

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership

Semi-Annual Management Report of Fund Performance

For the six months ended June 30, 2008

This semi-annual management report of fund performance contains financial highlights, but does not contain either the semi-annual or annual financial statements of the Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership (the “Partnership”). You can get a copy of the unaudited semi-annual or annual financial statements at your request, and at no cost, in the following ways: by calling our toll free number 1 888 350 8818, or by writing to us at Suite 450, 650 W. Georgia Street, Vancouver, BC, CANADA V6B 4N8 or by visiting our website at www.cscrf.ca or SEDAR at www.sedar.com.

Securityholders 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.

Management Discussion of Fund Performance

This management discussion of Canadian Small Cap Resource Funds 2007 No. 1 Limited Partnership’s (the “Partnership”) performance presents the views of Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd. (the “General Partner”) about the significant factors and developments affecting the Partnership’s performance and outlook for the period ended June 30, 2008.

Please read the caution regarding forward-looking statements located at the end of the document.

Results of Operations

For the six months ended June 30, 2008, the Partnership realized an overall gain on sale of investment of \$1,244,198 or \$1.21 per Partnership unit. However, the Partnership experienced a decrease in the unrealized value of investments held of \$5,436,297 or \$5.27 per Partnership unit due to changes in market bid prices of these holding at June 30, 2008. As a result, the Partnership incurred an overall decrease in net assets of \$4,385,979 or \$4.25 per Partnership unit.

For the same period, the Partnership earned interest income of \$6,273. The Partnership accrued audit fees relating to the period of \$16,004, incurred legal costs of \$577, and incurred unitholder administration and communication costs of \$40,197. Portfolio advisory fees and general partner fees totaling \$31,645 and \$63,288 respectively have been expensed in accordance with the formulas outlined in the Prospectus. For the period ended June 30, 2008, the Partnership incurred a net investment loss for the period of \$193,880 or \$0.19 per Partnership unit.

The Partnership entered into a Promissory note; the minimum amount borrowed during the period is \$515,000 and the maximum amount borrowed during the period is \$1,030,000. As at June 30, 2008, \$515,000 of the Promissory note remains outstanding. At June 30, 2008, this Promissory note represents 6.25% of NAV. For the six months period June 30, 2008, the Partnership incurred interest expense of \$48,442 on this note. The Promissory note was used solely to finance the Agents’ fees and other expenses of the sale of Partnership units, in order to maximize the Available Funds that could be invested in Flow-Through shares. The Promissory note is repayable as follows: \$257,500 on or before March 31, 2008 (paid), \$257,500 on or before June 30, 2008 (paid); and the remainder on or before September 20, 2008. The Promissory note bears interest at 10.5% per annum and is secured by the assets of the Partnership.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2008

Recent Developments

There have been no significant developments affecting the Partnership since the most recent annual report for the period ended December 31, 2007.

Related Party Transactions

The following transactions occurred with related parties and are recorded at the exchange amount, being the price agreed between the parties:

- a. Management fees paid to the General Partner for the six months ended June 30, 2008 \$63,288;
- b. Accounting and financial service fees paid to a corporation controlled by two directors of the parent corporation of the General Partner amounted to \$22,500 for the period.
- c. Purchased investments in companies related to common directorships, \$nil;
- d. As at June 30, 2008 \$40,429 was due to the General Partner for reimbursable costs and management services rendered in the period. The balance is unsecured, non-interest bearing and due in the normal course of operations.

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's past financial performance for the past six months. This information is derived from the Partnership's unaudited interim financial statements.

Net asset value (NAV) per Partnership Unit⁽³⁾⁽⁴⁾

	Period Ended June 30, 2008 ⁽²⁾	Period Ended December 31, 2007 ⁽¹⁾
Net asset value, beginning of period	\$ 12.24	\$ 10.00
Increase (decrease) from operations:		
Total revenue	\$ -	\$ 0.02
Total expenses	(0.19)	(0.26)
Realized gains for the period	1.21	0.15
Unrealized (losses) gains for the period	(5.27)	3.58
Total (decrease) increase from operations	\$ (4.25)	\$ 3.49
Distributions	\$ -	\$ -
Net asset value, end of period	\$ 7.99	\$ 12.24

⁽¹⁾ Results are for the period from December 18, 2006 to December 31, 2007.

⁽²⁾ Results are for the period from January 1, 2008 to June 30, 2008.

⁽³⁾ Net asset value and distributions are based on the actual number of Partnership units outstanding at the respective period. The decrease from operations is based on the weighted average number of Partnership units outstanding over the financial period.

⁽⁴⁾ This schedule is not a reconciliation of NAV since it does not reflect partners' transactions as shown on the Statement of Changes in Net Assets, including issue costs, and accordingly columns may not add.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2008

Ratios and Supplemental Data

	For the period ended June 30, 2008	For the period ended December 31, 2007⁽²⁾
Net assets (000's) ⁽¹⁾	\$ 8,236	\$ 12,622
Number of Partnership units outstanding ⁽¹⁾	1,031,354	1,031,354
Management expense ratio ⁽³⁾	1.92 %	13.63%
Portfolio turnover rate ⁽⁴⁾	12.30 %	3.77%
Trading expense ratio ⁽⁵⁾	0.07 %	N/A
Net asset value per Partnership unit ⁽¹⁾	\$ 7.99	\$ 12.24

⁽¹⁾ This information is provided as at June 30, 2008 and December 31, 2007 respectively.

⁽²⁾ This information is provided for the period from December 18, 2006 to December 31, 2007.

⁽³⁾ Management expense ratio ("MER") is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽⁴⁾ The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio adviser manages its portfolio investments. 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 the year. The higher a 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 a Partnership.

⁽⁵⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management fees

The General Partner has coordinated the organization of the Partnership. The General Partner will develop and implement all aspects of the Partnership's communications, marketing and distribution strategies and will manage the ongoing business, investment and administrative affairs of the Partnership. In consideration for these services and pursuant to the terms of the Partnership Agreement, the Partnership will pay to the General Partner an annual fee equal to 1.50% of the NAV. This fee will be calculated monthly and paid quarterly in arrears based on the NAV at the end of each preceding month. The fees for the six months ended June 30, 2008 are \$63,288.

The Portfolio Advisor will provide advice to the Partnership and support for the General Partner in identifying, analyzing and selecting investment opportunities and structures and negotiating prospective investments as agent for the Partnership. For these services the Portfolio Advisor is entitled to an annual fee of 0.75% of the NAV calculated and paid quarterly. The fees for six months ended June 30, 2008 was \$31,645.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership

Semi-Annual Management Report of Fund Performance

For the six months ended June 30, 2008

Management fee breakdown:

Administration, communication and marketing: 66%

Investment advice: 34%

In addition to the management and portfolio advisory fees described above, the General Partner and the Portfolio Advisor will each be entitled to an incentive bonus, to be paid on or before the dissolution of the Partnership, as follows:

On the earlier of (i) the business day prior to the implementation of a Liquidity Alternative and (ii) the date of dissolution of the Partnership, the Partnership shall distribute to each of the General Partner and the Portfolio Advisor an amount in respect of each Partnership Unit then outstanding equal to 10% of the amount by which the sum of the NAV per Partnership Unit as of that date and all distributions per Partnership Unit on or prior to that date, exceeds \$11.65.

Past Performance

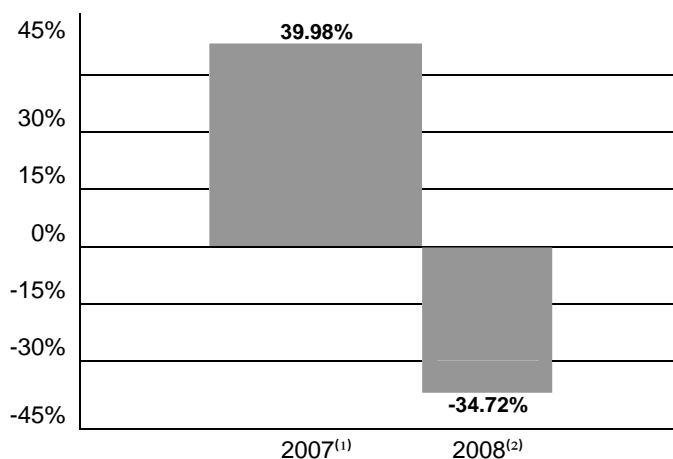
The indicated rates of return are compounded total returns for the specified fiscal periods. NAV returns are calculated using the NAV per Partnership unit.

For calculation purposes, the inception price is set equal to the NAV per Partnership unit on the Partnership's closing date of December 18, 2006, less issue costs.

Returns do not take into account sales, redemptions, distributions or optional charges, or income taxes payable that would have reduced returns. Past performance may not be indicative of future returns.

Year by Year Returns

The chart shows the performance of the investment portfolio for each of the periods shown and illustrates how the investment portfolio's performance has changed from period to period. The chart shows, in percentage terms, how an investment made on the first day of each financial period would have grown or decreased by December 31 of that year and for the six months ended June 30, 2008.



⁽¹⁾ Total return for the period December 18, 2006 to December 31, 2007

⁽²⁾ Total return for the six months ended June 30, 2008

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2008

Summary of Investment Portfolio

As at June 30, 2008

Net assets: \$8,236,218

Top 25 Holdings		Portfolio Breakdown	
Name of security	% of Net Assets	Sector/Subgroup	% of Net Assets
Athabasca Potash Inc	15.46	Precious Metals	31.13
Sanatana Diamonds Inc.	9.88	Energy	17.93
PanTerra Resources Corp.	7.08	Potash	15.46
Arsenal Energy Inc.	5.37	Base Metals	15.12
Uranium North Resources Corp	5.19	Diamonds	14.25
Fjordland Expl Inc	4.51	Uranium	9.67
Golden Band Resources Inc	4.01	Molybdenum	5.33
Wildcat Exploration Ltd	3.89	Liabilities - net of other assets	(8.89)
Alto Ventures Ltd.	3.74	Total Net Assets	100.00
Kettle River Resources Ltd.	3.40		
Zinccorp Resources	3.10		
Blind Creek Resources	3.04		
New Nadina Explorations Ltd.	2.67		
Moneta Porcupine Mines Inc.	2.63		
Menika Mining Ltd	2.53		
Moss Lake Gold Mines Ltd.	2.33		
Otish Energy Inc.	2.23		
Copper Mountain Mining Corp	2.19		
Redcliffe Explorations Inc.	2.13		
TTM Resources Inc.	1.76		
Mountain Boy Minerals Ltd	1.72		
Gowest Amalgamated Resources Ltd.	1.60		
Astral Mining Corp	1.58		
Superior Canadian Resources Inc	1.53		
International Kirkland Minerals Inc	1.52		

The summary of investment portfolio may change due to ongoing portfolio transactions. A quarterly update is available at www.cscrf.ca.

Forward-Looking Statement

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions which include, among other things that (i) the Partnership will have sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the Manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Forward looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate.

Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership
Semi-Annual Management Report of Fund Performance
For the six months ended June 30, 2008

We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. 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 in and the risks detailed from time to time in the Partnership's prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Partnership, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.