

CANADIAN SMALL CAP RESOURCE FUND
2007 No. 2 LIMITED PARTNERSHIP

Unaudited Interim Financial Statements
For the Six Months Ended June 30, 2008
(Expressed in Canadian dollars)

CANADIAN SMALL CAP RESOURCE FUND 2007 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 2007 No. 2 Limited Partnership

Statements of Net Assets

As at June 30, 2008 and December 31, 2007

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 2,843,590	\$ 4,250,747
Guaranteed Investment Certificate (note 5)	-	225,000
Cash	218,818	22,343
Accounts receivable	17,747	5,982
	\$ 3,080,155	\$ 4,504,072
Liabilities		
Loans payable (note 5)	\$ 500,000	\$ 500,000
Due to General Partner (note 8)	14,724	52,218
Accounts payable and accrued liabilities	19,535	198,892
	\$ 534,259	\$ 751,110
Net Assets	\$ 2,545,896	\$ 3,752,962
	-	
Number of partnership units outstanding (notes 1,4)	500,000	500,000
Net asset value per partnership unit	\$5.09	\$7.51

**On behalf of the Board of Directors of Canadian Small Cap Resource Fund 2007 No. 2
Management Ltd. as General Partner**

“Stephen Wilkinson”

Stephen Wilkinson
Director and CEO

“Andrew Milligan”

Andrew Milligan
Director

The accompanying notes are an integral part of these financial statements.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Statements of Operations

For the Six Months Ended June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

	Six Months Ended June 30 , 2008 \$
Investment income:	
Interest income	2,011
Expenses (note 3):	
General partner fee	19,496
Unitholder administration and communication	34,528
Portfolio advisory fee	9,749
Interest expense	27,816
Audit fees	6,000
Legal fees	1,362
	98,951
Net investment loss	(96,940)
Net realized gain on sale of investments	142,555
Change in unrealized depreciation of investments	(1,253,157)
Decrease in net assets from operations	(1,207,542)
Increase (decrease) in net assets from operations per unit	
Net investment loss	(0.20)
Net realized gain on sales of investments	0.29
Change in unrealized depreciation of investments	(2.51)
Decrease in net assets from operations per partnership unit	(2.42)

The accompanying notes are an integral part of these financial statements.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Statements of Changes in Net Assets

For the Six Months Ended June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

	Six Months Ended June 30, 2008	From inception on September 18, 2007 December 31, 2007
	\$	\$
Net assets, beginning of period	3,752,962	-
Decrease in net assets from operations	(1,207,542)	(636,659)
Partners' transactions:		
Proceeds from issuance of partnership units (notes 1,4)	-	5,000,000
Cost of issuance of partnership units (notes 1,4)	476	(610,379)
	476	4,389,621
Net assets, end of period	2,545,896	3,752,962

The accompanying notes are an integral part of these financial statements.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Statements of Cash Flows

For the Six Months Ended June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

	Six Months Ended June 30, 2008 \$
Cash Flows from (used in) Operating Activities	
Decrease in net assets from operations	(1,207,542)
Net realized gain on sale of investments	(142,555)
Change in unrealized depreciation of investments	1,253,157
	(96,940)
Proceeds on sale of investments	296,555
Net change in non-cash balances related to operations	(3,616)
	195,999
Cash Flows used in Financing Activities	
Issue costs	476
	476
Increase in cash during the period	196,475
Cash, beginning of period	22,343
Cash, end of period	218,818
Supplemental cash flow information	
Interest paid	27,816

The accompanying notes are an integral part of these financial statements.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Statement of Investments

As at June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

Issuer	Notes	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost \$	Fair Value \$	% of Portfolio
Arsenal Energy Inc.		582,000				250,260	442,320	15.55%
CMC Metals Ltd.		350,000				260,550	122,500	4.31%
CMC Metals Ltd.			350,000	31-Dec-08	0.80	1,950	-	0.00%
Cuda Capital Corp.		1,150,000				114,770	69,000	2.43%
Cuda Capital Corp.			575,000	27-Nov-08	0.20	230	-	0.00%
Eagle Plains Resources Ltd.		178,500				124,057	53,550	1.88%
Eagle Plains Resources Ltd.			178,500	21-Jun-09	1.00	893	-	0.00%
Garson Resources Ltd.		547,000				175,040	68,375	2.40%
Geo Minerals Ltd.		230,000				46,000	80,500	2.83%
Goldeye Explorations Ltd.		1,500,000				210,000	127,500	4.48%
Gowest Amalgamated Resources Ltd.		1,200,000				249,700	132,000	4.64%
Gowest Amalgamated Resources Ltd.			500,000	31-Dec-08	0.35	300	-	0.00%
Meadow Bay Capital Corp.	1	834,000				250,200	166,800	5.87%
Meadow Bay Capital Corp.	1		417,000		0.45	-	-	0.00%
Northern Continental Resources Inc.		875,000				350,000	153,125	5.38%
Northern Continental Resources Inc.			437,500	14-Dec-08	0.60	-	-	0.00%
Plato Gold Corp.		2,273,000				250,030	181,840	6.39%
Plato Gold Corp.			2,273,000	12-Dec-08/09	0.20/0.30	-	-	0.00%
Reef Resources Ltd.		550,000				243,300	66,000	2.32%
Reef Resources Ltd.			550,000	21-Dec-08/09	0.65/0.90	4,200	-	0.00%
Rochester Energy Corp.		750,000				300,000	180,000	6.33%
Sage Gold Inc.		500,000				249,325	95,000	3.34%
Sage Gold Inc.			250,000	14-Nov-09	0.75	675	-	0.00%
Sentinel Rock Oilsands Corp.	3	417,000				250,200	250,200	8.80%
Silvershield Resources Corp.		1,001,000				250,250	130,130	4.58%
Silvershield Resources Corp.			500,500			-	-	0.00%
Stratabound Minerals Corp.		556,000				250,200	116,760	4.11%
Tajzha Ventures Ltd.		715,000				242,750	85,800	3.02%
Tajzha Ventures Ltd.			715,000	28-Dec-08/09	0.40/0.45	7,500	-	0.00%
Uracan Resources Ltd.		500,000				293,100	177,500	6.24%
Uracan Resources Ltd.			250,000	21-Dec-09	1.00	6,900	-	0.00%
Uranium North Resources Corp.		546,000				300,300	144,690	5.09%
						\$ 4,862,680	\$ 2,843,590	100.00%

- (1) RESTRICTED
- (2) RELATED
- (3) PRIVATE

The accompanying notes are an integral part of these financial statements.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

1) Formation of Partnership

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership (the Partnership) was formed as a limited partnership under the Limited Partnerships Act (British Columbia) on September 18, 2007. 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. 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, 2007, the Partnership issued 500,000 units at \$10 per unit for gross proceeds of \$5,000,000. At June 30, 2008 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

Basis of presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and except for those noted below, follow the same accounting policies and methods of their application as the annual financial statements. These interim financial statements do not include in all respects the annual disclosure requirements of generally accepted accounting principles and should be read in conjunction with the most recent annual statements. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Partnership's audited financial statements for the year ended December 31, 2007. In the opinion of the Partnership, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim period presented.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

2) Significant Accounting Policies (continued)

Change in accounting policy

Capital disclosures and financial instruments – disclosures and presentation

Recently, the CICA issued three new accounting standards: Handbook Section 1535, “Capital Disclosures”, Handbook Section 3862, “Financial Instruments – Disclosures”, and Handbook Section 3863, “Financial Instruments – Presentation”. Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new Sections 3862 and 3863 replace Handbook Section 3861, “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks. These new sections became effective January 1, 2008 and do not have a material impact on the Partnership’s financial position as of June 30, 2008.

New Accounting Pronouncements

The Partnership will adopt the new standard “Goodwill and Intangible Assets” (Section 3064) for its fiscal year beginning January 1, 2009. This Section replaces Section 3062 “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The Partnership is currently evaluating the impact of the adoption of this new Section on its financial statements.

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Partnership for the year ended December 31, 2010. While the Partnership has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition of IFRS cannot be reasonably estimated at this time.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

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.
- 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 \$11.65.

As at December 31, 2007 this threshold had been reached; however, no provision for incentive bonus has been accrued as the incentive is contingent on the future performance of the Partnership.

- d) The Partnership will pay all costs for the offering of units in the Partnership and all costs of administration of the Partnership.
- e) The Partnership incurred no transaction costs for its portfolio transactions during the period.

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.

5) Loans payable

The Partnership has loans payable totalling \$500,000. These loans are secured by promissory notes from the Partnership, bear interest at 10.5% per annum, and are repayable on or before March 31, 2009.

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

6) Financial instruments

Market risks – Unfavourable economic conditions may negatively impact the Partnership's net asset value. The Partnership manages market risk by having a diversified portfolio which is not singularly exposed to any one issuer. The Partnership's investment activities are currently concentrated in the natural resource industry. To minimize overexposure, the Partnership has set thresholds on individual investments which also require the approval of its Investment Review Committee.

Cash flow/revenue – The Partnership's liquidity and operating results may be adversely affected if the value of the Partnership's investments decline resulting in capital losses on disposition. The Partnership generates cash flow primarily from its cash position, proceeds from the disposition of its investments, in addition to interest income earned on its cash position. The Partnership has sufficient cash and marketable securities to fund its obligations as they become due under normal operating conditions.

Interest and credit risk – As the Partnership holds cash balances with its brokers, those balances are exposed to the risk of a financial loss occurring as a result of default. The Partnership believes it is not significantly exposed to credit risk, as the brokers that it deals with are financially stable. The Partnership's promissory note bears interest at a fixed annual rate. The Partnership's only other interest bearing asset at June 30, 2008, is its cash balance.

Liquidity risk – The Partnership invests in early stage resource companies which may be publicly available securities but thinly traded or in privately held companies. The resulting values for its securities may differ from values reflected had a more liquid market existed, and as such may be exposed to liquidity risk.

Under the terms of the Partnership Agreement there are no redemptions permitted until the dissolution of the Partnership, and management monitors the liquidity of the portfolio as the dissolution date becomes a factor, at which time liquidity alternatives, if required, are considered. As such management believes liquidity risk is adequately managed.

7) Management of capital

The Partnership's objectives when managing capital (defined as Partnership Equity plus Loan Facility) are:

- a) To ensure that the Partnership maintains the level of working capital necessary to meet the requirements of its operations and loan facility;
- b) To allow the Partnership to respond to changes in economic and/or marketplace conditions by maintaining the Partnership's ability to purchase new investments;

Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited – see notice of no auditor review of interim financial statements)

7) Management of capital (continued)

- c) To optimize the limited partners':
 - a. Income tax deductions through the acquisition of flow-through investments; and
 - b. Unit value by capitalizing on investment opportunities;
- d) To ensure that the obligations to the limited partners for distributions are met.

The Partnership manages its capital and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Partnership maintains or adjusts the components of its capital to enable it to meet its objectives by:

- i) Realizing proceeds from the disposition of its investments;
- ii) Borrowing funds in the form of advances from related parties;

The Partnership is not subject to any capital requirement imposed by a regulator. It is required to maintain a guaranteed investment certificate as collateral for its loan facility. There were no changes in the Partnership's approach to capital management during the period. To date, the Partnership has not declared any cash distributions to its partners as part of its capital management program. The Partnership's management is responsible for the management of capital and monitors the Partnership's requirements on a daily basis. The Partnership expects that its current capital resources will be sufficient to discharge its liabilities as at June 30, 2008.

8) 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 period ended June 30, 2008 were \$19,496;
- b. Accounting and financial service fees paid to a company controlled by two directors of the parent corporation of the General Partner amounted to \$17,500 for the period and this amount is disclosed in unitholder administration and communication;
- c. As at June 30, 2008, \$14,724 was due to the General Partner for reimbursable costs and management services rendered in the period as yet unpaid. The balance is unsecured, non-interest bearing and due in the normal course of operations.