

**CANADIAN SMALL CAP RESOURCE FUND
2007 No. 1 LIMITED PARTNERSHIP**

Interim Financial Statements

For the three and six and one-half month periods ending June 30, 2007
(expressed in Canadian dollars) (unaudited)

CANADIAN SMALL CAP RESOURCE FUND 2007 NO.1 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:

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Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Statement of Net Assets
As at June 30, 2007

(expressed in Canadian dollars) (unaudited)

	June 30, 2007
	\$
<hr/>	
Assets	
Cash and cash equivalents	7,774,795
Amounts receivable	619,301
Investments at fair value	724,640
Guaranteed Investment Certificate (Note 5)	830,000
Due from related party (Note 8)	8,690
	<hr/> 9,957,426
Liabilities	
Accounts payable and accrued liabilities	64,246
Bank loan payable (Note 5)	830,000
Current Liabilities	<hr/> 894,246
Net Assets	<hr/> 9,063,180
Number of partnership units outstanding (note 4)	<hr/> 1,031,354
Net asset value per partnership unit	<hr/> 8.79

**On behalf of the Board of Directors of Canadian Small Cap Resource 2007 No. 1 Management Ltd.
as General Partner**

“Sargent Berner”

Sargent Berner
Director

“Andrew Milligan”

Andrew Milligan
Director

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Statement of Changes in Net Assets
For the three and six and one-half month periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007 \$	For the period from inception December 18, 2006 to June 30, 2007 \$
Net assets, beginning of period	(44,289)	-
Increase in net assets from operations	(15,010)	(15,010)
Partners' transactions:		
Proceeds from issuance of partnership units	10,313,530	10,313,540
Cost of issuance of partnership units (note 8)	(1,191,051)	(1,235,350)
	9,122,479	9,078,190
Net assets, end of period	9,063,180	9,063,180

See accompanying notes to financial statements.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Statement of Operations and Deficit
For the three and six month and one-half periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007	For the period from inception December 18, 2006 to June 30, 2007
	\$	\$
Investment income:		
Interest income	-	-
Expenses:		
Interest expense	567	567
Audit fees	-	-
Legal fees	-	-
Unitholder administration and communication	14,443	14,443
Portfolio advisory fee	-	-
General partner fee	-	-
Agents' service commission	-	-
	(15,010)	(15,010)
Net investment loss	(15,010)	(15,010)
Change in unrealized appreciation of investments	-	-
Decrease in net assets from operations	(15,010)	(15,010)

See accompanying notes to financial statements.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Statement of Cash Flows
For the three and six month and one-half periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

	For the three months ended June 30, 2007 \$	For the period from inception December 18, 2006 to June 30, 2007 \$
Cash Flows used in Operating Activities		
Increase (decrease) in net assets from operations	\$(15,010)	\$(15,010)
Change in unrealized appreciation of investments	-	-
	(15,010)	(15,010)
Purchase of investments	(724,640)	(724,640)
Purchase of Guaranteed Investment Certificate	(830,000)	(830,000)
Net change in non-cash working-capital	(625,335)	(563,745)
	(2,194,985)	(2,133,395)
Cash Flows from (used in) Financing Activities		
Proceeds from promissory note	830,000	830,000
Units issued	10,313,530	10,313,540
Issue costs	(1,191,051)	(1,235,350)
	9,952,479	9,908,190
Increase in cash and cash equivalents during the period	7,757,494	7,774,795
Cash beginning of period	17,301	-
Cash end of period	7,774,795	7,774,795

See accompanying notes to financial statements

Canadian Small Cap Resource Fund 2007 No. 1 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
Kettle River Resources - RESTRICTED	1,750,000	\$ 350,000	\$ 350,000	-			\$ -	\$ 350,000
Menika Mining Ltd - RESTRICTED	1,667,000	\$ 200,040	\$ 200,040	833,500	0.25	12/15/2008	\$ -	\$ 200,040
Athabasca Potash Inc	194,400	\$ 174,600	\$ 174,600	-			\$ -	\$ 174,600
	<u>3,611,400</u>	<u>\$ 724,640</u>	<u>\$ 724,640</u>	<u>833,500</u>			<u>\$ -</u>	<u>\$ 724,640</u>

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Notes to Financial Statements
For the three and six month and one-half periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

1 Formation of Partnership

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership (the Partnership) was formed as a limited partnership under the Limited Partnerships Act (Ontario) on December 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 2007 No. 1 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 June 30, 2007, the Partnership issued 10,313,540 units at \$10 per unit for gross proceeds of \$ 10,313,540. 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, 2009, 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, 2009, 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) Cash and cash equivalents

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

(b) Investments:

Investments in publicly traded securities are carried at fair value as determined by the quoted market value measured as the closing bid price at the period end date. The difference between fair value and average cost, as recorded in the accounts, is described as unrealized appreciation (depreciation) of investments and is included in the statement of operations.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Notes to Financial Statements
For the three and six month and one-half periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

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.

(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 2007 No. 1 Limited Partnership
Notes to Financial Statements
For the three and six month and one-half 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 1.50% 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 period from ended June 30, 2007 there were no soft dollar amounts paid.

- (c) 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) the aggregate amount per Unit of all distributions paid prior to that time, exceeds
 - iii) \$11.65.
- (d) 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 2007 No 1 Limited Partnership
Notes to Financial Statements
For the three and six month and one-half periods ending June 30, 2007

(expressed in Canadian dollars) (unaudited)

As at June 30, 2007 there were 1,031,354 Partnership units issued and outstanding as follows:

	Number of units	Per unit	Amount
Issue of Partnership units	1,031,354	\$10	\$10,313,540
Issue costs incurred			(1,250,360)
Balance June 30, 2007	-		\$9,063,180

5 Bank loan payable

The Partnership has a Bank Loan in the amount of \$830,000. 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 Bank Loan is repayable on demand and is secured by the guaranteed investment certificate of the Partnership. Interest is payable monthly at RBC prime plus half per cent per annum.

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 2007 No. 1 Limited Partnership
Notes to Financial Statements
For the three and six month and one-half 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:

- Administrative fees totaling \$81,692 were paid to a Company which an officer is a director. These amounts were reflected as Issue Costs; and
- \$8,690 was due from the General Partner for advances made to provide for operating costs prior to the earning of management fees pursuant to the Limited Partnership Agreement.