

**FAIRCOURT CSCRF 2008 No. 1 LIMITED  
PARTNERSHIP**

Unaudited Interim Financial Statements  
**For the Period from Inception on December 19, 2007 until June 30, 2008**  
(Expressed in Canadian dollars)

**FAIRCOURT CSCRF 2008 NO. 1**  
**LIMITED PARTNERSHIP**  
Suite 450, 650 W. Georgia Street  
Vancouver, B.C., CANADA V6B 4N8

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**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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**Faircourt CSCRF 2008 No. 1 Limited Partnership**

Statement of Net Assets

As at June 30, 2008

(Expressed in Canadian Dollars)

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

	<b>June 30, 2008</b>
<b>Assets</b>	
Cash	\$ 3,625,393
Investments at fair value	1,304,240
Guaranteed Investment Certificate (note 5)	684,024
Due from General Partner (note 8)	16,665
Accounts receivable	10,097
	<b>\$ 5,640,419</b>
<b>Liabilities</b>	
Loan payable (note 5)	\$ 678,165
Accounts payable and accrued liabilities	153,066
	<b>\$ 831,231</b>
<b>Net Assets</b>	<b>\$ 4,809,188</b>
	-
Number of partnership units outstanding (notes 1,4)	531,894
Net asset value per partnership unit	<b>\$9.04</b>

**On behalf of the Board of Directors of Faircourt Canadian Small Cap Resource Fund 2008 No. 1 Management Ltd. as General Partner**

“Stephen Wilkinson”  
Stephen Wilkinson  
Director

“Charles Taerk”  
Charles Taerk  
Director

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

**Faircourt CSCRF 2008 No. 1 Limited Partnership**

## Statement of Operations

For the Period from Inception on December 19, 2007 to June 30, 2008

(Expressed in Canadian Dollars)

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

	From Inception on December 19, 2007 to June 30 , 2008 \$
<b>Investment income:</b>	
Interest income	5,859
<b>Expenses (note 3):</b>	
General partner fee	18,011
Unitholder administration and communication	69,340
Portfolio advisory fee	10,806
Interest expense	9,696
Audit fees	3,000
Legal fees	18,875
	129,728
Net investment loss	(123,869)
Unrealized appreciation of investments	291,315
<b>Increase in net assets from operations</b>	<b>167,446</b>
<b>Increase (decrease) in net assets from operations per unit</b>	
Net investment loss	(0.23)
Change in unrealized depreciation of investments	0.55
<b>Increase in net assets from operations per partnership unit</b>	<b>0.32</b>

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

**Faircourt CSCRF 2008 No. 1 Limited Partnership**

Statement of Changes in Net Assets

For the Period from Inception on December 19, 2007 to June 30, 2008

(Expressed in Canadian Dollars)

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

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	From Inception on December 19, 2007 to June 30, 2008 \$
<b>Net assets, beginning of period</b>	-
<b>Increase in net assets from operations</b>	167,446
<b>Partners' transactions:</b>	
Proceeds from issuance of partnership units (notes 1,4)	5,318,940
Cost of issuance of partnership units (notes 1,4)	(677,198)
	<hr/> 4,641,742
<b>Net assets, end of period</b>	<hr/> 4,809,188

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

**Faircourt CSCRF 2008 No. 1 Limited Partnership**

## Statement of Cash Flows

For the Period from Inception on December 19, 2007 to June 30, 2008

(Expressed in Canadian Dollars)

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

	From Inception on December 19, 2007 to June 30, 2008 \$
<b>Cash Flows from (used in) Operating Activities</b>	
Increase in net assets from operations	167,446
Change in unrealized depreciation of investments	(291,315)
	(123,869)
Purchase of investments	(1,012,925)
Purchase of Guaranteed Investment Certificate	(678,165)
Net change in non-cash balances related to operations	120,445
	(1,694,514)
<b>Cash Flows used in Financing Activities</b>	
Proceeds from loan payable	678,165
Units issued	5,318,940
Issue costs	(677,198)
	5,319,907
<b>Increase in cash during the period</b>	<b>3,625,393</b>
<b>Cash, beginning of period</b>	<b>-</b>
<b>Cash, end of period</b>	<b>3,625,393</b>
<b>Supplemental cash flow information</b>	
Interest paid	9,696

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

## Faircourt CSCRIF 2008 No. 1 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
Fjordland Exploration Inc.	1	1,334,000	-			200,100	260,130	19.94%
Guardian Exploration Inc.	1	750,000	-			262,500	240,000	18.40%
PanTerra Resource Corp.	1	857,500	-			300,125	583,100	44.71%
Uranium North Resources Corp.	1	834,000	-			250,200	221,010	16.95%
						\$ 1,012,925	\$ 1,304,240	100.00%

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

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

## **Faircourt CSCRF 2008 No. 1 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)

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### **1) Formation of Partnership**

Faircourt CSCRF 2008 No. 1 Limited Partnership (the Partnership) was formed as a limited partnership under the Limited Partnerships Act (British Columbia) on December 19, 2007 and commenced active operations on January 1, 2008. 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 Faircourt CSCRF 2008 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, 2008, the Partnership issued 531,894 units at \$10 per unit for gross proceeds of \$5,318,940 and incurred issue costs of \$677,198 which resulted in available funds of \$4,641,742. 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, 2010, 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, 2010, unless this date is extended by extraordinary resolution of the limited partners.

### **2) Significant Accounting Policies**

#### Basis of presentation

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

#### a) Cash

Cash consists of cash and deposits with original maturities of three months or less and are held with a Canadian Chartered Bank and the account of the Partnership's Portfolio Advisors.

#### b) Investments

The Partnership's management estimates the fair value of investments based on the criteria outlined below.

## **Faircourt CSCRF 2008 No. 1 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)

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### **2) Significant Accounting Policies (continued)**

#### b) Investments (continued)

##### i) Publicly-traded investments

- (1) Securities that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on the last quoted bid price at the statement of net assets date or the closing bid price on the last day the security traded if there were no trades at the statement of net assets date.
- (2) Securities that are traded on a recognized exchange but that are escrowed or otherwise legally restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Partnership considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investment.
- (3) Warrants of companies, whose shares trade on a recognized security exchange, are recorded at their estimated fair value using a recognized valuation model.
- (4) The amounts at which the Partnership's publicly-traded investments could be disposed of currently may differ from carrying value based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

##### ii) Privately-held investments

- (1) Securities in privately-held companies are valued using valuation techniques established by management, taking into consideration relevant information such as a significant subsequent equity financing by an unrelated, professional investor, or evidence of other value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition.
- (2) Warrants of privately-held securities are recorded at their estimated fair value using a recognized valuation model, with management making maximum use of publicly available inputs, such as data from comparable companies which are publicly traded with appropriate adjustments to reflect the individual company circumstances and to reflect the fact that they are privately-held.

## **Faircourt CSCRF 2008 No. 1 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)

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### **2) Significant Accounting Policies (continued)**

#### b) Investments (continued)

##### ii) Privately-held investments (continued)

(3) The resulting values for non-publicly traded investments may differ from values that would be determined had a ready market existed. In addition, the amounts at which the Partnership's privately-held investments could be disposed of currently may differ from the carrying value assigned, and the differences could be material.

#### c) Income and expense recognition

Securities transactions are recorded on a trade date basis. Dividend income is recognized on the ex-dividend date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations and calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains and losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Interest is recorded on an accrual basis. All costs directly attributable to revenue generation are expensed as incurred and netted against the appropriate income earned.

#### 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.

## **Faircourt CSCRF 2008 No. 1 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)

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### **2) Significant Accounting Policies (continued)**

#### g) Issuance costs

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

#### 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.

## **Faircourt CSCRF 2008 No. 1 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)

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### **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.
- 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 20% 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 \$11.20.
- 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) Loan payable**

The Partnership has a loan payable totalling \$678,165. This loan is secured by assignment of guaranteed investment certificate from the Partnership, bears interest at Royal Bank prime + 0.50% per annum, and is repayable on demand.

## **Faircourt CSCRF 2008 No. 1 Limited Partnership**

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

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### **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;

## **Faircourt CSCRF 2008 No. 1 Limited Partnership**

Notes to the Financial Statements

June 30, 2008

(Expressed in Canadian Dollars)

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### **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 \$18,011;
- b. Accounting and financial service fees paid to a company controlled by two directors of the parent corporation of the General Partner amounted to \$32,542 for the period and the amount is disclosed in unitholder administration and communication;
- c. The parent corporations of the General Partner were collectively reimbursed \$125,220 during the period for administrative costs attributable to the Partnership, of which \$84,152 is disclosed in issue costs and \$33,268 is disclosed in unitholder administration and communication and \$7,800 is disclosed in legal fees;
- d. As at June 30, 2008, \$16,665 was receivable from the General Partner for issue costs settled by the Partnership on behalf of the General Partner less management services rendered in the period as yet unpaid. The balance is unsecured, non-interest bearing and due in the normal course of operations.