

BLUMONT AUGEN QUÉBEC LIMITED PARTNERSHIP 2008

SEMI-ANNUAL MANAGEMENT REPORT OF PARTNERSHIP PERFORMANCE

For the Period Ended June 30, 2008

This semi-annual Management Report of Partnership Performance contains financial highlights but does not contain either semi-annual or annual financial statements for BluMont Augen Québec Limited Partnership 2008 (the "Partnership"). If you have not received a copy of the semi-annual financial statements with the Management Report of Partnership Performance, you may obtain a copy of the semi-annual financial statements, at no cost, by calling 1-866-473-7376, by writing to us at BluMont Capital Corporation, 70 University Avenue, Suite 1200, P.O. Box 16 Toronto, Ontario M5J 2M4 or by visiting our web site at www.blumontcapital.com or SEDAR at www.sedar.com .

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

Forward-Looking Information

This Management Report of Partnership Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Partnership. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Partnership believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Partnership Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific that contributed to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Partnership's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Partnership Performance, and the Partnership undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion on Performance

Investment Objectives and Strategies

The Partnership's investment objectives are to achieve capital appreciation through investment in a diversified portfolio of flow-through shares and other securities of select resource companies and to maximize tax benefits for investors by purchasing flow-through shares of resource companies. The Partnership will invest primarily in resource companies that will incur Canadian exploration expense.

The Partnership's investment strategy is to invest in flow-through shares of resource issuers that represent good value in relation to the market price of the resource issuer's shares, have experienced and capable senior management, have a strong exploration program in place, and offer potential for future growth.

Investment Risk

The Partnership is a speculative offering and is exposed to several risk factors that may affect its performance. The overall risk of the Partnership is as described in its prospectus dated February 27, 2008. Since then, the risk factors have not changed. There have been no significant changes since its inception which have had an impact on the overall risk of any investments in the Partnership.

Results of Operations

The Partnership commenced operations subsequent to its closing on March 25, 2008. Consequently, the 2008 results do not reflect a full semi-annual period of operations and have no comparative results. At June 30, 2008 the Partnership's trading Net Asset Value was \$8.99 per unit.

Loan Facility

The Partnership entered into a term loan facility ("Facility") in the amount of \$721,200, which matures on the earlier of October 30, 2010 or the dissolution date of the Partnership. The Facility is secured by a general security agreement and is subject to certain financial covenants. Interest is calculated at the bank's prime lending rate.

The Partnership was in compliance with all financial covenants as of June 30, 2008, and throughout the period. The Facility is with a Canadian chartered bank and is solely for the purpose of funding a portion of the agents' fees and expenses of the offering.

Recent Developments

The Partnership closed on March 25, 2008 after raising gross capital of \$7,212,000 (\$6,490,800 after issuance costs). As of June 30, 2008 the assets in the Partnership had not been invested.

During the current period, Augen Capital, the Flow-Through Advisor to the Limited Partnership underwent a change in management and board of directors. The investment process includes consideration by both an investment committee and an advisory board comprised of external independent geologists. Therefore, while these internal issues coincided with the downturn in market and the performance of the Limited Partnership portfolio, there is no relationship between these two events. There are no other material recent developments to report.

Adoption of New Accounting Policies – Financial Instruments Disclosure and Presentation

On March 25, 2008, the partnership adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments – Presentation”. The new standard replaced Section 3861, “Financial Instruments – Disclosure and Presentation”. The new disclosure standards increased the emphasis on disclosure of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward unchanged. Adoption of the new standards does not impact the daily price of the partnership’s securities for subscription and redemption purposes, nor for the calculation of net assets.

Related Party Transactions

Management Fees

The General Partner is responsible for the management of the Partnership and is entitled to an annual management fee equal to 2.0% of the net assets of the Partnership, calculated weekly in arrears. The Partnership recorded management fees of \$34,412 plus GST during the period March 25, 2008 through June 30, 2008, which remains payable at the end of the period.

During the 2008 calendar year, the management fee has been accrued but will not be paid until 2009. In addition to absorbing \$11,023 in Partnership operating expenses during the period March 25, 2008 through June 30, 2008, the General Partner has agreed to advance payment for all remaining administrative Partnership costs on behalf of the Partnership. Pending payment or reimbursement by the Partnership, the advances will bear interest at the Prime Rate. The Partnership intends to pay these costs in 2009 using the proceeds of the sale of the portfolio assets of the Partnership. All fees and expenses payable to the flow-through consultant for its services will be borne by the portfolio manager and/or the General Partner and not by the Partnership. The flow-through consultant may also receive fees from certain Resource Companies with which the Partnership enters into share purchase agreements, a portion of which the flow-through consultant will pay to the portfolio manager.

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance since inception. This information is derived from the Partnership's annual financial statements and is after all expenses have been charged to the Partnership.

NET ASSET VALUE ("NAV") PER UNIT

As at June 30, 2008

	2008
Net Asset value, beginning of period ^{1,2,7}	\$ <u>10.00</u> ²
Increase (decrease) from operations:	
Total revenue	0.07
Total expenses	(0.08)
Realized gains (losses) for the period	-
Unrealized losses for the period	-
Total decrease from operations ¹ :	<u>(0.01)</u>
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions	<u>-</u>
Net asset value, end of period ^{1,7}	<u>\$ 8.99</u>

RATIOS AND SUPPLEMENTAL DATA⁴

As at June 30, 2008

Net assets (000s)	\$6,487
Number of units outstanding	721,200
Management expense ratio ³	3.45%
Management expense ratio before waivers or absorptions	4.09%
Portfolio turnover rate ⁵	-
Trading expense ratio ⁶	-

1. Net asset value is 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 over the financial period. This table is not intended to be a reconciliation of beginning to ending net asset value per unit.
2. The Partnership was formed on February 27, 2008 and commenced operation on March 25, 2008.
3. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. The management expense ratio is calculated in accordance with Part 15 of National Instrument 81-106.
4. Ratios and supplemental data, where applicable, are computed using the trading net asset value of the Partnership.

5. The Partnership's portfolio turnover rate can indicate how actively the Partnership's investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all of its securities in its portfolio once in the course of the period. The higher a partnership's portfolio turnover rate in a period, the greater the trading costs payable by the Partnership in the period and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high 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 assets during the period.
7. The relief granted to investment funds by Canadian securities regulatory authorities from complying on an interim basis with CICA Handbook Section 3855 ("Section 3855") results in a difference between the Trading NAV and the GAAP NAV due to the differences in valuation techniques of certain investments. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) or ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining Trading NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment funds industry. The provisions of Section 3855 have been applied retrospectively without restatement of prior periods. Accordingly, the net asset value at the beginning of the current period has been adjusted.

The impact of the adoption of Section 3855 on the net asset value per share of the Fund is as follows:

As at June 30, 2008	Per Unit (\$)
Net asset value (Trading NAV), end of year	8.99
Section 3855 adjustment	0.00
Net asset value (GAAP NAV), end of year	8.99

Past Performance

The performance information does not take into account fees for sales, redemptions, distributions, or other optional charges that would have reduced returns or performance, nor does it take into account any tax benefits realized by investors. The performance data presented here should not be compared to performance data provided in the Partnership's sales and marketing materials, as these publications provide returns on an after-tax basis assuming an investor is an Ontario resident in the highest marginal tax bracket.

Year-by-Year Returns

The Partnership commenced operation on March 25, 2008. Since the Partnership has not been in operation for a full financial year, a bar chart illustrating year by year returns cannot be provided.

Annual Compound Returns

The Partnership commenced operation on March 25, 2008. Since the Partnership has not been in operation for a full financial year, a table illustrating annual compound returns cannot be provided.

The following table shows the Partnership's performance since the Partnership commenced operation on March 25, 2008:

	BluMont Augen Quebec Limited Partnership 2008
Performance from inception to June 30, 2008	-10.05%

About Fund Performance

Since the Partnership invests in flow-through shares, which are typically issued at a premium to the market price of the common shares due to the tax-saving benefits, attributed to the purchaser, it is not meaningful to analyze or compare the portfolio performance without considering all Canadian tax implications.

The Partnership has focused its portfolio on emerging market capitalization companies engaged in resource exploration in Canada. The Partnership expects to maintain a disciplined, long-term focus on investing in Canadian exploration companies.

Summary of Investment Portfolio as at June 30, 2008

For the semi-annual period ending June 30, 2008 the entire Partnership remained in cash. The summary of investment portfolio below includes information regarding the Partnership as a whole. This summary may change due to ongoing portfolio transactions of the Partnership and a quarterly update is available by contacting BluMont Capital, visiting BluMont Capital's website at www.blumontcapital.com or SEDAR's website at www.sedar.com.

Sector Exposure as at June 30, 2008

For the semi-annual period ending June 30, 2008 the entire Partnership remained 100% in cash.