



CONNOR, CLARK & LUNN

CAPITAL MARKETS

2009

2009

2009

2009

Connor, Clark & Lunn
2008 Flow-Through
Limited Partnership
Semi-Annual Report
June 30, 2009

August 28, 2009

Dear fellow Limited Partners,

I am pleased to provide the semi-annual report for the Connor, Clark & Lunn 2008 Flow-Through Limited Partnership (the “Partnership”) for the six month period ending June 30, 2009. The Partnership had good performance during the period, as net asset value improved from \$ 18.41 to \$20.62, an increase of 10.3%. The Partnership has also done well on a relative basis to its peers. Connor Clark & Lunn Investment Management (“the Investment Advisor”) has done a good job of selecting the businesses in the portfolio. They are one of the largest investors in the energy and materials sectors in Canada and have developed a strong track record of outperformance when compared to the relevant benchmarks.

While both oil and gas prices experienced one of the largest increases and subsequent declines in 2008, the two commodities have taken extremely divergent paths in 2009. After bottoming just below US\$40/Bbl early in 2009, oil prices have recovered to the US\$65/Bbl level. Demand has shown initial signs of recovery from the lows witnessed early in 2009 while the material reductions in supply from OPEC have allowed for inventories to trend back towards historical levels. We continue to expect the recovery in oil prices will be demand driven, with the magnitude of the broader economic recovery driving the upside in oil prices over the next few years.

As expected, energy stocks have followed commodity prices to-date this year with oil weighted producers outperforming their gas peers. This trend is likely to persist in the short-term, however we see gas weighted producers offering attractive returns over the medium term as gas prices recover on the back of a supply correction.

In the Base Metals sector the Investment Advisor believes that, with the resurgence of the Chinese demand, and hints of improvement in the Western World demand, the outlook for base metals continues to be positive. In addition the supply side continues to face challenges on several fronts including technical challenges, and labour disputes. These factors should be reflected in the performance of our holdings.

We appreciate your investment in the Partnership and remain optimistic on the potential for continued good investment returns during the remaining life of the product.

Yours truly,



W. Neil Murdoch
Chief Executive Officer
Connor, Clark & Lunn 2008 Flow-Through Management Corp.

Management Report of Fund Performance

This semi-annual management report of fund performance for Connor, Clark & Lunn 2008 Flow-Through Limited Partnership (the “Partnership”), contains financial highlights but does not contain the complete semi-annual financial statements of the Partnership. **The semi-annual financial statements and accompanying notes are attached to this report.**

Any reference to “Net Assets” or “Net Assets per Unit” or “GAAP Net Assets” means that the value was determined in accordance with the Canadian Generally Accepted Principles “GAAP” for financial statements purposes. Any reference to “Net Asset Value” or “Net Asset Value per Unit” or “Transactional NAV” means that the value was determined for valuation and transactional purposes.

Investment Objectives and Strategy

The Connor, Clark & Lunn 2008 Flow-Through Limited Partnership (the “Partnership”) was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated December 11, 2007 between Connor, Clark & Lunn 2008 Flow-Through Management Corp., as General Partner, and Philip Gow, as the Initial Limited Partner, and became a limited partnership effective December 11, 2007.

The Partnership has been organized to provide Limited Partners with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers whose shares are publicly listed and to a maximum of 30% of the Gross Proceeds Flow-Through Shares of private Resource Issuers with a view to achieving income and capital appreciation for Limited Partners. The principal businesses of the Resource Issuers are:

- (i) oil and gas exploration, development and production;
- (ii) mineral exploration, development and production; or
- (iii) certain energy production that may incur certain start-up phase costs of renewable energy and energy efficient projects.

The General Partner will invest all the Gross Proceeds in Flow-Through Shares of Resource Issuers that agree to incur and renounce (directly or indirectly) Eligible Expenditures to the Partnership (and thereby maximize the deductions available to Limited Partners in respect of their 2008 taxation years).

In order to achieve the Partnership’s investment objectives, Connor, Clark & Lunn Investment Management Ltd. (the “Investment Advisor”), the Partnership’s investment advisor, will invest the net proceeds of the Offering, in Flow-Through Shares of Resource Issuers that: (i) have experienced and reputable management with a defined track record in the energy, mining or alternative energy industries; (ii) have exploration programs or exploration and development programs in place; (iii) have shares that are suitably priced and offer capital appreciation or income potential; and (iv) meet certain market capitalization and other criteria set out in the Investment Guidelines mentioned in the Partnership’s prospectus dated January 30, 2008.

Risk

The Partnership’s investment restrictions contemplate leverage of up to 15.0% of the net asset value of the Partnership. Leverage increases the exposure of the Partnership to market fluctuations. The Partnership pays interest on the amount borrowed and such interest payments may exceed the total return on the leveraged portion of the Partnership’s portfolio. The Partnership employed leverage in the range of 0.0% to 16.1% during the six month period ended June 30, 2009. For full disclosure of risks associated with an investment in the Fund’s units, please refer to the Prospectus dated January 30, 2008.

Results of Operations

Portfolio Manager Commentary

Overall the Partnership is more skewed to energy as we saw very high quality companies looking for flow through financings relative to what was available in the mining/gold resource sector. The economy and state of credit markets made the outlook for developing resource companies particularly daunting and we felt that the opportunity for significant appreciation without taking extreme risk of a non-producing resource company was too high for our investing philosophy. It is hard to imagine that many of these companies will be able to be able to advance their projects in this environment. Energy has the advantage that production can usually be brought on stream within a reasonably short time period after establishing a resource.

We would be remiss if we didn't mention that the flow through premiums over the common share prices were much higher than has been the norm in this industry. Given the extreme volatility in share prices in the last half of the year and the outright low valuations and high quality of the companies we believe this off set the premiums that were paid. The other strategy we have taken to mitigate the high premium is to use our fortunate position of having cash proceeds from the Duvernay and Rocor takeovers to redeploy those proceeds into the common shares of the flow-through issuers. This will effectively lower the overall premium of the total holding.

Energy

While both oil and gas prices experienced one of the largest increases and subsequent declines in 2008, the two commodities have taken extremely divergent paths in 2009. After bottoming just below US\$40/Bbl early in 2009, oil prices have recovered to the US\$65/Bbl level. Demand has shown initial signs of recovery from the lows witnessed early in 2009 while the material reductions in supply from OPEC have allowed for inventories to trend back towards historical levels. We continue to expect the recovery in oil prices will be demand driven, with the magnitude of the broader economic recovery driving the upside in oil prices over the next few years.

In contrast, natural gas prices have remained under pressure through 2009 moving from a peak of US\$14/Mcf in 2008 to a recent 7-year low at approximately US\$3/Mcf. A lack of hot summer weather has impacted cooling related demand while a significant increase in supply presented over the last year by the emergence of unconventional share gas projects has materially disrupted the demand/supply picture. As storage likely tests peak capacity levels this fall, it should be expected that spot gas prices will remain under considerable pressure. However, we believe that the 50% reduction in active onshore drilling rigs over the last year, coupled with steep production declines from new unconventional gas wells, will have a meaningful impact on supply through 2010. We envision a more balanced demand/supply balance in 2010 with the potential for prices to recover to more sustainable levels in the US\$6 – US\$8/Mcf range.

As expected, energy stocks have followed commodity prices to-date this year with oil weighted producers outperforming their gas peers. This trend is likely to persist in the short-term, however we see gas weighted producers offering attractive returns over the medium term as gas prices recover on the back of a supply correction.

From a high level perspective, valuations within the energy space remain at reasonable levels, balance sheets have been effectively repaired through an active equity issuance market in H1/09 and the economics underpinning capital projects have begun to improve reflecting lower service costs, stronger oil prices and government royalty incentives. We will continue to focus on producers that can generate reasonable rates of return on capital projects at current commodity prices and offer balance sheets that can withstand continued commodity price volatility while maintaining attractive upside exposure to rising commodity prices as the global economy recovers.

The following is an update on some of the energy companies in the portfolio.

Artek Exploration (private): While a more conventional drilling oriented company in its formation, the skilled technical team has moved into resource type plays. They appear to have broken the code that could release tight gas in a zone previously deemed uneconomic. The company has demonstrated the ability to deliver some of the best finding and development costs in the industry and very high recycle ratios. We believe the company is in the late stages of its life and will sell its already attractive production and land base late in 2009 or in 2010.

Breaker Energy: Experienced technical team has combined strategic acquisitions with their knowledge base to cost effectively exploit reserves. The company's growth per share for reserves, production and recycle ratios have consistently been amongst industry leaders. Benefiting from its balance production profile (50% oil / 50% gas), the company is able to shift capital to its most economic projects. In addition, the company will materially benefit from the recently announced royalty incentive programs in Alberta and B.C., which will enhance returns that were already attractive on its low-risk drilling inventory of more than 400 locations.

Progress Energy: Consistent industry leader in finding, development and operating costs, significant concentrated land base and production in a resource style play. Seven years of drilling inventory. Early success using horizontal drilling and new completion technology is opening up additional upside on existing lands in targeting the Montney. Technical team is a clear leader in the sector.

TriStar Oil and Gas: Has recently entered into a transaction to be acquired by Petrobank Energy for \$14.75 per TriStar share (closing is expected late Q3/09). TriStar's conventional assets in Alberta will be divested while its Bakken resource assets in southeast Saskatchewan will be combined with Petrobank's Bakken and other resource assets to create a new intermediate growth producer called PetroBakken. The new entity will provide an attractive yield of approximately 3% while targeting production growth of 5% - 15%. Following closing, PetroBakken will primarily be a pure-play, southeast Saskatchewan, light oil-focused company with 2009 exit production of more than 37,000 Boe/d (95% light oil), of which 70% will be delivered from the Bakken.

Gold

We continue remain positive on the outlook for gold. We expect gold to perform well along with base metals and oil. As the industrial/energy commodities continue to climb higher, we see a re-emergence of the threat of inflation into the market. In addition, given the increase in the US Federal Reserve Board's balance sheet, we continue to see investors look to gold for protection against the debasing of the US \$. Supply also remains tight with only a handful of big deposits are under construction. All these factors combine to create a favourable climate for the commodity.

Base Metals

With the resurgence of the Chinese demand, and hints of improvement in the Western World demand, we remain positive on the outlook for base metals. In addition the supply side continues to face challenges on several fronts including technical challenges, and labor disputes. For instance, during H2/09 approximately 17% of global copper supply is facing labour contract renewals; it appears that the supply constraints that were the focus of the copper market 18 months ago have again come to the forefront, and much sooner than most thought they would. In addition the VALE Inco worker strike in Sudbury is expected to last until the end of this year, putting upward pressure on the nickel prices. Hence we remain bullish on the supply demand fundamentals.

Crowflight: While Crowflight ran into the initial problems, on June 1, the company went fully commercial and sold 254,000 lbs of commercial nickel by June 30. However, the rampup process is still ongoing. Mill throughput in July was negatively affected by ground control issues in the drift accessing the operating stope, which necessitated the driving of a new stope access. As a result, the milling operation was suspended in late June due to the lack of ore. The mill was subsequently restarted on 4 August. While the mill shutdown resulted in a slower than anticipated mine ramp-up and underground development, we are confident that rampup process will be complete by the end of 2009. In the meantime, the strike in Vale Inco's mines will keep upward pressure on the Nickel mining shares.

Denison Mines: Denison Mines has signed agreements with Korea Electric Power Corporation ("KEPCO") which allowed KEPCO to acquire 58 million common shares of Denison, representing 17% of the post issuance shares outstanding. In addition to the capital KEPCO also signed an offtake agreement that will allow for KEPCO to purchase up to 20% of Denison's U3O8 production (+/- 10%), subject to various minimum purchase agreements. This equity infusion from KEPCO and along with the \$82 million equity financing announced in May, Denison will be able to repay its debt. While DML still faces supply related risks given Areva's recent announcement to suspend underground mining in Saskatchewan and defer development of the Caribou and Midwest projects, we believe in the long run, the Wheeler discovery could prove to be a company-maker. Even though Wheeler deposit is at a very early stage, we have seen consistent high-grade material from the drilling so far. Based on drill results to date, we have seen estimates as high as 170 million lbs of U3O8 on a 100% basis.

Investment Income and Capital Gains

During the six month period ended June 30, 2009 the Partnership had net investment loss of \$137,931. In addition, the portfolio realized \$7,046 in investment gains and had an increase of \$1,400,122 in unrealized gains on its investments. Investment losses, realized gains and unrealized gains combined for a total increase in net assets from operations of \$1,269,237, or \$2.20 per Unit.

Credit Facility

The Partnership has entered into a non-revolving term credit facility agreement (the "Credit Agreement") with Bank of Montreal ("BMO") dated February 15, 2008. The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the net asset value of the Partnership.

Previous borrowing was used solely to finance the Agents' fees, and other expenses of the Offering (including legal, accounting and audit, travel, marketing and sales expenses), the Manager's fee and certain operating and administrative costs and expenses of the Partnership that were not expected to be fully deductible in computing income of the Partnership for the six month period ending June 30, 2009, in order to maximize the investment of the Gross Proceeds in Flow-Through Shares.

The Partnership's obligation under the Credit Agreement (if any) is secured by a pledge of the Partnership assets, and requires the Partnership to meet certain minimum margin requirements, and is repayable on demand. If the Partnership Loan Facility is not repaid at the time of dissolution of the Partnership, the former Limited Partners will become personally obligated to repay the Partnership Loan Facility, although recourse against them will be limited to their interest in the securities or assets of the Partnership. The General Partner expects that all amounts outstanding under the Partnership Credit Facility, including all interest accrued thereon, will be repaid prior to the earlier of the closing of any Liquidity Alternative (a transaction that would provide liquidity, where the General Partner can transfer the assets of the Partnership to a mutual fund) and the dissolution of the Partnership.

The Partnership employed leverage in the range of 0.0% to 16.1% during the six month period ended June 30, 2009. Leverage has not been used since April 2009.

Liquidity and Capital Resources

As at June 30, 2009, the Partnership had current assets excluding investments of \$16,958. Current liabilities totalled \$87,365.

Capital transactions

On February 15, 2008, the Partnership completed an initial public offering pursuant to the prospectus dated January 30, 2008. The offering raised \$11,549,375 through the issue of 461,975 Units at \$25.00 per Unit. On April 1, 2008, the Partnership issued an additional 114,182 Units at \$25.00 each for gross proceeds of \$2,854,550.

Total proceeds, including the first closing, after Agents' fees and issue expense was \$12,906,280.

Related Party Transactions

Management Fees

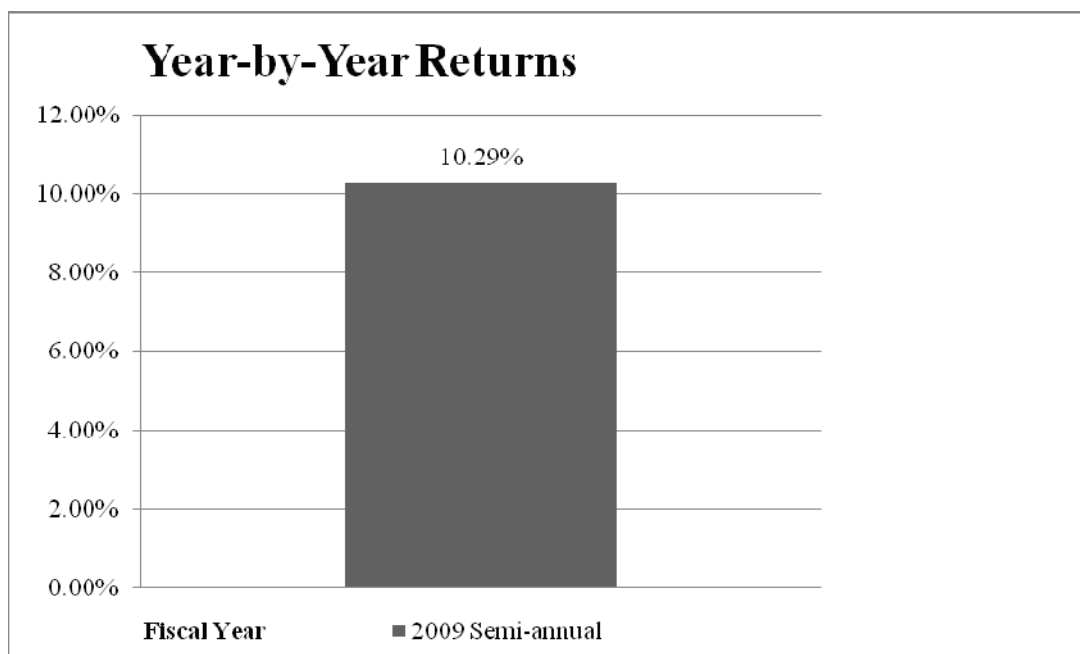
Pursuant to a management agreement (“the Management Agreement”) the Partnership retained Connor, Clark & Lunn Capital Markets Inc. (“the Manager”) to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Partnership, the Manager is entitled to an annual management fee in an amount equal to 2% per annum of the net asset value of the Partnership to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Partnership during the six month period ended June 30, 2009 were \$110,381 (\$97,104 from February 15, 2008 (commencement of operations) to June 30, 2008).

The Manager pays the Investment Advisor out of the above management fees.

Past Performance

The following bar charts show the semi-annual performance for the six-month period ended June 30, 2009 assuming all the distributions (if any) made by the Partnership during the period shown were reinvested. This bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Future accounting changes

The Canadian Accounting Standards Board ("AcSB") confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. IFRS will apply to fiscal years beginning on or after January 1, 2011. As the Partnership is expected to dissolve on or about June 30, 2010, the Manager does not expect this to impact the Partnership.

In March 2009, the Canadian Accounting Standards Board announced it has agreed to adopt recent amendments to IFRS 7, "Financial Instruments: Disclosures", into Section 3862, "Financial Instruments – Disclosures". The final amended version to IFRS 7 will also be subsequently incorporated into Canadian GAAP. The amendments to Section 3862 will apply to annual financial statements for years ending after September 30, 2009. The amendments require that an entity disclose the classification, for each class of financial instrument, of fair value measurements within a fair value hierarchy. The hierarchy includes three levels: Level 1 – quoted prices in active markets, Level 2 – measurements determined using valuation models that employ observable inputs and Level 3 – measurements determined using valuation models that employ unobservable inputs.

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to aid in understanding the Partnership's financial performance since inception. This information is derived from the Partnership's annual and semi-annual financial statements:

The Partnership's Net Assets per share:

	June 30, 2008 ⁽¹⁾	December 31, 2008 ⁽²⁾
Net Assets, beginning of period	18.41	25.00
Increase (decrease) from operations:		
Total revenues	0.06	0.52
Total expenses	(0.30)	(0.69)
Unit issue expense ⁽³⁾	—	(2.67)
Realized gains (losses) for the period	0.01	1.79
Unrealized gains (losses) for the period	2.43	(5.71)
Total increase (decrease) from operations ⁽⁴⁾	2.20	(6.76)
Distributions:		
From income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	—
Return of capital	—	—
Total Distributions	—	—
Net Assets, end of period ⁽⁵⁾	20.62	18.41

⁽¹⁾ Results for the six month period ended June 30, 2009.

⁽²⁾ Results for the period from February 15, 2008 (commencement of operations) to December 31, 2008.

⁽³⁾ Issue expense of \$1,497,645 incurred in connection with the unit issuance. The full amount of issue expenses was deducted from the retained earnings for accounting purposes and is amortized over a period of five years for tax purposes.

⁽⁴⁾ Net assets 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 units outstanding over the financial period.

⁽⁵⁾ This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	June 30, 2008 ⁽¹⁾	December 31, 2008 ⁽²⁾
Net asset value (000's)	11,908	10,761
Number of units outstanding	576,157	576,157
Base Management expense ratio (annualized) ⁽³⁾⁽⁴⁾	2.96%	2.95%
Issue expenses ratio ⁽³⁾⁽⁴⁾	—	11.87%
Interest expense ratio ⁽³⁾⁽⁴⁾	0.20%	0.54%
Management expense ratio (annualized) ⁽⁴⁾	3.16%	15.36%
Management expense ratio before waivers or absorptions (annualized) ⁽⁴⁾	3.16%	15.36%
Portfolio turnover rate ⁽⁵⁾	1.76%	76.14%
Trading expense ratio ⁽⁶⁾	0.03%	0.01%
Net asset value per unit	20.67	18.68

⁽¹⁾ Results for the six month period ended June 30, 2009.

⁽²⁾ Results for the period from February 15, 2008 (commencement of operations) to December 31, 2008.

⁽³⁾ A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all agents' fees and unit issue expenses, and Interest expense ratio: representing cost of leverage.

⁽⁴⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

⁽⁵⁾ The Partnership's turnover rate indicates how actively the Partnership's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Partnership.

⁽⁶⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

Summary of Investment Portfolio as of June 30, 2009

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available at www.cclcapitalmarkets.com and at www.sedar.com.

	Market Value \$	% of NAV
Portfolio by Category		
Energy	10,199,082	85.7%
Materials	1,779,080	14.9%
Cash & Cash Equivalents	1,893	0.0%
Top 25 Holdings		
Tourmaline Oil Corp	2,000,000	16.8%
Denison Mines Inc.	1,884,838	15.8%
Progress Energy Resources Corp.	1,422,400	11.9%
CrowFlight Minerals Inc.	1,110,000	9.3%
TriStar Oil and Gas Ltd.	1,099,000	9.2%
Artek Exploration Ltd. Flow Through	825,000	6.9%
Petrobank Energy and Resource Ltd	730,087	6.1%
Metanor Resources Inc.	669,080	5.6%
Breaker Energy Ltd.	369,000	3.1%
Seaview Energy Inc.	360,000	3.0%
Wild River Resources Ltd.	311,351	2.6%
Open Range Energy Corp.	290,000	2.4%
Huron Energy Corp.	243,750	2.0%
Exshaw Oil Corp. Flow Through	240,000	2.0%
Vero Energy Inc.	226,800	1.9%
Nal Oil & Gas Trust	110,856	0.9%
Angle Energy Inc.	86,000	0.7%
Cash & Cash Equivalents	1,893	0.0%
Net asset value	11,907,756	

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Financial Statements (Unaudited)

June 30, 2009

Notice to Reader:

These interim financial statements and related notes for the six month period ended June 30, 2009 have been prepared by management of Connor, Clark & Lunn Capital Markets Inc. The auditors of the Partnership have not audited or reviewed these interim financial statements.

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Statements of Net Assets (Unaudited)

As at June 30, 2009 and December 31, 2008

	June 30, 2009	December 31, 2008
	\$	\$
Assets		
Cash	1,893	34,651
Short-term investments	-	1,938,838
Investments at fair value (cost - \$13,753,830; 2008 - \$13,523,931)	11,948,814	10,318,793
Interest and dividends receivable	15,065	6,699
	<u>11,965,772</u>	<u>12,298,981</u>
Liabilities		
Bank indebtedness (note 4)	-	1,600,000
Accounts payable and accrued liabilities	46,865	69,764
Management fees payable	40,500	20,047
	<u>87,365</u>	<u>1,689,811</u>
Net Assets and Partners' Equity	<u>11,878,407</u>	<u>10,609,170</u>
Units issued and outstanding (note 5)	<u>576,157</u>	<u>576,157</u>
Net assets per unit	<u>20.62</u>	<u>18.41</u>
Partners' Equity		
Unit capital (note 5)	12,906,280	12,906,280
Surplus (deficit)	<u>(1,027,873)</u>	<u>(2,297,110)</u>
Total Partners' Equity	<u>11,878,407</u>	<u>10,609,170</u>

Approved by the Manager



Director



Director

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Statements of Operations (Unaudited)

For the six month period ended June 30, 2009 and period from February 15, 2008 (commencement of operations) to June 30, 2008

	2009	2008
	\$	\$
Income		
Dividends	29,065	-
Interest income	6,936	129,676
	<u>36,001</u>	<u>129,676</u>
Expenses		
Management fees (note 7)	110,381	97,104
Audit fees	26,931	8,779
Loan interest expenses (note 4)	10,715	25,623
Administration fees	9,027	6,908
Custodial and other unitholders' fees	7,933	836
Transfer agent fees	4,143	7,770
Legal fees	1,699	5,852
Transaction costs	1,654	-
IRC fees	1,332	-
Interest expenses	117	67
Printing fees	-	5,852
Filing fees	-	5,852
	<u>173,932</u>	<u>164,643</u>
Investment income (loss) for the period	(137,931)	(34,967)
Net realized gain (loss) on investments		
Net realized gain (loss) on investments	7,046	-
Net unrealized gain (loss) on investments		
Unrealized gain (loss) on investments	1,400,122	1,079,300
Increase (decrease) in net assets from operations	<u>1,269,237</u>	<u>1,044,333</u>
Increase (decrease) in net assets from operations per unit *	<u>2.20</u>	<u>1.93</u>

* (based on average number of units outstanding during the period)

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Statements of Changes in Net Assets and Surplus (Deficit) (Unaudited)

For the six month period ended June 30, 2009 and period from February 15, 2008 (commencement of operations) to June 30, 2008

	2009	2008
	\$	\$
Increase (decrease) in net assets from operations	<u>1,269,237</u>	<u>1,044,333</u>
Unitholders' transactions:		
Gross proceeds from issue of units (note 5)	-	14,403,925
Agents' fees and issue expenses	<u>-</u>	<u>(1,462,265)</u>
	<u>-</u>	<u>12,941,660</u>
Change in net assets during the period	1,269,237	13,985,993
Net assets - Beginning of period	<u>10,609,170</u>	<u>-</u>
Net assets - End of period	<u>11,878,407</u>	<u>13,985,993</u>
Surplus (deficit), beginning of period	(2,297,110)	-
Increase (decrease) in net assets from operations	<u>1,269,237</u>	<u>1,044,333</u>
Surplus (deficit), end of period	<u>(1,027,873)</u>	<u>1,044,333</u>

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Statements of Cash Flow (Unaudited)

For the six month period ended June 30, 2009 and period from February 15, 2008 (commencement of operations) to June 30, 2008

	2009	2008
	\$	\$
Operating Activities		
Increase (decrease) in net assets from operations	1,269,237	1,044,333
Items not affecting cash:		
Net realized (gain) loss on investments	(7,046)	-
Unrealized (gain) loss on investments	(1,400,122)	(1,079,300)
Changes in non-cash working capital		
(Increase) decrease in interest receivable	(8,366)	(29,014)
Increase (decrease) in accounts payable and accrued liabilities	(22,899)	117,017
Increase (decrease) in management fees payable	20,453	23,181
Cost of investments purchased	(416,284)	(2,863,250)
Proceeds from investments sold	193,431	-
	<u>(371,596)</u>	<u>(2,787,033)</u>
Financing Activities		
Proceeds from issuance of units	-	14,403,925
Unit issue costs	-	(1,462,265)
Proceeds from bank indebtedness	-	3,173,429
Repayment of bank indebtedness	(1,600,000)	(1,585,797)
	<u>(1,600,000)</u>	<u>14,529,292</u>
Net cash flow provided by (used in) operating activities	<u>(1,600,000)</u>	<u>14,529,292</u>
Net increase (decrease) in cash and short-term investments	(1,971,596)	11,742,259
Cash and short-term investments - beginning of period	<u>1,973,489</u>	<u>-</u>
Cash - end of period	<u>1,893</u>	<u>11,742,259</u>
Supplementary information		
Interest paid	10,715	53,591

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Statement of Investment Portfolio (Unaudited)

As at June 30, 2009

	Quantity	Average Cost \$	Fair Value \$	% of Net Assets
Investments				
Canadian equities				
Energy				
Angle Energy Inc.	20,000	101,652	85,200	0.7%
Artek Exploration Ltd. Flow Through (*)	33,000	990,000	825,000	6.9%
Breaker Energy Ltd.	100,000	475,572	366,000	3.1%
Denison Mines Inc.	976,600	1,074,260	1,875,072	15.9%
Exshaw Oil Corp. Flow Through (*)	100,000	330,000	240,000	2.0%
Huron Energy Corp. (*)	75,000	300,000	243,750	2.1%
Nal Oil & Gas Trust	11,831	107,660	110,856	0.9%
Open Range Energy Corp	200,000	927,950	280,000	2.4%
Petrobank Energy and Resource Ltd.	21,613	723,627	730,087	6.1%
Progress Energy Resources Corp.	140,000	2,275,000	1,412,600	11.9%
Seaview Energy Inc.	300,000	433,065	360,000	3.0%
Tourmaline Oil Corp. (*)	200,000	2,000,000	2,000,000	16.9%
TriStar Oil and Gas Ltd.	100,000	1,428,199	1,097,000	9.2%
Vero Energy Inc.	70,000	599,197	225,400	1.9%
Wild River Resources Ltd. (*)	60,000	291,000	310,989	2.6%
		<u>12,057,182</u>	<u>10,161,954</u>	<u>85.6%</u>
Materials				
CrowFlight Minerals Inc.	5,550,000	999,000	1,110,000	9.3%
Metanor Resources Inc.	1,556,000	700,200	676,860	5.7%
		<u>1,699,200</u>	<u>1,786,860</u>	<u>15.0%</u>
Total Canadian equities		<u>13,756,382</u>	<u>11,948,814</u>	<u>100.6%</u>
Total investments (before transaction costs)		<u>13,756,382</u>	<u>11,948,814</u>	<u>100.6%</u>
Transaction costs (note 3)		<u>(2,552)</u>	<u>-</u>	<u>0.0%</u>
Total investments		<u>13,753,830</u>	<u>11,948,814</u>	<u>100.6%</u>
Liabilities, net of other assets			<u>(70,407)</u>	<u>-0.6%</u>
Net assets			<u>11,878,407</u>	<u>100.0%</u>

(*) Private placement.

(See accompanying notes to financial statements)

Connor, Clark & Lunn 2008 Flow-Through Limited Partnership

Notes to Financial Statements (Unaudited)

June 30, 2009

1 Formation of Partnership

The Connor, Clark & Lunn 2008 Flow-Through Limited Partnership (the "Partnership") was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated December 11, 2007 between Connor, Clark & Lunn 2008 Flow-Through Management Corp., as General Partner (the "General Partner"), and Philip Gow, as the Initial Limited Partner, and became a limited partnership effective December 11, 2007.

Pursuant to a limited partnership agreement dated December 11, 2007 (the "Limited Partnership Agreement") between the General Partner and the Initial Limited Partner at that time, and each person who became a Limited Partner thereafter, the General Partner is entitled to a 0.01% beneficial interest in the Partnership. As at December 31, 2008, the General Partner held no Units in the Partnership. The Limited Partners will be allocated on a pro rata basis 99.9% of the net income or loss of the Partnership and 100% of any eligible expenditures renounced to the Partnership, and 0.01% of the net income or loss of the Partnership will be allocated to the General Partner. On dissolution, Limited Partners are entitled to 99.99% of the assets of the Partnership and the General Partner is entitled to 0.01% of such assets after payment of all liabilities of the Partnership.

The Limited Partnership Agreement provides that the General Partner will dissolve the Partnership on or about December 31, 2010, subject to the right of the General Partner to extend the dissolution date by up to three months. The General Partner can also transfer the assets of the Partnership to a mutual fund (the "Liquidity Alternative") pursuant to an agreement (the "Transfer Agreement"), in exchange for units of a mutual fund, prior to the dissolution of the Partnership. However, this Transaction is subject to the receipt of all necessary regulatory approvals, and is at the discretion of the General Partner.

Pursuant to a management agreement dated January 30, 2008, Connor, Clark & Lunn Capital Markets Inc. (the "Manager") has been retained by the Partnership to provide investment advisory and portfolio management services to the Partnership and to manage the ongoing business and administrative affairs of the Partnership.

2 Investment objectives

The Partnership has been organized to provide Limited Partners with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers whose shares are listed on a public exchange and (up to a maximum of 30%) of the Gross Proceeds Flow-Through Shares of private Resource Issuers with a view to achieving income and capital appreciation for Limited Partners. The principal businesses of the Resource Issuers are:

- i. oil and gas exploration, development and production;
- ii. mineral exploration, development and production; or
- iii. certain energy production that may incur certain start-up phase costs of renewable energy and energy efficient projects.

3 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates.

This Partnership is unincorporated and these financial statements do not include all the assets, liabilities, revenues and expenses of the limited partners.

Future accounting changes

The Canadian Accounting Standards Board ("AcSB") confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. IFRS will apply to fiscal years beginning on or after January 1, 2011. As the Partnership is expected to dissolve on or about June 30, 2010, the Manager does not expect this to impact the Partnership.

In March 2009, the Canadian Accounting Standards Board announced it has agreed to adopt recent amendments to IFRS 7, "Financial Instruments: Disclosures", into Section 3862, "Financial Instruments – Disclosures". The final amended version to IFRS 7 will also be subsequently incorporated into Canadian GAAP. The amendments to Section 3862 will apply to annual financial statements for years ending after September 30, 2009. The amendments require that an entity disclose the classification, for each class of financial instrument, of fair value measurements within a fair value hierarchy. The hierarchy includes three levels: Level 1 – quoted prices in active markets, Level 2 – measurements determined using valuation models that employ observable inputs and Level 3 – measurements determined using valuation models that employ unobservable inputs.

Valuation of Investments

Investments are deemed to be categorized as "held for trading" in accordance with CICA 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded. Should the quoted value for a security, in the opinion of the Managers, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Managers on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred.

Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for the security. In addition, Section 3855 requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund be charged to net income in the period.

On September 8, 2008, the Canadian Securities Administration issued the amended national Instrument 81-106 ("NI 81-106"), Section 14.2 of the amended NI81-106 requires an investment fund to calculate its daily Net Asset Value for the purchase and redemption of units ("Transactional NAV") based on the fair value of the investment fund's assets and liabilities (being the last traded price for the day). The Partnership did not change its methodology in this respect.

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The Partnership continues to calculate its net asset value for pricing purposes using the closing prices of securities. As at June 30, 2009, the Partnership's net asset value per unit was \$20.67. The difference between the net asset value per unit and the net assets per unit as shown on the Statement of Net Assets is due to the different pricing methodology discussed above. The reconciliation between the Transactional NAV and the GAAP Net Assets as a result of the adoption of Sections 3855 is as follows:

	<u>Transactional</u> NAV	<u>Section 3855</u> Adjustment	<u>GAAP</u> Net Assets
Per Unit			
Opening Value – December 31, 2008	18.68	(0.27)	18.41
Closing Value – June 30, 2009	20.67	(0.05)	20.62

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit with terms to maturity of less than 90 days at acquisition. Cash and cash equivalents are deemed to be held for trading and therefore are carried at fair value. Short-term investments are carried at cost, which together with interest receivable approximates market value.

Income recognition

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Unit valuation

Units of the Partnership are valued at the net asset value per unit of the Partnership. The net asset value per unit is determined by dividing the aggregate fair value of assets less liabilities of the Partnership by the total number of units of the Partnership outstanding before giving effect to redemptions or subscriptions for units on that day.

4 Bank indebtedness

The Partnership has entered into a non-revolving term credit facility agreement (the "Credit Agreement") with Bank of Montreal ("BMO") dated February 15, 2008. The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the net asset value of the Partnership.

Previous borrowing was used solely to finance the Agents' fees, and other expenses of the Offering (including legal, accounting and audit, travel, marketing and sales expenses), the Manager's fee and certain operating and administrative costs and expenses of the Partnership that were not expected to be fully deductible in computing income of the Partnership for the fiscal period ending June 30, 2009, in order to maximize the investment of the Gross Proceeds in Flow-Through Shares.

The Partnership's obligation under the Partnership Credit Facility is secured by a pledge of the Partnership assets, and requires the Partnership to meet certain minimum margin requirements, and is repayable on demand. If the Partnership Loan Facility is not repaid at the time of dissolution of the Partnership, the former Limited Partners will become personally obligated to repay the Partnership Loan Facility, although recourse against them will be limited to their interest in the securities or assets of the Partnership. The General Partner expects that all amounts outstanding under the Partnership Credit Facility, including all interest accrued thereon, will be repaid prior to the earlier of the closing of any Liquidity Alternative and the dissolution of the Partnership.

During the six month period ended June 30, 2009, the Credit Facility had minimum balance outstanding of \$nil and maximum balance of \$1.6 million (\$1.0 million minimum balance and maximum balance of \$1.6 million during the period February 15, 2008 (date of Credit Facility Agreement) to June 30, 2008). The related total interest expense was \$10,715 (\$25,623 during the period February 15, 2008 (date of Credit Facility Agreement) to June 30, 2008). Leverage has not been used since April 2009.

5 Partners' Equity

Units of the Partnership were offered to the public by way of prospectus. On February 15, 2008 (commencement of operations), the Partnership issued 461,975 transferable units of one class, each of which represents an equal, undivided interest in the net assets of the partnership and in any rights and privileges. On April 1, 2008, the Partnership issued an additional 114,182 transferable units of one class. The Partnership will not issue any more units. The Partnership is expected to be dissolved on or about June 30, 2010.

There is no market through which the Units may be sold and none is expected to develop. The Units will not be listed on any stock exchange. Investors are likely to find it difficult or impossible to sell their Units. Under the Partnership Agreement, Units may be transferred by a Limited Partner subject to certain conditions (for more information, please refer to the Partnership's prospectus dated January 30, 2008).

The Partnership considers capital to include all units issued and outstanding. The Partnership manages their capital in accordance with the objectives outlined in note 2.

6 Custodian

Pursuant to a custodian agreement ("the Custodian Agreement"), the Partnership has retained RBC Dexia Investor Trust Services to act as custodian of the assets of the Partnership. The Custodian is also responsible for certain aspects of the Partnership's day-to-day operations. In consideration for these services, the Partnership pays a fee to the Custodian.

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Notes to Financial Statements (Unaudited)

June 30, 2009

7 Management fees and other expenses

As compensation for management services rendered to the Partnership, the Manager receives an annual management fee in an amount equal to 2.0% of the net asset value of the Partnership, calculated and paid monthly in arrears, plus applicable taxes. The Manager will pay Connor, Clark & Lunn Investment Management ("Investment Advisor") the Investment Advisor's fee out of the Manager's Fee.

The Manager is also entitled to a Performance Bonus. The Performance Bonus is equal to 20% of the product of (a) the number of Units outstanding on the Performance Bonus Date; and (b) the amount by which the Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the total distributions per Unit over the Performance Bonus Term exceeds \$28. The Performance Bonus will be calculated on the Performance Bonus Date (for more information, please refer to the Partnership's prospectus dated January 30, 2008).

The Partnership is also responsible for all expenses incurred in connection with its operation and administration.

8 Broker commission charges and soft dollar services

There were \$1,654 broker commissions paid during the six month period ended June 30, 2009 (nil from February 15, 2008 (commencement of operations) to June 30, 2008) in connection with portfolio transactions. No soft dollar services were included in the broker commission charges.

9 Financial instruments

<u>Assets</u>	\$
Held for trading	11,950,707
Loans and receivables	15,065
Total assets	11,965,772
<u>Liabilities</u>	
Held for trading	-
Financial liabilities at amortized cost	87,365
Total liabilities	87,365

For the purposes of categorization in accordance with CICA Section 3862, Financial Instruments – Disclosures, interest receivable is deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities, bank indebtedness and management fees payable are deemed to be financial liabilities and reported at amortized cost.

10 Financial instrument risk

The Partnership may be exposed to a variety of financial risks. The Investment Advisor seeks to minimize potential adverse effects of these risks on the Partnership's performance through daily monitoring of the Partnership's positions and market events and by diversifying the investment portfolio within the constraints of the investment objective. The investment portfolio is comprised of junior Resource Issuers.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds and fixed income derivatives. The Partnership is exposed to the risk that the value of interest-sensitive financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Other assets and liabilities are short-term in nature and non-interest bearing. As at June 30, 2009, interest rate risk was negligible as the Partnership had no significant exposure to interest-bearing investments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Partnership's functional currency. The Partnership is exposed to risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. As at June 30, 2009, currency risk was negligible as the Partnership had no significant exposure to securities denominated in currencies other than the Canadian dollar.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Partnership's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on June 30, 2009, all other variables held constant, the net assets of the Partnership would have increased or decreased, respectively, by approximately \$1,195,000. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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Concentration Risk

The business activities of investees are speculative and may be adversely affected by factors outside the control of those issuers. Resource Issuers may not hold or discover commercial quantities of petroleum, natural gas or minerals and their profitability may be affected by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, competition, imposition of tariffs, duties or other tax and government regulation, as applicable. Resource Issuers in the renewable energy and energy efficient sector that may incur Canadian Renewable and Conservation Expenses, in particular, may be adversely affected by drought and variations in the water flow of watersheds upon which such issuers have plants.

Since the Partnership invests primarily in securities issued by firms engaged in the oil and gas, mining, or related resource businesses (including junior issuers), the Net Assets may be more volatile than portfolios with a more diversified investment focus. Also, the Net Assets may fluctuate with underlying market prices for commodities produced by those sectors of the economy.

Liquidity risk

Flow-Through Shares and other securities, if any, of Resource Issuers are typically purchased by the Partnership on a private placement basis, and will be subject to resale restrictions. In the case of publicly traded Resource Issuers, these resale restrictions will generally last for four months. In the case of private Resource Issuers, these resale restrictions will be indefinite.

The Investment Advisor actively manages the Partnership's Investment Portfolio, and this may involve the sale and reinvestment of the proceeds of sale of some or all of the Flow-Through Shares and other securities pursuant to certain statutory exemptions. The existence of resale restrictions may hamper the ability of the Investment Advisor to take advantage of opportunities for profit taking, or limitation of losses, which might be available in the absence of resale restrictions, and this in turn may reduce the amount of capital appreciation or magnify the capital loss in the Partnership's investment portfolio.