	(6,407)	(21,226)
Net assets, end of period	4,490,104	4,490,104

See accompanying notes to financial statements.

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Statement of Operations
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007	For the six months ended June 30, 2007
	\$	\$
Investment income:		
Realized gain on sale of investments	350,651	350,651
Expenses:		
Interest expense	11,189	23,795
Audit fees	3,000	6,000
Legal fees	-	4,220
Unitholder administration and communication	21,728	31,241
Portfolio advisory fee	8,450	16,107
General partner fee	14,083	26,845
Agents' service commission	2,818	5,369
	61,268	113,577
Net investment income	289,383	237,074
Change in unrealized appreciation of investments	149,297	44,451
Increase in net assets from operations	438,680	281,525
Increase in net assets from operations per unit		
Net investment income		
Unrealized appreciation of investments	\$0.64	\$0.52
	0.33	0.10
Increase in net assets from operations per partnership unit	\$0.97	\$0.62

See accompanying notes to financial statements.

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Statement of Cash Flows
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007 \$	For the six months ended June 30, 2007 \$
Cash Flows used in Operating Activities		
Increase in net assets from operations	438,680	281,525
Change in unrealized appreciation of investments	(149,297)	(44,451)
Realized gain on sale of investments	(350,651)	(350,651)
	(61,268)	(113,577)
Purchase of investments	(99,000)	(99,000)
Proceeds from sale of investments	702,194	702,194
Net change in non-cash working-capital	(17,344)	(238,254)
	524,582	251,363
Cash Flows from (used in) Financing Activities		
Proceeds from promissory note	-	-
Units issued	-	-
Issue costs	(6,407)	(21,226)
Sales commissions paid	-	-
	(6,407)	(21,226)
Increase in cash and cash equivalents during the period	518,175	230,137
Cash and cash equivalents beginning of period	35,894	323,932
Cash and cash equivalents end of period	554,069	554,069
Supplemental cash flow information		
Interest paid	\$11,189	\$23,295

See accompanying notes to financial statements

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Statement of Investment Portfolio
As at June 30, 2007
(Unaudited)

Company	Number of Common Shares	Average Cost of Common Shares	Fair Value of Common Shares	Number of Warrants	Exercise Price	Warrant Expiry	Fair Value of Warrants	Total Fair Value
Action Minerals	800,000	\$ 200,000	\$ 88,000	800,000	\$ 0.40	6/29/2008	\$ -	\$ 88,000
Amador Gold Corp	223,500	\$ 30,173	\$ 63,698	-	\$ -	n/a	\$ -	\$ 63,698
Avalon Ventures Ltd.	195,700	\$ 205,485	\$ 318,991	120,000	\$ 1.35	12/28/2007	\$ 33,600	\$ 352,591
Berkley Resources Inc.	170,000	\$ 153,000	\$ 93,500	-	\$ -	n/a	\$ -	\$ 93,500
Berkley Resources Inc.	280,000	\$ 252,000	\$ 154,000	-	\$ -	n/a	\$ -	\$ 154,000
Venturex Explorations	3,000,000	\$ 300,000	\$ 435,000	3,000,000	\$ 0.13	12/28/2007	\$ 60,000	\$ 495,000
Gold Bullion Development	1,057,500	\$ 195,638	\$ 158,625	1,057,500	\$ 0.22	12/22/2008	\$ -	\$ 158,625
Copper Ridge Explorations	750,000	\$ 150,000	\$ 131,250	-	\$ -	n/a	\$ -	\$ 131,250
Garson Resources Ltd.*	800,000	\$ 200,000	\$ 240,000	-	\$ -	n/a	\$ -	\$ 240,000
Goldeye Exploration Ltd.	1,820,000	\$ 200,200	\$ 200,200	910,000	\$ 0.20	12/29/2008	\$ -	\$ 200,200
Independent Nickel REST	300,000	\$ 105,000	\$ 213,000	-	\$ -	n/a	\$ -	\$ 213,000
Intl Bethlehem	600,000	\$ 150,000	\$ 192,000	600,000	\$ 0.25	12/21/2007	\$ 42,000	\$ 234,000
Intl Kirkland	1,500,000	\$ 120,000	\$ 285,000	-	\$ -	n/a	\$ -	\$ 285,000
Intl KRL Resource Corp.	755,000	\$ 200,075	\$ 166,100	188,750	\$ 0.37	12/21/2007	\$ -	\$ 166,100
Klondike Gold Corp	1,000,000	\$ 100,000	\$ 100,000	1,000,000	\$ 0.10	12/21/2008	\$ -	\$ 100,000
Klondike Silver Corp	400,000	\$ 200,000	\$ 154,000	400,000	\$ 0.60	12/21/2008	\$ -	\$ 154,000
Moneta Porcupine Mines	2,000,000	\$ 240,000	\$ 250,000	1,000,000	\$ 0.20	12/28/2007	\$ -	\$ 250,000
Optima Mineral - PRIVATE	200,000	\$ 100,000	\$ 100,000	-	\$ -	n/a	\$ -	\$ 100,000
Patch	100,000	\$ 100,000	\$ 195,000	-	\$ -	n/a	\$ -	\$ 195,000
Piper Capital Inc.	150,000	\$ 48,000	\$ -	-	\$ -	n/a	\$ -	\$ -
Q-Gold Resources Ltd.	580,000	\$ 104,400	\$ 89,900	580,000	\$ 0.27	12/28/2008	\$ -	\$ 89,900
Sable Resources - RELATED	250,000	\$ 200,000	\$ 172,500	125,000	\$ 0.85	1/15/2008	\$ -	\$ 172,500
Sedex Mining	-	\$ -	\$ -	625,000	\$ 0.30	12/21/2007/8	\$ -	\$ -
Tyhee Development Corp.	436,000	\$ 239,800	\$ 178,760	218,000	\$ 0.65	12/21/2007	\$ -	\$ 178,760
Valgold Resources Ltd. - RELATED	500,000	\$ 150,000	\$ 255,000	500,000	\$ 0.40	12/29/2007/8	\$ 55,000	\$ 310,000
	<u>\$ 17,867,700</u>	<u>\$ 3,943,770</u>	<u>\$ 4,234,524</u>				<u>\$ 190,600</u>	<u>\$ 4,425,124</u>

* On July 9, 2007 the shares of Garson Resources Ltd. were rolled back
725 shares for each 1000 shares owned. The Company was also renamed Garson Gold Corp

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Notes to Financial Statements
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

1 Formation of Partnership

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership (the Partnership) was formed as a limited partnership under the Partnership Act (British Columbia) on August 18, 2006. The principal purpose of the Partnership is to invest in flow-through shares of resource sector issuers in accordance with the terms of the Limited Partnership Agreement.

The General Partner of the Partnership is Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd. (the General Partner). Under the Limited Partnership Agreement between the General Partner and each of the limited partners, the General Partner is entitled to a 0.01% beneficial interest in the Partnership.

During the period ended December 31, 2006, the Partnership issued 450,373 units at \$10 per unit for gross proceeds of \$4,503,730. At June 30, 2007 the General Partner held no units in the Partnership.

The General Partner may propose to the Limited Partners at a special meeting of the Limited Partners, that will be held no later than March 31, 2008, one or more alternatives to the termination of the Partnership (Liquidity Alternatives). If a Liquidity Alternative is not approved by a majority of the Limited Partners, the Partnership will be dissolved on or about June 30, 2008, unless this date is extended by extraordinary resolution of the Limited Partners.

2 Significant Accounting Policies

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the following is a summary of significant accounting policies followed by the Partnership.

(a) Investments:

Investments in publicly traded securities are carried at fair value as determined by the bid price at the close of business at the period end. The difference between fair value and average cost, as recorded in the accounts, is described as unrealized appreciation (depreciation) of investments and is included as a separate component of the partners' equity.

Investments in securities that are not publicly traded are valued based on fair value as determined by the General Partner using the following guidelines: they are initially carried at cost until there is a substantial arm's length transaction that establishes a different value, or there is a significant change in the General Partner's expectations. These values may differ from values that would have been used had a ready market existed for these investments.

The fair value of share purchase warrants is determined by the excess of market price over exercise price.

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Notes to Financial Statements
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

(b) Cash and cash equivalents:

Cash consists of cash and deposits with original maturities of three months or less and is held with a Canadian Chartered Bank.

(c) Income and expense recognition:

The accrual method of recording income and expense is followed, with dividends being recorded on the ex-dividend date. Gains or losses arising from the sale of investments are determined on a weighted average cost basis and are recognized on the trade date. Unrealized appreciation (depreciation) of investments is determined on a weighted average cost basis.

(d) Net asset value per partnership unit:

Net asset value and increase (decrease) in net assets from operations per partnership unit is calculated as net assets at fair value, after the General Partner's entitlement, and increase (decrease) in net assets from operations divided by the number of units of the Partnership outstanding.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Allocation of Partnership income or loss:

Income or loss is allocated 99.99% to the Limited Partners and 0.01% to the General Partner.

These financial statements include only the assets, liabilities, and operations of the Partnership, and do not include other assets, liabilities, revenues or expenses, including income taxes, of the partners.

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Notes to Financial Statements
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

- (g) Issuance costs:

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

3 Expenses of the Partnership

- (a) The General Partner is entitled to an annual fee of 1.25% of the Net Asset Value (“NAV”) of the Partnership as defined.
- (b) The Portfolio Advisor, Bolder Investment Partners Limited, is entitled to an annual fee of 0.75% of the NAV of the Partnership as defined.

For the three and six month period ended June 30, 2007 there were no soft dollar amounts paid.

- (c) An annual service fee is payable to sales agents equal to 0.25% of the NAV of the Partnership as defined.
- (d) On dissolution of the Partnership or implementation of a Liquidity Alternative (the payment due date), the General Partner and the Portfolio Advisor will each be entitled to an incentive bonus of an amount calculated as 10% of the amount by which:
- i) the Net Asset Value per unit at the payment date, plus
 - ii) all distributions per unit on or prior to the payment date plus 10% per annum, completed annually from the date of distribution, exceeds
 - iii) the sum of \$10 plus appreciation thereon of 12% per annum, compounded annually from the closing of the sale of the units.
- (e) The Partnership will pay all costs for the offering of units in the Partnership and all costs of administration of the Partnership.

4 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.

Canadian Small Cap Resource Fund 2006 No 2 Limited Partnership
Notes to Financial Statements
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

As at June 30, 2007 there were 450,373 Partnership units issued and outstanding as follows:

	Number of units	Per unit	Amount
Issue of Partnership units	450,373	\$10	\$4,503,730
Issue costs incurred			(699,594)
Balance June 30, 2007	450,373		\$3,804,136

5 Promissory note

The Partnership has issued promissory notes totalling \$450,000. The original funding was used solely to finance the agents' fees and other expenses of the sale of units, in order to maximize the available funds that could be invested in flow-through shares. The promissory notes are due on March 31, 2008 and are secured by the cash and marketable securities of the Partnership. Interest is payable monthly at ten and a half per cent per annum. As at June 30, 2007 \$450,000 remains outstanding.

6 Income taxes

No provision for income taxes has been recorded in the accompanying financial statements as the annual earnings (loss) of the Partnership is allocated to unit holders, who are responsible for any income taxes applicable thereto.

7 Financial instruments

As disclosed in note 2(a) investments are carried at fair value. The quoted market values can be impacted by trading volumes and the quoted market volume 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.

In the event of the wind-up of the Partnership, a liquidity discount, as calculated by an independent evaluator, may be applied to the investments held by the Partnership to reflect this reduced value.

The carrying values of cash and cash equivalents and accounts payable approximate their fair values due to the relatively short period to maturity of the instruments.

The Partnership is not subject to significant interest rate or credit risk.

Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership
Notes to Financial Statements
For the three and six month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

8 Related party transactions

The following transactions occurred with related parties and are measured at the exchange amount.

Management fees paid to the General Partner were as follows:

- For the three months ended June 30, 2007 \$14,083
- For the six months ended June 30, 2007 \$26,845

As at June 30, 2007 \$8,979 was due to the General Partner for unpaid management fees.