

Interim**REPORT**

norrep2007FTLP



norrepFTLP

Norrep Performance 2007 Flow-Through Limited Partnership

FOR THE SIX MONTHS ENDED JUNE 30, 2009

About Hesperian Capital Management Ltd.

Founded in 1995, Hesperian Capital Management is an independent investment counseling firm with offices in Calgary and Toronto.

Beginning with the Norrep Fund in 1999, Hesperian has steadily grown its portfolio of products to include six open-ended public mutual funds, four resource-based flow-through limited partnerships and two international funds.

Specializing in niche markets, Hesperian applies a unique blend of fundamental and quantitative techniques to all investment decisions. Each product is specifically designed to target inefficiencies within certain markets and provide investors with measurably superior long-term performance.

Management **REPORT OF**

FUNDperformance

Norrep Performance 2007 Flow-Through Limited Partnership

norrep2007FTLP

This semi-annual management report of fund performance (MRFP) contains financial highlights but does not contain the unaudited semi-annual financial statements of the Partnership. The unaudited semi-annual financial statements can be requested by calling toll free (877) 531-9355, by writing to 175, 601 - 10 Avenue SW in Calgary, Alberta T2R 0B2 or by visiting www.norrepfunds.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Results of Operations

For the six months ended June 30, 2009, the Partnership earned interest income amounting to \$58,923. Management fees of \$180,720 were paid to Norrep 2007 Management Inc. General and administrative costs of \$53,423 related to the operation of the Partnership were also incurred. As a result of the above, the net investment loss was \$175,220.

The net realized loss on investments was \$18,222,814. Increase in unrealized appreciation in current value of investments was \$15,705,276 while transaction costs were \$91,490 for a total loss from investing activities of \$2,609,028. Decrease in net assets from operations was \$2,784,248 for the period.

Net assets at the beginning of the year were \$21,014,242. Net assets decreased \$2,784,248 from operations. At June 30, 2009, the Partnership had net assets of \$18,229,994.

Management fees paid to Norrep 2007 Management Inc. decreased by 62% and administrative fees paid to Hesperian Capital Management Ltd. decreased by 80% due to a decrease in net asset value in the period January 1, 2009 to June 30, 2009 compared to the period January 1, 2008 to June 30, 2008.

The financial statement net asset value (NAV) per unit decreased from \$2.58 at December 31, 2008 to \$2.24 (13%) at June 30, 2009. The industry standard pricing net asset value per unit decreased from \$2.62 at December 31, 2008 to \$2.25 (14%) at June 30, 2009. The decrease in net asset value of the partnership is calculated before factoring in the considerable income tax benefits which will be allocated to partners as a result of flow through share purchases.

Our efforts to maximize returns for the Norrep Performance 2007 Flow-Through Limited Partnership (Norrep 2007 FTLP) have been hampered from the outset by several factors.† The initial impediment was a function of investing the funds at what turned out to be a high water mark. Valuations for our target market, small/micro cap oil and gas producers, fell in subsequent years, exiting 2007 at 0.9x NAV, 5x cash flow per share (CFPS) and \$67,000 per daily flowing barrel of oil equivalent (Boe/d) and exiting 2008 at 0.4x NAV, 2.1x CFPS and \$42,000/Boe/d.†Over the past six months, multiples have generally remained under pressure, exiting June 30, 2009 at 0.7x NAV, 4x CFPS and \$37,000 per Boe/d.

The issue surrounding these high valuations in early 2007 was further compounded by the quantity of flow through dollars raised at the top of the market. The amount of flow through dollars raised created considerable competition for deal flow, which inflated the aforementioned valuations and pushed premiums even higher.

Setting aside the historical issue pertaining to valuations, it is also important to recognize the volatility of the underlying commodities over the life of the Norrep 2007 FTLP. Performance of the underlying commodities has been extremely volatile, which creates opportunities, but also uncertainty in the investment community. Oil price, as measured by West Texas Intermediate (WTI), has traded as low as US\$31.41 per barrel on Dec 22, 2008 and as high as US\$145.29 per barrel on July 3, 2008. †Similarly, natural gas pricing (based on the Alberta reference price ñ AECO) has been volatile, trading as low as \$2.64 per Gigajoule (GJ) on June 9, 2009 and as high as \$11.24 per GJ on July 1, 2008. The crucial difference between the two commodities remains the recent recovery; while oil has recovered 57% since the end of 2008 to US\$69.89 per barrel, natural gas has yet to recover and remains down 52% on the year at \$3.02 per GJ.

Performance of both the broad market and the energy sector over the past six months has reflected widespread sentiment regarding the global debt markets and the broader economy. While the year-to-date performance of the broad market, as indicated by the S&P/TSX Total Return Index's 18% return, has been strong, it falls short of the S&P/TSX Capped Energy Total Return Index's performance at 24%.

Digging deeper into the performance over the past six months reveals an important dichotomy. Whereas performance over the first half of this period was dominated by pessimism about both the debt markets and the prospects for a recovery, the latter half reflected a thawing of the debt markets and anticipation of the eventual recovery. The disparity between the two quarters can be seen by comparing the quarterly performance of BMO Small Cap Energy Total Return Index, which declined 3% in the first quarter of 2009 before recovering 32% in the second quarter.

We continue in our efforts to high-grade the Norrep 2007 FTLP portfolio with the goal of enhancing returns. As of June 30, 2009 the high-grading process has resulted in 43% fewer names than six months ago for a more concentrated portfolio of 25 names, of which our top 10 holdings represent 76% of the total market value. As mentioned, the first half of 2009 has been tumultuous for both the broader market and the resource sectors. While the Norrep 2007 FTLP is down 13% over the first six months for a market value of \$18.3 MM or a NAV of \$2.25, the BMO Small Cap Energy Total Return Index is up 28%. The divergence in performance is predominantly a function of the decline in value of private companies held in the Norrep 2007 FTLP. While we were able to reduce the number of private companies by 18%, the total value of the remaining private companies fell 28% due to their disappointing year-end financial reports.

Going forward, we remain focused primarily on energy companies and, in particular, companies with strong oil weightings as we believe oil has greater near-term upside. In order to capture this upside we have moved, and are moving, up market into companies with strong balance sheets, growing reserves, production and cash flow per share, and with an expanding prospect inventory capable of providing solid per unit gains.

While the current outlook for the broader economy and commodities is still uncertain, we expect the resource sector will lead the broader market recovery. Investors returning to the market will benefit from improving supply/demand fundamentals and the opportunities presented by the current low valuations. Due to better fundamentals, we are bolstering the portfolio's oil weighting in the near-term. Our strategy for natural gas is to stay underweight pending a better balance in the supply/demand equation.

We remain confident in our belief that the sector is poised for a sustained rally but recognize that this rally will remain capped by a weak world economy with limited commodity price upside. In the interim, we believe depressed market valuations make it cheaper to drill in the board rooms than in the field. With equities trading at a discount to NAV, the companies with healthy balance sheets will take advantage of this opportunity and obtain reserves and production more cheaply by acquisition than is possible with the drill bit.

Over the six months ended June 30, 2009 we have seen numerous corporate acquisitions at an average premium of 63%. Even after paying such premiums, on average the acquirer has been able to add production at \$44,000 per Boe/d and reserves at \$22 per proven Boe and \$13 per proven plus probable Boe. We are of the view that the predators will continue taking advantage of opportunities until the sector trades up to a more reasonable valuation. Ultimately, the oil and gas industry is surprisingly self-correcting. The best remedy for low prices is low prices and with exploration at a standstill, natural declines will quickly impact the supply side of the equation. Add in lower costs for services and we see a recipe for an eventual sustainable recovery.

Market volatility presents a challenge to most investment strategies, but it also provides opportunities. Our efforts are focused on positioning the portfolio in the best companies in advance of the inevitable full recovery of commodities and, in particular, energy.

Recent Developments

Changes in accounting policies:

Effective February 1, 2007, the Partnership adopted the following new CICA Handbook Sections: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 1535, Capital Disclosures, requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Partnership's objectives, policies and processes for managing capital.

Sections 3862 and 3863 consist of a comprehensive series of disclosure requirements and presentation rules applicable to financial instruments. Section 3862 revises and enhances the disclosure requirements set out in Section 3861 Financial Instruments – Disclosure and Presentation, and Section 3863 carries forward unchanged the presentation requirements of Section 3861.

Section 3862, Financial Instruments ñ Disclosures, requires the Partnership to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund's financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks.

Related Party Transactions

Management fees of \$180,720 were paid to Norrep 2007 Management Inc. Management fees are one-twelfth of 1.75% of the net asset value of the Partnership and are calculated and paid monthly. In addition, administrative fees of \$5,315 were also paid to Hesperian Capital Management Ltd. Administrative fees are charged by Hesperian at or below cost. They relate to accounting, trading, recordkeeping, compliance and other administrative costs. Hesperian is the shareholder of Norrep 2007 Management Inc.

Financial Highlights

The following tables present selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance. This information is derived from the Partnership's audited annual financial statements and unaudited interim financial statements for the current period.

The Partnership's Net Asset Value (NAV) per share ⁽¹⁾

	June 30, 2009	December 31, 2008	December 31, 2007
Net asset value per financial statements, beginning	\$2.58	\$6.20	\$10.00
Cost of issuance of Partnership units	-	-	(0.73)
Partners' distribution – return of capital	-	(0.16)	-
Increase (decrease) from operations:			
Total revenue	0.01	0.02	0.17
Total expenses	(0.03)	(0.13)	(0.19)
Realized losses	(2.24)	(3.00)	(0.25)
Transaction costs	(0.01)	(0.01)	-
Unrealized gain (losses)	1.93	(0.34)	(2.80)
Total decrease from operations	(0.34)	(3.46)	(3.07)
Net asset value, ending per financial statements	2.24	2.58	6.20

1. Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not equal the ending net asset value.

Allocations for income taxes ⁽¹⁾

	Total	June 30, 2009	December 31, 2008	December 31, 2007
Income (loss)	\$(0.27)	n/a	\$(0.25)	\$ (0.02)
From capital gains	\$ 2.08	n/a	\$ 1.89	\$ 0.19
Resource deductions renounced	\$10.45	n/a	\$ 0.37	\$ 10.08
Estimated income taxes saved (cost) ⁽²⁾	\$ 4.36	n/a	\$ (0.14)	\$ 4.50

1. Allocations for income tax occur at December 31 each year.

2. Based on a hypothetical income tax rate of 45%.

Ratios and Supplemental Data

	June 30, 2009	December 31, 2008	December 31, 2007
Net assets (thousands of \$)	18,230	21,014	50,464
Number of Partnership units outstanding	8,141,970	8,141,970	8,141,970
Management expense ratio (1)	2.35%	2.46%	2.41%
Management expense ratio before waivers or absorptions	2.35%	2.46%	2.41%
Portfolio turnover rate (2)	73.57%	30.28%	4.07%
Trading expense ratio (3)	0.90%	0.25%	0.01%

1. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets of the period.
2. The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio advisor 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 a year. The higher the 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 performance of the Partnership.
3. 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.

Net asset value reconciliation⁽¹⁾

	June 30, 2009	December 31, 2008	December 31, 2007
Net asset value, ending per financial statements	2.24	2.58	6.20
Adjustment to industry standard pricing	0.01	0.04	0.08
Net asset value, ending per industry standard pricing	\$2.25	\$2.62	\$6.28

1. In accordance with industry standards, quoted market values per unit and performance reporting continue to use market values as determined by the last sale price. A reconciliation of net asset value per unit at the current period's closing price and net asset value per unit at the current period's last bid price according to GAAP is presented in the above table.

Management Fees

The General Partner provides investment and administrative services to the Partnership and is entitled to a monthly management fee of one-twelfth of 1.75% of the net asset value of the Partnership, payable on the first day of each month. In addition, the General Partner is entitled an exit incentive allocation. The exit incentive allocation is calculated at dissolution and is 20% of the amount by which a partners return on investment, as defined in the prospectus, exceeds 8% compounded annually. Management fees amounted to \$180,720 and exit incentive allocation amounted to \$nil at June 30, 2009.

Past Performance

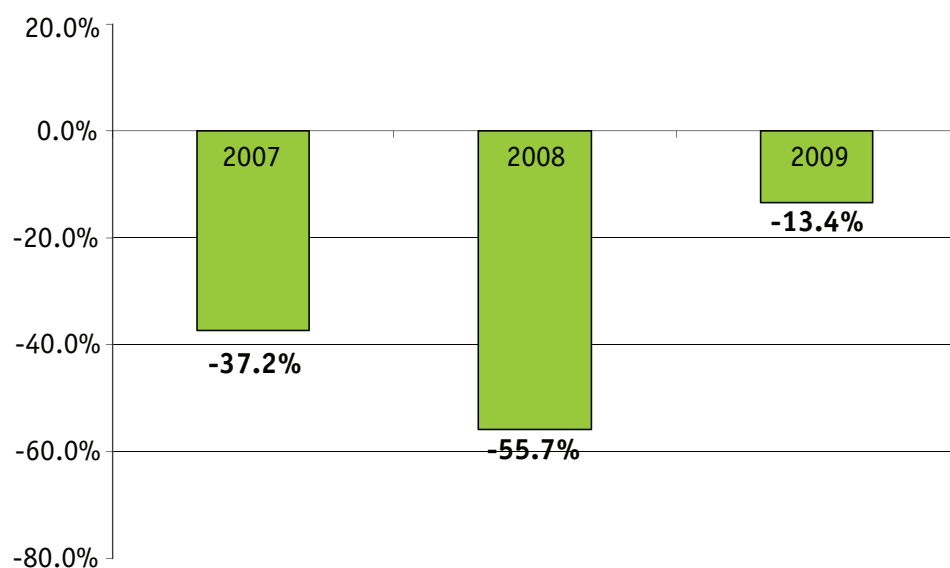
Performance information does take into account sales charges paid to the selling broker and fees for distributions. It does not take into account fees, if any, charged by your broker directly to you. Such fees would have reduced returns or performance. It also does not take into account any income tax benefits realized by investors.

The Partnership's past performance is not necessarily indicative of its future performance.

Year-by-Year Returns

This bar chart shows the Flow-Through Limited Partnership’s performance in each of the financial periods shown. The chart indicates in percentage terms how much an investment made on the first day of the financial period would have increased or decreased by the last day of the financial period.

Norrep Performance 2007 Flow Through Limited Partnership Returns



Note: 2007 is for the period from February 1 to December 31, 2007. 2008 is for the period from January 1 to December 31. 2009 is for the period from January 1 to June 30, 2009.

Annual Compound Returns	One Year	Since Inception*
Norrep Performance 2007 FTLP	-65.0%	-44.6%
BMO Small Cap Energy Equity Only TRI	-54.1%	-23.0%

* annualized

It should be noted that while the BMO Small Cap Energy Equity Only TRI is the comparable broad-based index for the Norrep 2007 FTLP, there are important differences driving the divergence in performance. First, the premium paid for flow-through shares has averaged in excess of 20% over the past three years. Second, the flow-through market is dictated by supply and demand whereas the index reflects the dominant names in the junior energy sector. Even though we target the top flow-through issuers, we are not free to exercise discretion across the junior energy sector; our universe of possible investments is restricted to those companies issuing flow-through shares. Finally, the flow-through market is predominantly micro cap, whereas the index is small and mid cap.

The Norrep Performance 2007 Flow Through Limited Partnership is a tax product and thus is best represented by its after-tax return. The annualized after-tax return is -36.1% assuming full cycle investing with all tax deductions taken, sale of all the investments at June 30, 2009 and all capital gains taxes paid. It also assumes a 45% marginal tax rate.

Summary of Investment Portfolio

The Fund held the following investments at June 30, 2008:

Investments	Percent of net assets
Equities	
Delphi Energy Corp.	12.0%
Value Creation Inc. (private)	11.9%
Orleans Energy Ltd.	8.1%
Breaker Energy Ltd.	6.5%
Renegade Oil & Gas Ltd. (private)	6.2%
Daylight Resources Trust	6.1%
Tristar Oil & Gas Ltd.	6.0%
Temple Energy Inc. (private)	4.7%
Angle Energy Inc.	4.7%
Sabretooth Energy Limited (subscription receipt)	4.2%
Avalon Exploration Inc. (private)	4.1%
Petro Andrina Resources Inc.	2.7%
Seaview Energy Inc. (subscription receipt)	2.6%
Rock Energy Inc.	2.5%
Painted Pony Petroleum Ltd.	2.3%
Yoho Resources Inc.	1.8%
Drumlin Energy Corp. (private)	1.5%
Addax Petroleum Corporation	1.3%
Fairmount Energy Inc.	1.3%
Altima Resources Ltd.	0.7%
Driftwood Resources Ltd. (private)	0.3%
Avondale Energy Inc. Class A (private)	0.3%
Goldbrook Ventures Inc. Warrants	0.1%
Goldbrook Ventures Inc. Warrants	0.1%
Goldbrook Ventures Inc. Warrants	0.1%
Other Equities	0.1%
Total Equities	92.2%
Other	
Cash and cash equivalents	7.8%
Total Net Asset Value	100.00%
Industry Sectors	
Energy	91.9%
Basic Materials	0.4%
Other	7.7%
Total Net Asset Value	100.00%

The Summary of Investment Portfolio changes as a result of ongoing portfolio transactions. Quarterly updates are available by calling us toll free (877) 531-9355, by writing to us at 175, 601 - 10 Avenue SW Calgary, Alberta, T2R 0B2 or by visiting our website at www.norrefunds.com.

Financial **STATEMENTS** of:

norrep2007FTLP

Norrep Performance 2007 Flow-Through Limited Partnership

For the six months ended June 30, 2009

Notice: These semi-annual statements have not been reviewed by an auditor.

NOTE TO THE PARTNERS

These unaudited financial statements are as at June 30, 2009. The unaudited financial statements include a statement of net assets, statement of operations, statement of changes in net assets, statement of investment portfolio and notes to financial statements.

Norrep Performance 2007 Flow-Through Limited Partnership

July 15, 2009

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP


Statement of Net Assets

As at June 30, 2009 and with December 31, 2008 comparisons
(Unaudited)


	2009	2008
Net Assets		
Investments, at fair value (cost 2009 - \$26,695,057; 2008 - \$45,815,614)	\$ 16,816,668	\$ 20,231,949
Cash	1,217,882	2,196,343
Receivable:		
Interest	12,000	13,967
Insurance reimbursement	6,810	-
Portfolio assets sold	256,376	-
	<u>275,186</u>	<u>13,967</u>
	18,309,736	22,442,259
Liabilities:		
Accrued expenses	55,000	118,920
Partners' distribution payable	-	1,309,097
Portfolio assets purchased	24,742	-
	<u>79,742</u>	<u>1,428,017</u>
	<u>\$ 18,229,994</u>	<u>\$ 21,014,242</u>
Partners' Equity		
Represented by:		
Partners' net contributions (note 5)	\$ 74,171,723	\$ 74,171,723
Unrealized depreciation in fair value of investments	(9,878,389)	(25,583,665)
Cumulative loss realized	(46,063,340)	(27,573,816)
	<u>\$ 18,229,994</u>	<u>\$ 21,014,242</u>
Limited partnership units outstanding (note 5)	<u>8,141,970</u>	<u>8,141,970</u>
Net asset value per unit (note 8)	<u>\$ 2.24</u>	<u>\$ 2.58</u>

See accompanying notes to financial statements.

On behalf of the Board of Directors of Norrep 2007 Management Inc.
as General Partner of the Partnership:



Director



Director

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Operations

For the six months ended June 30, 2009 and 2008
(Unaudited)

	2009	2008
Investment income:		
Interest	\$ 58,923	\$ 117,327
Investment expenses:		
Management fees (notes 1 and 6)	180,720	471,544
Audit fees	25,721	14,669
Other	14,127	8,413
Administrative fees (note 6)	5,315	26,620
Custodian and recordkeeping fees	4,361	12,578
Legal and filing fees	3,899	17,494
Interest	-	121,217
	234,143	672,535
Net investment loss	(175,220)	(555,208)
Gain (losses) on investments:		
Net realized loss on investments	(18,222,814)	(3,327,340)
Transaction costs	(91,490)	(43,025)
Change in unrealized appreciation in fair value of investments	15,705,276	8,236,637
Net (loss) gain on investments	(2,609,028)	4,866,272
(Decrease) increase in net assets from operations	\$ (2,784,248)	\$ 4,311,064
(Loss) earnings per unit	\$ (0.34)	\$ 0.53

See accompanying notes to financial statements.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Changes in Net Assets

For the six months ended June 30, 2009 and 2008
(Unaudited)

	2009	2008
Net assets, beginning of period	\$ 21,014,242	\$ 50,464,110
Change in net assets from operations	(2,784,248)	4,311,064
Net assets, end of period	\$ 18,229,994	\$ 54,775,174

See accompanying notes to financial statements.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Statement of Investment Portfolio

As at June 30, 2009

(Unaudited)

	Number of shares/warrants	Cost	Fa valu
Addax Petroleum Corporation	4,900	\$ 203,637	\$ 241,080
Altima Resources Ltd.	1,622,000	405,500	121,650
Angle Energy Inc.	200,000	988,241	852,000
Avalon Exploration Inc. (private)	520,000	1,138,000	741,000
Avondale Energy Inc. Class A (private)	1,050,000	1,785,000	52,500
Breaker Energy Ltd.	322,000	1,338,222	1,178,520
Daylight Resources Trust	150,000	1,159,993	1,105,500
Delphi Energy Corp.	2,082,400	5,101,880	2,207,343
Driftwood Resources Ltd. (private)	2,230,000	446,000	62,440
Drumlin Energy Corp. (private)	365,000	1,003,750	273,750
Fairmount Energy Inc.	378,000	529,200	234,360
Goldbrook Ventures Inc. Warrants	520,000	104	16,432
Goldbrook Ventures Inc. Warrants	520,000	104	9,672
Goldbrook Ventures Inc. Warrants	500,000	100	19,400
Goldbrook Ventures Inc. Warrants	581,395	116	21,570
Green Point Resources Ltd. (private)	2,000,000	540,000	12,000
Orleans Energy Ltd.	700,000	2,064,550	1,484,000
Painted Pony Petroleum Ltd.	150,000	427,500	417,000
Petro Andrina Resources Inc.	54,700	483,797	492,300
Renegade Oil & Gas Ltd. (private)	470,000	1,250,000	1,128,000
Rock Energy Inc.	300,000	240,050	459,000
Sabretooth Energy Limited (subscription receipt)	650,000	559,000	767,325
Seaview Energy Inc. (subscription receipt)	500,000	475,000	475,000
Temple Energy Inc. (private)	1,150,000	2,023,300	854,450
Tristar Oil & Gas Ltd.	100,000	1,222,221	1,097,000
Value Creation Inc. (private)	332,827	3,017,047	2,163,376
Yoho Resources Inc.	200,000	338,457	330,000
Other Equities	541,125	1	-
Transaction costs	-	(45,713)	-
		\$ 26,695,057	\$ 16,816,668

See accompanying notes to financial statements.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements

For the six months ended June 30, 2009
(Unaudited)

1. Basis of presentation:

Norrep Performance 2007 Flow-Through Limited Partnership (the "Partnership") was formed on November 20, 2006 as a limited partnership under the laws of the Province of Ontario, with nominal equity, to invest in flow-through shares of resource companies. The Partnership commenced operations on February 1, 2007. Using the Partners' contributions, the Partnership invests in flow-through shares of resource companies with the objective of achieving capital appreciation in accordance with investment strategies. These resource companies incur Canadian Exploration Expenses, Canadian Development Expense and/or Eligible Canadian Development Expenses in carrying out mining, oil and natural gas, exploration and development activities. The resource companies renounced these expenses effective December 31, 2007 to the Partnership in amounts substantially equal to the subscription amount of the flow-through shares. In turn, the Partnership will allocate the renouncements to the limited partners. It is intended that the Partnership will be dissolved by December 31, 2010.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Partnership and therefore, do not include any assets, liabilities, revenues or expenses of the partners. No provision for income taxes has been recorded in the financial statements as all income and losses of the Partnership are allocated to the partners. The tax base is less than the reported amounts of the Partnership's assets and liabilities by \$6,905,000 (December 31, 2008 - \$15,939,000).

Being a limited partnership, the Partnership is dependent on Norrep 2007 Management Inc., the General Partner, for the administration and management of all matters relating to the operation of the Partnership pursuant to the terms of the Partnership Agreement. The General Partner is entitled to a monthly management fee of one-twelfth of 1.75% of the net asset value of the Partnership, payable on the first day of each month. In addition, the General Partner is entitled to an Exit Incentive Allocation. The Exit Incentive Allocation is calculated at dissolution and is 20% of the amount by which a partner's return on investment, as defined in the prospectus, exceeds 8% compounded annually. No General Partner Exit Incentive Allocation is payable at June 30, 2009.

The General Partner is also entitled to a 0.01% share of the net assets of the Partnership upon dissolution of the Partnership, which, at June 30, 2009, would be \$1,823 (December 31, 2008 - \$2,101).

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 2

For the six months ended June 30, 2009
(Unaudited)

2. Significant accounting policies:

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income and expenses and gains and losses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Partnership.

(a) Change in accounting policy:

Effective January 1, 2008, the Partnership adopted the following new CICA Handbook Sections: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments - Presentation.

Section 1535, Capital Disclosures, requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Partnership's objectives, policies and processes for managing capital.

Sections 3862 and 3863 consist of a comprehensive series of disclosure requirements and presentation rules applicable to financial instruments. Section 3862 revises and enhances the disclosure requirements set out in Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3863 carries forward unchanged the presentation requirements of Section 3861.

Section 3862, Financial Instruments – Disclosures, requires the Partnership to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund's financial position and performance, the nature and extent of risks arising from financial instruments to which the Partnership is exposed during the period and at the balance sheet date, and how the Partnership manages those risks.

(b) Financial Instruments – Recognition and Measurements:

All financial instruments are classified as held-for-trading, available-for-sale, held to maturity, loans and receivables or other financial liabilities.

Due to their short term nature, the Partnership's receivables are classified as loans and receivables and liabilities are classified as other financial liabilities and are measured at amortized cost. Cash and investments are deemed to be categorized as held for trading.

(c) Valuation of investments:

Investments are recognized on the trade date and are measured at each period end at fair value, as substantially established by the closing bid price for trading on the recognized public stock exchange on which the security is listed or principally traded. For securities where market quotes are not available, the Partnership values the initial investment at fair value for common shares and 20% below cost for flow-through shares. After initial

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 3

For the six months ended June 30, 2009
(Unaudited)

investment, the Partnership uses estimation techniques to determine fair value that incorporate observable

2. Significant accounting policies (continued):

(c) Valuation of investments (continued):

market data, discounted cash flows and internal models that compare an investment to its peer group.

Average cost is used to determine realized gains or losses and unrealized appreciation or depreciation on the value of investments.

Fair value of investments in share purchase warrants is determined using a recognized economic model taking into account various factors including risk free rate of interest, dividend rates, volatility, market value and trading volume of the underlying stock.

Transaction costs incurred in the purchases and sales of investments are expensed as incurred.

(d) Recognition of income and expenses:

The Partnership follows the accrual method of recording income and expenses with dividends being recorded on the ex-dividend date.

(e) Unit values:

The net asset value per limited partnership unit is calculated as net assets at fair value, less the General Partner's share, divided by the number of limited Partnership units outstanding.

(f) Earnings (loss) per unit:

Earnings (loss) per unit are calculated as the net increase/decrease in net assets from operations for the year, divided by the weighted average units outstanding during the period.

(g) Derivative financial instruments:

The Partnership may use derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. These derivatives are carried at fair value with gains and losses recognized in income.

(h) Future accounting pronouncements:

The Canadian Accounting Standards Board confirmed that fiscal years beginning on or after January 1, 2011 International Financial Reporting Standard ("IFRS") will replace Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises, which include the Partnership. The Manager has commenced development of a changeover plan to meet the implementation date. The key elements of the plan include disclosures of the qualitative impact in the December 31, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the December 31, 2011 financial statements in accordance with IFRS.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 4

For the six months ended June 30, 2009

(Unaudited)

3. Financial instruments:

	June 30, 2009	
Assets:		
Held for trading	18,034,550	\$
Loan and receivables		275,186
Total Assets	18,309,736	\$
Liabilities:		
Financial liabilities at amortized cost		\$ 79,742
Total Liabilities		\$ 79,742

4. Financial instruments and associated risks:

The Partnership invests in flow-through shares of resource companies whose shares are listed on a North American stock exchange and flow-through shares of resource companies that are private issuers, in each case, whose principal business is oil and gas exploration, development and production or mineral exploration. The Partnership Agreement provides that the Partnership may also invest in flow-through special warrants, which entitle the Partnership to acquire, for no additional compensation, shares in the capital of resource companies, provided that such warrants qualify as flow-through shares for the purposes of the Tax Act and in warrants, provided that the Partnership may invest only up to 10% of the Net Asset Value in warrants forming part of an offering of units consisting of flow-through shares and warrants, and further provided that not more than 5% of the aggregate purchase price under the relevant flow-through investment agreement shall be attributable to warrants.

After having invested the net initial proceeds from the issuance of Partnership units in the above investments, the Partnership may invest in securities of other issuers including small capitalization companies. These investments are intended to allow the Partnership to maximize investment returns and to facilitate the eventual wind-up of the Partnership.

The Partnership Agreement also provides that the Partnership is subject to certain restrictions. The Partnership will not: guarantee the securities or obligations of any person; purchase or sell real estate or interest therein; purchase derivatives except for the purposes of managing risk with respect to the Partnership's investments, make short sales of securities or maintain a short position in any security; or purchase mortgages.

Pending the selection and purchase of suitable investments, the payment of expenses or other anticipated distributions, a portion of the assets of the Partnership may be held in cash. Such cash balances will be held on deposit in cash accounts at a Canadian bank or trust company or may be invested in short-term investment funds or guaranteed investment certificates.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 5

For the six months ended June 30, 2009
(Unaudited)

4. Financial instruments and associated risks (continued):

The Partnership's investment portfolio comprises quoted and non-quoted equity investments that it intends to hold for an indefinite period of time.

The nature and extent of the financial instruments outstanding at the statement of net assets date and the risk management policies employed by the Partnership are discussed on the following pages.

Market risk:

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The Partnership's strategy on the daily management of investment risk is driven by the Partnership's investment objective.

The Partnership is designed to achieve capital appreciation by investing in the flow-through shares of resource companies. Of the initial equity investment amount, at least 80% will be invested in publicly-listed resource companies and not more than 20% in resource company private issuers. At least 70% will be invested in oil and gas resource companies and not more than 30% in mineral resource companies. At least 50% will be invested in resource companies with a market capitalization in excess of \$20 million.

The Partnership will not invest in any one resource company if the purchase will result in ownership representing more than 20% of the portfolio amount unless the resource company has a market capitalization in excess of \$75 million. In this instance, the Partnership may invest up to 25% of the portfolio. The Partnership may not invest more than 10% of the portfolio in a resource company private issuer.

The Partnership has adopted investment criteria and restrictions which may be changed only by a special resolution duly passed by the limited partners.

Details of the nature of the Partnership's investment portfolio at June 30, 2009 are disclosed in the Statement of Investment Portfolio.

(a) Currency risk:

The Partnership may invest in financial instruments and enter into transactions denominated in U.S. dollars. Consequently, the Partnership is exposed to the risk that the exchange rate of the Canadian dollar to the U.S. dollar may fluctuate.

The Partnership's investment portfolio is Canadian-dollar denominated, but may, as market opportunities dictate, include U.S. securities. At the reporting date the Partnership held no U.S. securities and therefore had no foreign currency exposure and no currency risk.

(b) Interest rate risk:

Interest rate risk arises on interest bearing financial instruments that mature or re-price in the future. The Partnership's assets and liabilities, with the exception of cash, are non-interest-bearing.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 6

For the six months ended June 30, 2009
(Unaudited)

4. Financial instruments and associated risks (continued):

Market risk (continued):

(b) Interest rate risk (continued):

As a result the Partnership is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash in the Partnership earns an interest rate equal to the Bank of Canada Overnight Target rate less 0.5% in the overnight market. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline.

(c) Other market risk:

Other market risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or factors affecting all instruments traded in the market. All securities present a risk of loss of capital.

Market risk is managed by the Partnership's portfolio manager by selecting investments assessed to be of high quality within the Partnership's narrow focus on acquiring flow-through shares of resource companies. The price of a stock held by the Partnership is affected by individual company developments and also by general economic and financial conditions in the countries where the issuer of the stock is located, does business or where the stock is listed for trading. The business activities of resource companies are speculative and may be adversely affected by factors outside their control. In addition, certain equity securities owned by the Partnership may be of issuers whose securities are not listed on any prescribed stock exchange and thus a liquid market for resale may not exist. The portfolio manager will monitor these factors as required and make decisions regarding the portfolio based on their knowledge of the market conditions. The maximum price risk resulting from an equity investment is equivalent to its fair value.

The Partnership's equity instruments are sensitive to market price risk arising from uncertainties about future prices of the instrument.

Under normal circumstances the Partnership will invest its initial equity amount in the following instruments:

Publicly-traded equity securities	At least 80% of net assets
Unlisted equity securities	No more than 20% of net assets

The following table details the breakdown of the investment assets and liabilities held by the Partnership based on current fair values:

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 7

For the six months ended June 30, 2009
(Unaudited)

4. Financial instruments and associated risks (continued):

Market risk (continued):

(c) Other market risk (continued):

	% of Net Assets June 30, 2009
Equity investments:	
Listed equities	68
Unlisted equities	32
Total equity investments	100

Approximately 68% of the Partnership's equity investments are listed on the Toronto Stock Exchange ("TSX") or TSX Venture Exchange ("TSX Venture"). A 5% increase or decrease in the value of all common shares listed on the TSX and TSX Venture at June 30, 2009 would have impacted the net assets attributable to limited partners and the changes in net assets attributable to limited partners by \$571,767. No individual investment of the Partnership exceeded 14% of the net assets attributable to the limited partners at June 30, 2009.

The Partnership's financial assets exposed were concentrated in energy industries at June 30, 2009.

Sensitivity analysis:

A 1% increase or decrease on the BMO Small Cap Equity Only Weighted Total Return Index at June 30, 2009 would have impacted the net assets attributable to unitholders and the changes in net assets attributable to unitholders by \$168,167.

Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of net asset date.

At June 30, 2009, the Partnership's financial assets exposed to credit risk amounted to the following:

	June 30, 2009
Cash	\$ 1,217,882
Interest	12,000
Insurance reimbursement	6,810
Portfolio assets sold	256,376
Total	\$ 1,493,068

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 8

For the six months ended June 30, 2009

(Unaudited)

4. Financial instruments and associated risks (continued):

Market risk (continued):

Amounts in the above table are based on the carrying value of all accounts.

Credit risk arising on transactions for units purchased or portfolio assets sold relates to transactions awaiting settlement. The risk relating to these transactions is considered minimal due to the short settlement period involved. In addition, legal entitlement to an asset will not transfer until funds have been received in full for the asset purchased or sold. If either party to the transaction does not meet its obligation, the transaction will fail.

Substantially all of the assets of the Partnership are held by the custodian, CIBC Mellon Trust Company. Bankruptcy or insolvency of the custodian may cause the Partnership's rights with the respect to securities held by the custodian to be delayed or limited. The Partnership manages this risk by monitoring the credit quality and financial position of the custodian. If the credit quality or the financial position deteriorates unacceptably, the portfolio manager will act to move the Partnership's cash holdings to another financial institution.

Liquidity risk:

Investments in small-capitalization resource companies by the Partnership may involve greater risks than investments in large-capitalization companies as small-capitalization companies may have limited trading volume in the financial markets leading to a higher sensitivity to market changes.

To the extent that the liquidity is limited, the Partnership's ability to realize profits and/or minimize losses may be limited, which could adversely affect the net asset value of the Partnership. Furthermore, the Partnership's investments include unlisted equity instruments, which are not traded on an organized public market and which may be illiquid. Therefore, the Partnership may not be able to quickly liquidate some or all of its investment in these instruments at an amount close to their fair value in order to meet liquidity requirements. The Partnership maintains sufficient cash and cash equivalent positions to maintain liquidity.

The Partnership's liquidity risk is managed by the portfolio manager. Minimum cash balances may be created and modified at the discretion of the portfolio manager to ensure cash availability for expected liquidity needs. As there is currently no market through which the units of the Partnership may be sold, the portfolio manager's liquidity constraints do not include expected redemptions.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 9

For the six months ended June 30, 2009
(Unaudited)

4. Financial instruments and associated risks (continued):

Liquidity risk (continued):

The following table presents the contractual, undiscounted cash flows of the Partnership's financial liabilities:

As at June 30, 2009	Due on demand	1 to 3 months	3 months to 1 year	Due > 1 year	Total
Financial liabilities					
Accrued expenses	55,000	—	—	—	55,000
Portfolio assets purchased	24,742	—	—	—	24,742

5. Partners' net contributions:

The authorized capital of the Partnership consists of an unlimited number of limited partnership units. All limited 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.

	Number of units	Amount
Balance, June 30, 2009 and December 31, 2008	8,141,970	\$ 74,171,723

6. Related party transactions:

Pursuant to the Partnership agreement, the Partnership pays management fees to the General Partner, Norrep 2007 Management Inc., for management services received during the period. During the period, management fees amounted to \$180,720 (six months ended June 30, 2008 - \$471,544) of which \$31,000 is included in accounts payable at June 30, 2009 (December 31, 2008 - \$77,480).

The General Partner has engaged its shareholder, Hesperian Capital Management Ltd., to provide portfolio management and administrative services to the Partnership. During the period, administrative fees amounted to \$5,315 (six months ended June 30, 2008 - 26,620) of which \$1,380 is included in accounts payable at June 30, 2009 (December 31, 2008 - \$6,586).

All transactions with related companies are measured at exchange amounts as they occur within the normal course of business.

NORREP PERFORMANCE 2007 FLOW-THROUGH LIMITED PARTNERSHIP

Notes to Financial Statements, page 10

For the six months ended June 30, 2009
(Unaudited)

7. Brokerage commissions on securities transactions:

The Partnership paid brokerage commissions amounting to \$89,645 (six months ended June 30, 2008 - \$42,155) in connection with portfolio transactions during the period.

8. Net asset value reconciliation:

In accordance with industry standards, quoted market values per unit and performance reporting continue to use market values as determined by the last sale price. A reconciliation of net asset value per unit at the current period's closing price and net asset value per unit at the current period's last bid price according to GAAP is presented in the following table.

	June 30, 2009		December 31, 2008	
	Total	Per unit	Total	Per unit
Net asset value, industry standard	\$ 18,319,771	\$ 2.25	\$ 21,357,409	\$ 2.62
Difference as a result of adopting Section 3855	(89,777)	(0.01)	(343,168)	(0.04)
Net asset value, financial statements	\$ 18,229,994	\$ 2.24	\$ 21,014,241	\$ 2.58

Our Investment **PROFESSIONALS**

Randal Oliver, CFA

Chairman & Chief Investment Officer

Portfolio Manager: NorrepFUND, Norrep II CLASS, Norrep Flow-Through Limited Partnerships

Alexander Sasso, CFA

Chief Executive Officer & Portfolio Manager

Portfolio Manager: NorrepFUND, Norrep II Class, Norrep Q Class, Norrep G Class, Norrep Income Growth Class

Keith Leslie, CFA

Vice President, Portfolio Manager & Chief Compliance Officer

Portfolio Manager: Norrep Q Class, Norrep Income Growth Class

Craig Millar, CFA

Vice President & Portfolio Manager

Portfolio Manager: Norrep G Class, Norrep US Class

Steve Smith, CA

Vice President, Portfolio Manager & Chief Financial Officer

Portfolio Manager: Norrep Flow-Through Limited Partnerships, Norrep Resource Class

Kamran Khan, CFA

Portfolio Manager

Portfolio Manager: Norrep US Class

Paul Tepsich, CFA

Portfolio Manager

Portfolio Manager: Norrep Yield Fund

Other **PROFESSIONALS**

Terry Thib, MEng, MBA, PEng, CFA

Equity Research Analyst

Don Walker, CFA

Equity Research Analyst

Tim Stephenson

Equity Research Analyst

James Chisholm, CMA

Equity Research Analyst

Steve Ripplinger

Equity Research Analyst

Deirdre Harris

Chief Operating Officer

Richard Rohan

VP Business Development

Kelsey Brosz, CA

Treasurer

Other Material Information

As a limited partnership, the Partnership is dependent on Norrep 2007 Management Inc., the General Partner, for the administration and management of all matters relating to the operation of the Partnership pursuant to the terms of the Partnership Agreement. Norrep 2007 Management Inc. is a wholly-owned subsidiary of Hesperian Capital Management Ltd., a Calgary-based company responsible for the management of the Norrep Group of Funds.



norrepFTLP

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