



CONNOR, CLARK & LUNN

CAPITAL MARKETS

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Connor, Clark & Lunn
2009 Flow-Through
Limited Partnership
Semi-Annual Report
June 30, 2011

August 29, 2011

Dear fellow Limited Partners,

I am pleased to provide you with the semi-annual report for the Connor, Clark & Lunn 2009 Flow-Through Limited Partnership (the "Partnership") for the six month period ended June 30, 2011. The Partnership's portfolio is managed by Connor Clark & Lunn Investment Management (the "Investment Advisor"). With approximately \$5.4 billion in energy and materials investments, the Investment Advisor is one of the largest investors in natural resource companies in Canada.

The Partnership was launched in the fourth quarter of 2009 and is scheduled to be rolled over into the Connor, Clark & Lunn Natural Resources Fund on September 30th of this year. Limited Partners can choose to remain in the fund focused on the natural resources sector or transfer on a tax free basis, to our balanced fund. We are pleased with the performance of the Partnership, which at the time of writing had a net asset value of \$25.14 per Unit. The Partnership's largest holding is Tourmaline Oil Corp. Previous companies run by its management team have been large holdings in past partnerships and have contributed meaningfully to their performance. Tourmaline's management team has a strong history of creating value for shareholders and has generated strong performance to date. During the course of the past 12 months the Investment Advisor has sold a number of positions in the portfolio, thereby locking in significant gains.

The Investment Advisor believes that while overall valuations within the energy space have moved to premium levels (on a historical basis), we continue to see areas of opportunities within the junior/intermediate space where the market is not recognizing above average growth from premium management teams with top decile asset quality. The Investment Advisor also expects continued strength for gold as the continuing European debt crisis, US debt issues and high inflation in China are positive catalysts. In the base metals sectors, the Investment Advisor believes we may experience continued strength in metal prices as supply lags structurally higher demand.

We appreciate your investment in the Partnership and remain optimistic on the potential for good investment returns during the remainder of its life.

Yours truly,



W. Neil Murdoch
Chief Executive Officer
Connor, Clark & Lunn Capital Markets Inc.

Management Report of Fund Performance

This semi-annual management report of fund performance for Connor, Clark & Lunn 2009 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.**

You can obtain a copy of the semi-annual financial statements at no cost by writing to Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) to the following address: Connor, Clark & Lunn Capital Markets Inc., Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7, or calling (416) 862-2020 or visiting the Manager’s website at www.cclcapitalmarkets.com. You can also obtain the semi-annual financial statements by visiting www.sedar.com.

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

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 2009 Flow-Through Limited Partnership (the “Partnership”) was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated October 13, 2009 between Connor, Clark & Lunn 2009 Flow-Through Management Corp., as General Partner, and Darren Cabral, as the Initial Limited Partner, and became a limited partnership effective October 13, 2009.

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 20% 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.

In order to achieve the Partnership’s investment objectives, Connor, Clark & Lunn Investment Management Ltd. (the “Investment Advisor”), the Partnership’s investment advisor, invested 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 November 20, 2009.

Risk

The risk profile of the Partnership has changed in the following area:

Leverage: The Partnership's investment restrictions contemplate leverage of up to 15.0% of the gross proceeds of the offering. 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. Leverage was eliminated during June 2010.

For full disclosure of risks associated with an investment in the Partnership's units, please refer to the Prospectus dated November 20, 2009.

Results of Operations

Investment Advisor Commentary (July 2011)

Energy

Oil prices, as measured by West Texas Intermediate ("WTI"), hit a high of almost US\$115 per barrel in April, which exceeded the high end of our expected range for the first half of 2011 of US\$80 per barrel to US\$100 per barrel. The initial push towards the high end of our range at US\$100 per barrel was expected given the continued strength in global oil demand (to record levels of almost 90 million barrels per day). However, the re-emergence of a 'risk premium' (relating to supply disruptions in the Middle East) added an estimated US\$10 per barrel to oil prices. Barring a setback to economic fundamentals (which could push oil prices back towards the marginal cost of supply at US\$70 per barrel but is not within our forecast at this time), we believe that strong demand from emerging economies will continue to drive overall global oil demand to new highs this year, supporting oil prices at the high end of our expected range. That said, we remain wary of oil prices exceeding the US\$110 per barrel, given the potential for demand destruction above these levels. The recent pullback in oil prices to the US\$95 per barrel level presents an optimal scenario as this price level provides a very healthy environment for oil weighted producers to generate rates of return on investment in excess of 30% without upsetting the global recovery.

Meanwhile, Henry Hub natural gas prices continue to be range bound between US\$4.00 per thousand cubic feet ("Mcf") and US\$5.50/Mcf as expected. While gas prices may continue to languish near the US\$4.00/Mcf level through 2011 due to higher than expected supply levels and only a modest recovery in demand, we are now seeing producers curtail drilling levels at current gas prices reflecting our view that the marginal cost of supply exceeds US\$5.00/Mcf. On this basis, we foresee a recovery in gas prices over the next 12 to 18 months to the high end of our expected trading range of US\$4.00/Mcf to US\$5.50/Mcf. That said, our natural gas weighted investments remain selective with a focus on those producers that either offer the lowest cost projects or a high liquids content associated with gas production.

While overall valuations within the energy space have moved to premium levels (on a historical basis), we continue to see areas of opportunities within the junior/intermediate space where the market is not recognizing above average growth from premium management teams with top decile asset quality. We continue to remain very selective and will continue to focus on producers that can generate reasonable rates of return on capital projects at current commodity prices, while maintaining strong balance sheets to withstand continued commodity price volatility.

Gold

Gold has set a new high again in 2011 on the back of sovereign and political risk factors. Developments in Europe, which include the Greece restructuring/default and the risk of contagion to other weak peripheral countries (such as Ireland, Portugal, Spain and even Italy), are pressuring the outlook for the Euro (along with other fiat currencies), which is supporting upward pressure on gold. In addition to the Eurozone problems, China is suffering from high inflation, negative real interest rates, and a massive excess supply of M1 and M2 (M1 and M2 are measures of the money supply) – necessitating bank reserve increases and lending limits. The US continues to struggle with its obvious problems, including record deficits, persistent unemployment and a sluggish manufacturing recovery, all of which support accommodative monetary policy and therefore gold prices. Accordingly, gold continues to hit new highs in most currencies and continues to outperform almost all asset classes – a trend we see persisting through the second half of 2011.

Base Metals

While the first half of 2011 was plagued by near-term demand factors from the European debt crisis, the Japanese earthquake and an uncertain macroeconomic environment, the long-term outlook for demand will be largely driven by China and other developing Asian economies. The most predominant swing factor in the outlook for the metals and bulk commodities is supply. Copper continues to be effected by supply issues, and a resurgence of Chinese demand expected in the second half of 2011, is expected to push copper into a new record territory in 2011. The nickel outlook is expected to be challenging due to an abundance of supply coming online over the next two years. A lack of major capital commitments over the last few years in zinc and uranium should see a significant shortfall in production by mid-decade. An increase to iron ore supply is coming but barriers to entry remain high and supply risks exist. Australia, currently the largest seaborne metallurgical coal exporter, has an insufficient project pipeline to meet long-term demand.

The following is an update on some of the companies held in the Partnership's portfolio.

Tourmaline Oil: The Tourmaline management team represents the latest iteration of the former group from Duvernay Oil (a successful gas focused exploration and production company that went public in 2004 at \$10.00/share and subsequently sold to Royal Dutch Shell ("RDS") in 2008 for \$83.00/share). In its short history since forming Tourmaline in 2008, management has already amassed 1,100 net sections of land in the Deep Basin of Alberta and British Columbia (more than twice the size of Duvernay's land position when it sold to RDS). Relative to 2010 exit levels of 23,000 barrels of equivalent oil per day ("Boe/d"), current production is approaching 30,000 Boe/d with a 2011 exit target exceeding 37,000 Boe/d. Based on this 2011 production estimate, Tourmaline will generate production per share growth of more than 350% from mid-2009 levels (and over 50% per share from 2010 to 2011). Flow-through funds from two equity raises in 2010 are being used to supplement an active \$470 million drilling program in 2011 that will remain focused within 3 core areas in the Deep Basin.

Surge Energy Inc.: This management team was the reincarnation of a previously successfully vehicle, Breaker Energy (which was eventually sold to NAL Oil & Gas). The company will replicate its strategy of acquiring focused properties from majors in which it will use horizontal drilling to develop reservoirs that have previously only been developed via simple vertical drilling (enhancing the return on invested capital by 2x to 3x on a comparative basis). We began to acquire this company effectively in line with its base net asset value of \$5.00 during the summer of 2010, which provided material downside protection (however, with strong growth we now estimate the net asset value will grow to approximately \$9.00 by 2011 YE). From a production perspective, we see attractive upside potential with a view that the company should generate almost 50% organic production growth from 2010 exit to 2011 exit (representing top decile growth within its peer group).

Reliable Energy: Following a recapitalization transaction by a new management team late in 2008, Reliable has delivered significant growth in its first two years of operations increasing production from 50 Boe/d at inception to over 700 Boe/d at the end of Q1/11. Spending \$22 million in 2011 (in line with cash flow), production is expected to grow to an average rate of 1,100 Boe/d this year with an exit target of almost 1,500 Boe/d. The bulk of this growth will continue to be delivered from its contiguous Bakken land position of 80,000 net acres in southeast Saskatchewan where the company has extended the play towards the Manitoba border with its joint venture partner, Crescent Point (Crescent Point also holds a 19.9% equity interest in Reliable). Supplementing the visibility provided by its lower risk Bakken development program in Saskatchewan, the company has amassed a significant land position targeting the emerging "Alberta Bakken" play that extends from southern Alberta in to Montana. Reliable has just initiated its initial exploration work on a large contiguous land position covering 100,000 net acres of undeveloped land at the south end of this play. This project could materially expand the company's extensive development inventory and could add to its appeal as a consolidation candidate.

Credit Facility

The Partnership has entered into a non-revolving term credit facility agreement (the "Credit Agreement") with Bank of Montreal ("BMO") dated November 26, 2009. The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the original gross proceeds of the offering.

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 year ending December 31, 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 Mutual Fund Rollover Transaction (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.

During the six month period ended June 30, 2011, the Credit Facility had \$nil balance outstanding (from \$nil to \$900,000 during the six month period ended June 30, 2010). The related total interest expense during the six month period ended June 30, 2011 was \$nil (\$6,053 during the six month period ended June 30, 2010). Leverage was eliminated during June 2010.

Capital transactions

On November 26, 2009, the Partnership completed an initial public offering pursuant to the prospectus dated November 20, 2009. The offering raised \$6,613,500 through the issue of 264,540 Units at \$25.00 per Unit.

Total proceeds, including the first closing, after Agents' fees and issue expenses were \$5,832,124.

Recommendations or Reports by the Independent Review Committee ("IRC")

The IRC did not table any special reports or make any material recommendations to management of the Partnership during the six month period ended June 30, 2011.

Related Party Transactions

Management Fees

Pursuant to a management agreement ("the Management Agreement") the Partnership retained 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, 2011 were \$77,652 (\$54,466 during the six month period ended June 30, 2010).

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

The Manager will also be entitled to a Performance Bonus. The Performance Bonus is equal to 20% of the product of: (a) the number of Units outstanding on the last day of the Performance Bonus Term (the "Performance Bonus Date"); and (b) the amount by which Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the total distributions per Unit during the Performance Bonus Term exceeds \$28.

"*Performance Bonus Date*" means the last day of the Performance Bonus Term.

"*Performance Bonus Term*" means the period commencing on the date of the final Closing (November 26, 2009) and ending on the earlier of:

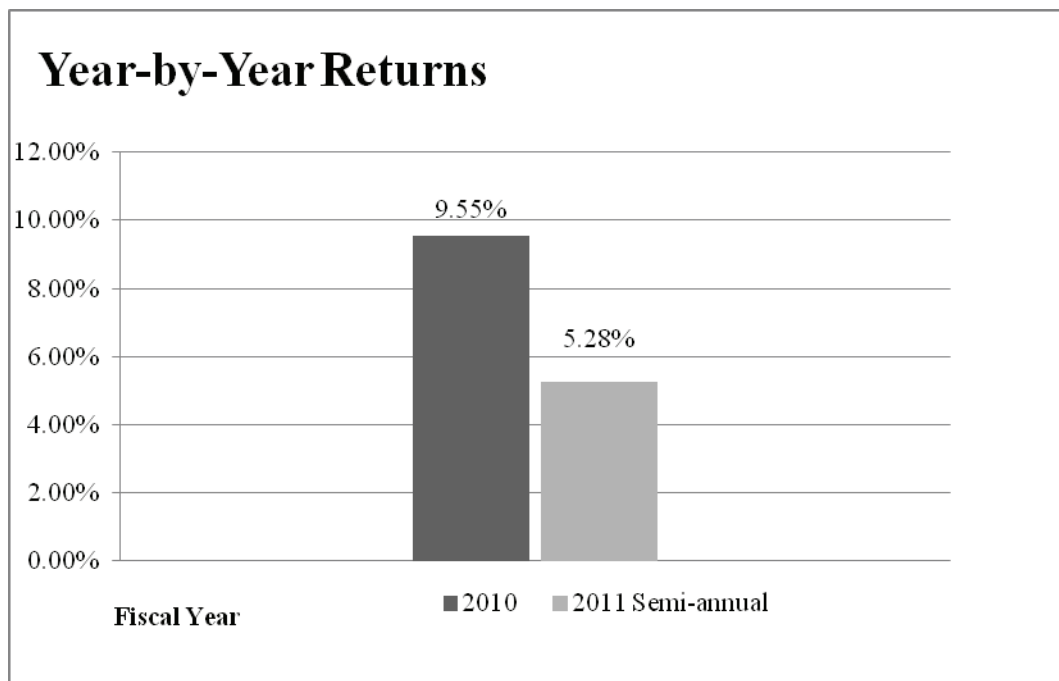
- a) the Business Day prior to the date on which the Partnership's assets are transferred to a Mutual Fund pursuant to a Mutual Fund Rollover Transaction; and
- b) the Business Day immediately prior to the day of dissolution or termination of the Partnership.

Past Performance

The following bar chart indicates the performance of the Partnership's units by showing both annual and semi-annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Partnership in the year shown were reinvested in additional securities of the Partnership. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance is not necessarily indicative of future performance.

Year – by– Year Returns

The following bar chart shows the Partnership's semi-annual and annual performance for the years shown. The bar charts 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.



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, 2010 ⁽²⁾	December 31, 2010	December 31, 2009 ⁽¹⁾
Net Assets, beginning of period	23.69	21.42	25.00
Unit issue expense⁽³⁾	–	(0.14)	(2.95)
Increase (decrease) from operations:			
Total revenues	0.07	0.11	–
Total expenses	(0.61)	(0.98)	(0.22)
Realized gains (losses) for the period	0.35	2.99	–
Unrealized gains (losses) for the period	1.44	0.29	(0.41)
Total increase (decrease) from operations⁽⁴⁾	1.25	2.41	(3.58)
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	–	–	–
From capital gains	–	–	–
Return of capital	–	–	–
Total Distributions	–	–	–
Net Assets, end of period⁽⁵⁾	24.94	23.69	21.42

⁽¹⁾ Results for the period from November 26, 2009 (commencement of operations) to December 31, 2009.

⁽²⁾ Results for the six month period ended June 30, 2011.

⁽³⁾ Issue expense of \$854,380 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 units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of units outstanding of 264,540 during the six month period ended June 30, 2011 (December 31, 2010 – 264,540).

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

Ratios and Supplemental Data:

	June 30, 2010 ⁽²⁾	December 31, 2010	December 31, 2009 ⁽¹⁾
Net asset value (000's)	6,652	6,318	5,744
Number of units outstanding	264,540	264,540	264,540
Base Management expense ratio ^{(3) (4)}	4.21%	3.84%	3.28%
Issue expenses ratio ^{(3) (4)}	0.00%	0.67%	14.60%
Interest expense ratio ^{(3) (4)}	0.00%	0.11%	1.83%
Management expense ratio (annualized) ⁽⁴⁾	4.21%	4.62%	25.66%
Management expense ratio before waivers or absorptions (annualized) ⁽⁴⁾	4.21%	4.62%	25.66%
Portfolio turnover rate ⁽⁵⁾	12.13%	79.54%	0.00%
Trading expense ratio ⁽⁶⁾	0.68%	0.82%	0.00%
Net asset value per unit	25.14	23.88	21.71

⁽¹⁾ Results for the period from November 26, 2009 (commencement of operations) to December 31, 2009.

⁽²⁾ Results for the six month period ended June 30, 2011.

⁽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, 2011

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

	Market Value \$	% of NAV
Portfolio by Category		
Energy	5,691,016	85.6%
Materials	817,393	12.3%
Cash & Cash Equivalents	200,097	3.0%
 Top 25 Holdings		
Tourmaline Oil Corp.	1,057,320	15.9%
Surge Energy Inc.	769,460	11.6%
Reliable Energy Ltd.	706,800	10.6%
Wild Stream Exploration Inc.	591,965	8.9%
Vero Energy	536,825	8.1%
Progress Energy Resources Corp.	508,010	7.6%
ARC resources Ltd	407,713	6.1%
Celtic Exploration Ltd.	354,078	5.3%
Storm Resources	353,725	5.3%
Anvil Mining	348,840	5.2%
Metanor Resources Inc.	262,522	3.9%
Base Oil & Gas Ltd.	240,000	3.6%
Guyana Goldfields	205,500	3.1%
Cash & Equivalents	200,097	3.0%
Artek Exploration Ltd.	165,120	2.5%
 Net asset value	 6,651,537	

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

Financial Statements (Unaudited)

June 30, 2011

Notice to Reader:

These interim financial statements and related notes for the six month period ended June 30, 2011 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 2009 Flow-Through Limited Partnership

Statements of Net Assets (Unaudited)

As at June 30, 2011 and December 31, 2010

	2011	2010
	\$	\$
Assets		
Cash	653	18,376
Short-term investments	199,444	598,512
Investments at fair value (cost - \$6,105,272; December 31, 2010 - \$4,419,719)	6,455,630	5,709,193
Interest receivable	5,509	7,124
	<u>6,661,236</u>	<u>6,333,205</u>
Liabilities		
Accounts payable and accrued liabilities	51,016	56,022
Management fees payable	11,462	9,433
	<u>62,478</u>	<u>65,455</u>
Net Assets representing Partners' Equity	<u>6,598,758</u>	<u>6,267,750</u>
Units issued and outstanding (note 5)	<u>264,540</u>	<u>264,540</u>
Net assets per unit	<u>24.94</u>	<u>23.69</u>
Partners' Equity		
Unit capital (note 5)	5,795,861	5,795,861
Surplus (deficit)	802,897	471,889
Total Partners' Equity	<u>6,598,758</u>	<u>6,267,750</u>

Approved by the Manager



Director



Director

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

Statement of Operations (Unaudited)

For the six month periods ended June 30, 2011 and 2010

	2011	2010
	\$	\$
Income		
Dividends	17,181	3,681
Interest income	1,908	1,089
	<u>19,089</u>	<u>4,770</u>
Expenses		
Management fees (note 7)	77,652	54,466
Transaction costs	22,600	26,079
Custodial and other unitholders' fees	12,714	1,593
Audit fees	11,430	12,789
Administration fees	9,936	11,119
Legal fees	8,924	7,788
Printing fees	6,963	1,067
Filing fees	5,668	10,079
Transfer agent fees	4,427	4,275
IRC fees	1,624	771
Miscellaneous fees	166	4,482
Interest expenses	3	84
Loan interest expenses (note 4)	-	6,053
	<u>162,107</u>	<u>140,645</u>
Investment income (loss) for the period	(143,018)	(135,875)
Net realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	92,654	(329,508)
Change in unrealized gain (loss) on investments	381,372	(33,949)
Net gain (loss) on investments	<u>474,026</u>	<u>(363,457)</u>
Increase (decrease) in net assets from operations	<u>331,008</u>	<u>(499,332)</u>
Increase (decrease) in net assets from operations per unit *	<u>1.25</u>	<u>(1.89)</u>

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

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

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

For the six month periods ended June 30, 2011 and 2010

	2011	2010
	\$	\$
Increase (decrease) in net assets from operations	<u>331,008</u>	<u>(499,332)</u>
Unitholders' transactions:		
Agents' fees and issue expenses	<u>-</u>	<u>(36,502)</u>
	<u>-</u>	<u>(36,502)</u>
Change in net assets during the period	331,008	(535,834)
Net assets - Beginning of period	<u>6,267,750</u>	<u>5,665,319</u>
Net assets - End of period	<u>6,598,758</u>	<u>5,129,485</u>
Surplus (deficit), beginning of period	471,889	(166,805)
Increase (decrease) in net assets from operations	<u>331,008</u>	<u>(499,332)</u>
Surplus (deficit), end of period	<u>802,897</u>	<u>(666,137)</u>

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

Statement of Cash Flow (Unaudited)

For the six month periods ended June 30, 2011 and 2010

	2011	2010
	\$	\$
Operating Activities		
Increase (decrease) in net assets from operations	331,008	(499,332)
Items not affecting cash:		
Net realized (gain) loss on investments	(92,654)	329,508
Unrealized (gain) loss on investments	(381,372)	33,949
Changes in non-cash working capital		
(Increase) decrease in interest receivable	1,615	(2,663)
Increase (decrease) in accounts payable and accrued liabilities	(5,006)	1,168
Increase (decrease) in issue expense payable	-	(335,000)
Increase (decrease) in management fees payable	2,029	(1,850)
Cost of investments purchased	(807,492)	(1,076,599)
Proceeds from investments sold	535,081	2,943,956
Net cash flow provided by (used in) operating activities	<u>(416,791)</u>	<u>1,393,137</u>
Financing Activities		
Unit issue costs	-	(36,502)
Proceeds from bank indebtedness	-	880,000
Repayment of bank indebtedness	-	(1,779,406)
Net cash flow provided by (used in) financing activities	<u>-</u>	<u>(935,908)</u>
Net increase (decrease) in cash and short-term investments	(416,791)	457,229
Cash and short-term investments - beginning of period	<u>616,888</u>	<u>443,953</u>
Cash and short-term investments - end of period	<u>200,097</u>	<u>901,182</u>
Supplementary information		
Interest paid	-	6,053

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

Statement of Investment Portfolio (Unaudited)

As at June 30, 2010

	Yield %	Maturity Date	Par Value / Quantity	Average Cost \$	Fair Value \$	% of Net Assets
Short-Term Investments						
Banker's Deposit Note						
Bank of Nova Scotia	0.24%	8/29/2011	200,000	199,444	199,444	3.0%
				<u>199,444</u>	<u>199,444</u>	<u>3.0%</u>
Investments						
Canadian equities						
Energy						
ARC resources Ltd			16,302	310,553	407,061	6.2%
Artek Exploration Ltd.			86,000	378,400	165,120	2.5%
Base Oil & Gas Ltd.			1,000,000	300,000	235,000	3.6%
Celtic Exploration Ltd.			16,600	172,225	353,746	5.4%
Progress Energy Resources Corp.			37,000	435,883	508,010	7.7%
Reliable Energy Ltd.			1,860,000	799,800	669,600	10.1%
Storm Resources			70,745	274,702	353,725	5.4%
Surge Energy Inc.			79,000	549,977	765,510	11.6%
Tourmaline Oil Corp.			33,000	594,000	1,056,000	16.0%
Vero Energy			98,500	614,179	536,825	8.1%
Wild Stream Exploration Inc.			51,700	390,602	589,380	8.9%
				<u>4,820,321</u>	<u>5,639,977</u>	<u>85.5%</u>
Materials						
Anvil Mining			57,000	318,630	347,700	5.3%
Guyana Goldfields			30,000	316,179	204,900	3.1%
Metanor Resources Inc			1,141,400	662,012	262,522	4.0%
Metanor Resources Inc FT warrants (05/15/2012)			1,120,700	-	531	0.0%
				<u>1,296,821</u>	<u>815,653</u>	<u>12.4%</u>
Total investments (before transaction costs)				<u>6,117,142</u>	<u>6,455,630</u>	<u>97.9%</u>
Transaction costs				<u>(11,870)</u>	<u>-</u>	<u>0.0%</u>
Total investments				<u>6,105,272</u>	<u>6,455,630</u>	<u>97.9%</u>
Liabilities, net of other assets					<u>(56,316)</u>	<u>-0.9%</u>
Net assets					<u>6,598,758</u>	<u>100.0%</u>

(*) Private company

(See accompanying notes to financial statements)

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

Notes to Financial Statements (Unaudited)

As at June 30, 2011

1 Formation of Partnership

The Connor, Clark & Lunn 2009 Flow-Through Limited Partnership (the "Partnership") was formed under the laws of the Province of Ontario pursuant to a Partnership Agreement dated October 13, 2009 between Connor, Clark & Lunn 2009 Flow-Through Management Corp., as General Partner (the "General Partner"), and Darren Cabral, as the Initial Limited Partner, and became a limited partnership effective October 13, 2009. Darren Cabral holds the position of Director and Vice-President at Connor, Clark & Lunn Capital Markets Inc.

Pursuant to a limited partnership agreement dated October 13, 2009 (the "Limited Partnership Agreement") between the General Partner and Darren Cabral, 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, 2010 and 2009, 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.

Mutual Fund Rollover Transaction: The Limited Partnership Agreement provides that the General Partner will dissolve the Partnership on or about September 30, 2011, 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 November 20, 2009, 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 20% 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.

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 ("GAAP Net Assets"). Should the quoted value for a security, in the opinion of the Manager, 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 Manager 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. The Partnership calculates its daily Net Asset Value for the purchase and redemption of units ("Transactional NAV") based on the fair value of the investment Partnership's assets and liabilities (being the last traded price for the day). The Partnership did not change its methodology in this respect.

The Partnership continues to calculate its net asset value for pricing purposes using the closing prices of securities. As at June 30, 2011, the Partnership's net asset value per unit was \$24.94. 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, 2010	23.88	(0.19)	23.69
Closing Value – June 30, 2011	25.14	(0.20)	24.94

Cash

Cash includes cash and cash equivalents with maturities of less than 90 days from the date of acquisition.

Income recognition

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

Connor, Clark & Lunn 2009 Flow-Through Limited Partnership

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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.

Increase (decrease) in net assets from operation per unit

This calculation is based on the increase (decrease) in net assets from operations divided by the weighted average number of units outstanding during the period.

4 Bank indebtedness

The Partnership has entered into a non-revolving term credit facility agreement (the "Credit Agreement") with Bank of Montreal ("BMO") dated November 26, 2009. 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.

Borrowing is 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 December 31, 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, 2011, the Credit Facility had \$nil balance outstanding (from \$nil to \$900,000 during the six month period ended June 30, 2010). The related total interest expense during the six month period ended June 30, 2011 was \$nil (\$6,053 during the six month period ended June 30, 2010). Leverage was eliminated during June 2010.

5 Partners' Equity

Units of the Partnership were offered to the public by way of prospectus. On November 26, 2009 (commencement of operations), the Partnership issued 264,540 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. The Partnership will not issue any more units. The Partnership is expected to be dissolved on or about September 30, 2011.

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.

Changes in outstanding units during the six month period ended June 30, 2011 and during the year ended December 31, 2010 are summarized as follows:

	June 30, 2011	December 31, 2010
Balance – beginning of period/year	264,540	264,540
Units issued	–	–
Units redeemed	–	–
Balance – end of period/year	<u>264,540</u>	<u>264,540</u>

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.

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.

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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.

“Performance Bonus Date” means the last day of the Performance Bonus Term.

“Performance Bonus Term” means the period commencing on the date of the final Closing (November 26, 2009) and ending on the earlier of:

- the Business Day prior to the date on which the Partnership’s assets are transferred to a Mutual Fund pursuant to a Mutual Fund Rollover Transaction; and
- the Business Day immediately prior to the day of dissolution or termination of the Partnership.

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 \$22,600 during the six month period ended June 30, 2011 (\$26,079 during the six month period ended June 30, 2010) of broker commissions paid in connection with portfolio transactions. No soft dollar services were included in the broker commission charges.

9 Financial instruments

	June 30, 2011	December 31, 2010
Assets	\$	\$
Cash	653	18,376
Held for trading	6,655,074	6,307,705
Loans and receivables	5,509	7,124
Total assets	6,661,236	6,333,205
Liabilities		
Financial liabilities at amortized cost	62,478	65,455
Total liabilities	62,478	65,455

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.

The following table illustrates the classification of the Partnership’s financial instruments within the fair value hierarchy as at June 30, 2011 and December 31, 2010:

Assets at fair value as at June 30, 2011	Level 1	Level 2	Level 3	Total
Equities	6,455,630	–	–	6,455,630
Short-term investments	–	199,444	–	199,444
Total	6,455,630	199,444	–	6,655,074

Assets at fair value as at December 31, 2010	Level 1	Level 2	Level 3	Total
Equities	5,654,809	54,384	–	5,709,193
Short-term investments	–	598,512	–	598,512
Total	5,654,809	652,896	–	6,307,705

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Equities: The Partnership’s long equity positions are classified as Level 1 when these securities are actively traded and a reliable quote is observable. Long equity positions are classified as Level 3 when fair values are based on broker quote in an inactive active market.

Short-term investments: Short-term investments are classified as Level 2 as they are valued using observable inputs, including interest rate curves, credit spreads and volatilities

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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 short-term debt and bonds. 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, 2011 and 2010, 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, 2011 and December 31, 2010, 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 Advisor 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, 2011, all other variables held constant, the net assets of the Partnership would have increased or decreased, respectively, by approximately \$646,000 (December 31, 2010 – \$571,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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.

The Partnership's financial liabilities are all short-term in nature and are expected to mature within three months of the June 30, 2011 report date.