

Faircourt CSCRF 2008 No. 1 Limited Partnership

Semi-Annual Management Report of Fund Performance

For the period ended June 30, 2008

This semi-annual management report of fund performance contains financial highlights, but does not contain the complete semi-annual financial statements of the Faircourt CSCRF 2008 No. 1 Limited Partnership (the “Partnership”). You can get a copy of the semi-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 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 the Partnership’s performance presents the views of Faircourt CSCRF 2008 No. 1 Management Ltd. (the “General Partner”) about the significant factors and development affecting the Partnership’s performance and outlook for the period from December 19, 2007 to June 30, 2008.

Investment objectives and strategies

The Partnership invested in Flow-Through Shares of Resource Issuers engaged in mineral exploration in Canada, with a view to maximizing the tax benefit of an investment in the Partnership and achieving capital appreciation. The Partnership invested the Available Funds such that Limited Partners were entitled to claim certain deduction from income and nonrefundable investment tax credits for income tax purpose for the 2008 taxation year.

Investments were made primarily in the junior resource sector with the objective of creating a diversified resource portfolio. The Partnership focused on companies in the junior resource sector with exploration programs considered to be of merit. The Partnership’s investment portfolio was managed with a view to capital appreciation of the Partnership’s investments. The Partnership’s investment strategy was to invest in Flow-Through Shares issued by Resource Issuers that the General Partner considered to: (i) represent good value; (ii) have experienced and capable senior management; (iii) have a planned exploration program; and (iv) offer potential for future growth.

Risk

The overall risk of the Partnership is as described in the prospectus dated February 27, 2008.

There were no material changes to the Partnership over the financial period that affected the overall level of risks associated with an investment in the Partnership. The suitability and investor risk tolerance of the Partnership remain as disclosed in the prospectus.

Results of Operations

The Partnership was formed on December 19, 2007. A closing of 415,854 Partnership units (gross proceeds of \$4,158,540) took place on March 11, 2008 and another closing of 116,040 Partnership units (gross proceeds of \$1,160,400) took place on April 8, 2008 and as a result, the Partnership incurred \$677,198 in issue costs. Investments were made with the proceeds in accordance with the Partnership’s stated investment strategy as outlined in the February 27, 2008 prospectus.

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For the period ended June 30, 2008, the Partnership experienced an increase in the unrealized value of investments of \$291,315, or \$0.55 per Partnership unit. This represents the net increase in the fair value of the portfolio at June 30, 2008 over the original purchase cost of the investments. The Partnership experienced an overall \$167,446 or \$0.32 per Partnership unit increase in net assets for the period.

For the period ended June 30, 2008, the Partnership earned interest income of \$5,859, accrued \$3,000 of audit fees and incurred unitholder administration and communication costs of \$69,340. Portfolio Advisory fees of \$10,806 and General Partner fees of \$18,011 were expensed as calculated in accordance with the formulas outlined in the prospectus. The net investment loss for the period was \$123,869 or \$0.23 per Partnership unit.

The Partnership has a loan payable totaling \$678,165. The minimum amount borrowed during the period was \$nil and the maximum amount borrowed during the period was \$678,165. At June 30, 2008, the loan balance outstanding is \$678,165 which represents 14.10% of NAV. The Partnership incurred \$9,696 in related interest expense as a result of this loan. The loan 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 and thus write-offs to unitholders. This loan is secured by assignment of guaranteed investment certificate from the Partnership, bears interest at Royal Bank prime + 0.50% per annum, and are repayable on demand.

Recent Developments

There have been no significant developments affecting the Partnership since inception.

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.

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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. This information is derived from the Partnership's unaudited semi-annual financial statements.

Net asset value (NAV) per Partnership unit ⁽²⁾⁽³⁾

	June 30 2008 ⁽¹⁾	
Net asset value, beginning of period	\$	<u>10.00</u>
Increase(decrease) from operations:		
Total revenue	\$	0.01
Total expenses	\$	(0.24)
Realized gains for the period	\$	-
Unrealized gains for the period	\$	<u>0.55</u>
Total increase from operations	<u>\$</u>	<u>0.32</u>
Distributions	<u>\$</u>	<u>-</u>
Net asset value, end of period	<u>\$</u>	<u>9.04</u>

⁽¹⁾ Results are for the period from December 19, 2007 to June 30, 2008.

⁽²⁾ Net asset value and distributions are based on the actual number of Partnership units outstanding at the respective period. The increase (decrease) from operations is based on the weighted average number of Partnership units outstanding over the financial period.

⁽³⁾ 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.

Ratios and Supplemental Data

As the Partnership was in the start-up phase during the period no ratios or supplementary data are presented.

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 1.25% of the NAV. This fee will be calculated and paid quarterly in arrears based on the NAV at the end of each preceding quarter. The fees for the period ended June 30, 2008 was \$18,011.

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 fee for the period ended June 30, 2008 was \$10,806.

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Management fees breakdown:

Administration, communication and marketing: 62.5%

Investment advice and agents' commissions: 37.5%

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:

The Incentive Bonus is intended to provide an incentive for the General Partner and the Portfolio Advisor to maximize the Limited Partners' return on their investment in Units. The aggregate Incentive Bonus will be equal to 20% of the amount, if any, by which total Net Asset Value per Unit at the relevant time plus the aggregate amount per Unit of all distributions paid prior to that time exceeds \$11.20. The Incentive Bonus, if any, will be divided equally between the General Partner and the Portfolio Advisor.

Past Performance, Year by Year Returns

As the Partnership was in the start-up phase during this period, and whereas investments only started in the current period, past performance is not applicable.

Summary of Investment Portfolio

As at June 30, 2008

Net Assets: \$4,809,188

Holdings

<u>Name of Security</u>	<u>% of Net Assets</u>
PanTerra Resource Corp.	12.12
Fjordland Exploration inc.	5.41
Guardian Exploration Inc.	4.99
Uranium North Resources Corp.	4.60

Portfolio Breakdown

<u>Sector/Subgroup</u>	<u>% of Net Assets</u>
Cash	89.62
Energy	12.12
Gas & Oil	4.99
Uranium	4.60
Base Metals	2.70
Precious Metals	2.70
Liabilities - net of other assets	(16.73)
	100.00

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

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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.

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, Faircourt CSCRF 2008 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.