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PROSPECTUS

Initial Public Offering

February 15, 2008



CRESTSTREET 2008 LIMITED PARTNERSHIP

\$50,000,000 (MAXIMUM OFFERING)

\$3,000,000 (MINIMUM OFFERING)

A MAXIMUM OF 5,000,000 AND A MINIMUM OF 300,000 LIMITED PARTNERSHIP UNITS

The Partnership: Creststreet 2008 Limited Partnership (the “Partnership”), a limited partnership established under the laws of the Province of Ontario, proposes to issue transferable limited partnership units (the “Units”) at an issue price of \$10.00 per Unit (the “Offering”). See “The Partnership” and “Details of the Offering and Subscription Procedure”.

Investment Objective: Creststreet 2008 General Partner Limited (the “General Partner”) will, on behalf of the Partnership, invest in Flow-Through Securities issued by Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in securities of entities engaged in such activities. Investments made by the General Partner on behalf of the Partnership will be made having regard to the guidelines described herein. The General Partner intends to invest the net proceeds of the Offering such that Limited Partners will be entitled to claim certain deductions from income for income tax purposes for the 2008 taxation year and subsequent taxation years and may be entitled to certain non-refundable investment tax credits deductible from tax payable for the 2008 taxation year.

Investment Strategy: The General Partner will manage the investment portfolio with a view to: (i) preservation of capital; and (ii) capital appreciation on the Partnership’s investments. The Partnership’s investment strategy is to invest in Flow-Through Securities that: (i) represent good value in relation to the market price and intrinsic value of the Resource Issuer’s shares; (ii) have experienced and capable senior management; (iii) have a strong exploration or development program or renewable energy project in place; and (iv) offer potential for future growth.

The General Partner: Creststreet 2008 General Partner Limited is the general partner of the Partnership and has co-ordinated the organization of the Partnership. The General Partner will work with the Agents (as defined below) in developing and implementing all aspects of the Partnership’s communications, marketing and distribution strategies in connection with the Offering and will manage the ongoing business, investment and administrative affairs of the Partnership. The General Partner is a wholly owned subsidiary of Creststreet (as defined below).

The Partnership Advisor: Creststreet Asset Management Limited (“Creststreet”), a corporation registered as an investment counsel and portfolio manager in Ontario and Alberta and as a commodity trading manager in Ontario, will provide investment, management, administrative and other services to the Partnership.

ISSUE PRICE: \$10.00 Per Unit
MINIMUM PURCHASE: 250 Units

	Price to Public	Agents’ Fee⁽²⁾	Net Proceeds to the Partnership⁽⁵⁾
Per Unit ⁽¹⁾	\$ 10	\$ 0.0675	\$ 9.325
Maximum Offering ⁽³⁾	\$50,000,000	\$3,375,000	\$46,625,000
Minimum Offering ⁽⁴⁾	\$ 3,000,000	\$ 202,500	\$ 2,797,500

Notes:

- (1) The issue price per Unit was established by the General Partner.
- (2) The Agents’ fee will be paid by the Partnership from monies to be borrowed under the Loan Facility referred to under “Plan of Distribution — Loan Facility”.
- (3) The maximum Offering assumes that 5,000,000 Units are sold.
- (4) The minimum Offering assumes that 300,000 Units are sold.
- (5) Before deducting expenses of the Offering payable by the Partnership, estimated by the General Partner to be \$600,000 in the case of the maximum Offering and \$300,000 in the case of the minimum Offering. These amounts will be paid by the Partnership from monies to be borrowed under the Loan Facility referred to under “Plan of Distribution — Loan Facility”. Creststreet will pay a portion of the Offering expenses (other than the fees to the Agents) in excess of \$180,000 in the event that the gross proceeds of the Offering are less than \$5 million. See “Fees and Expenses Payable by the Partnership — Initial Expenses”.

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Mutual Fund Rollover Transaction and Termination of the Partnership: Subject to the receipt of all required regulatory and other approvals, in order to provide Limited Partners with greater flexibility for liquidity and continuing management and rationalization of the portfolio, the General Partner currently intends, on or about January 22, 2010, to implement an exchange transaction (the “**Mutual Fund Rollover Transaction**”) pursuant to which the Partnership will transfer its assets to Creststreet Mutual Funds Limited (the “**Mutual Fund Corporation**”), an open-end mutual fund corporation managed by Creststreet. The Mutual Fund Corporation currently has four classes of mutual fund shares, each of which is a mutual fund for securities law purposes (a “**Creststreet Fund**”) with its own investment objectives and strategies, including the Resource class (the “**Creststreet Resource Fund**”) which invests primarily in equity securities of Canadian resource issuers. In exchange for the Partnership’s assets, the Mutual Fund Corporation will issue Mutual Fund Shares of the Creststreet Resource Fund to the Partnership. Immediately thereafter, the Partnership will be dissolved and the Mutual Fund Shares will be distributed *pro rata* to Limited Partners. This exchange will occur on a “roll-over” basis and will not result in any tax consequences to Limited Partners. Limited Partners will be able to redeem their Mutual Fund Shares or switch to another Creststreet Fund at any time on or after May 28, 2010 or such earlier date as may be determined prior to the exchange by the manager of the Creststreet Resource Fund. A redemption of a Mutual Fund Share will generally result in a capital gain. A switch to another Creststreet Fund will not result in a capital gain or loss. See “Canadian Federal Income Tax Considerations — Taxation of Shareholders of the Creststreet Resource Fund”. For additional information, see the Mutual Fund Corporation’s public documents at www.creststreet.com or www.sedar.com, which documents are not, and shall not be deemed to be, incorporated by reference in this prospectus.

The Mutual Fund Rollover Transaction will be subject to the receipt of certain regulatory and other approvals. **There can be no assurance that the necessary approvals will be received in order to complete the Mutual Fund Rollover Transaction.** If the Mutual Fund Rollover Transaction does not occur and the General Partner does not propose an alternative to the liquidation of the Partnership’s assets which receives the approval of the Limited Partners and any required regulatory approval, the Partnership will be dissolved on a taxable basis and Limited Partners will receive their *pro rata* share of the net proceeds from the sale of the Flow-Through Securities held by the Partnership.

See “Mutual Fund Rollover Transaction and Termination of the Partnership”.

These securities are speculative in nature. This is a blind pool offering. There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. No market for the Units is expected to develop. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is no assurance that an investment in the Partnership will earn a specified rate of return or any return over the life of the Partnership. Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of ordinary common shares of the respective issuers and will generally be subject to resale restrictions. There can be no assurance that the General Partner will, on behalf of the Partnership, be able to identify a sufficient number of issuers willing to issue Flow-Through Securities to permit the Partnership to commit all Available Funds by December 31, 2008. Therefore, the possibility exists that capital may be returned to Limited Partners and Limited Partners may be unable to claim anticipated deductions from income for tax purposes. There is no assurance that an adequate market will exist for securities acquired by the Partnership. The tax benefits resulting from an investment in the Partnership are greatest for a Limited Partner whose income is subject to the highest marginal income tax rate. Federal or provincial income tax legislation may be amended or its interpretation changed so as to alter fundamentally the tax consequences of holding or disposing of Units. The Proposed Loss Limitation Rule may limit the ability of Limited Partners to claim certain tax deductions. Investors that propose to finance the subscription price of Units should consult their own tax advisors to ensure that any such borrowing or financing is not treated as a limited recourse financing under the *Income Tax Act* (Canada) which would adversely affect the tax benefits of an investment in the Partnership. Other risk factors associated with an investment in the Partnership include: certain risks inherent in resource exploration or operations; Limited Partners could lose their limited liability in certain circumstances; and the Partnership and the General Partner are newly established with no previous operating history and the General Partner has nominal assets. The enhanced liquidity for Limited Partners described in this prospectus and dependent on the Mutual Fund Rollover Transaction will not be available if all required regulatory approvals are not obtained. Investors who are not willing to rely on the discretion of the General Partner should not purchase Units. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See “Risk Factors”.

Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, GMP Securities L.P., Peters & Co. Limited, Raymond James Ltd., Macquarie Capital Markets Canada Ltd. and Tristone Capital Inc. (collectively, the “**Agents**”), as agents, conditionally offer the Units for sale on a best efforts basis, if, as and when issued and delivered by the General Partner on behalf of the Partnership in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters on behalf of the Partnership, the General Partner and Creststreet by McCarthy Tétrault LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP.

Offers to purchase Units will be received subject to acceptance or rejection in whole or in part by the General Partner and the right is reserved by the General Partner to close the offering books at any time without notice.

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SUMMARY OF KEY DATES

February 28, 2008	<i>Initial Closing.</i> Investors purchase Units and pay subscription price of \$10 per Unit.
March, 2009	Limited Partners receive 2008 CEE tax receipt.
January 22, 2010	<i>Dissolution Date.</i> Partnership will be dissolved on or about this date and, subject to prior receipt of all required regulatory approvals, Mutual Fund Shares will be distributed to Limited Partners.
May 28, 2010 ⁽¹⁾	Last date to submit notices of redemption for Mutual Fund Shares to be redeemed effective May 28, 2010. Payment for Mutual Fund Shares subject to notices of redemption received on or before May 28, 2010 will be made on June 2, 2010 based on the May 28, 2010 net asset value of the Creststreet Resource Fund.
After May 28, 2010 ⁽¹⁾	Payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

- (1) Prior to the Dissolution Date, the manager of the Creststreet Resource Fund may change the last date to submit notices of redemption for Mutual Fund Shares and the effective date of redemption from May 28, 2010 to an earlier date that is a Valuation Date. Payment for Mutual Fund Shares subject to notices of redemption received on or before such earlier date will be made on the third business day following such earlier date based on the net asset value of the Creststreet Resource Fund on such earlier date. Thereafter, payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Partnership, the General Partner or Creststreet. These forward looking statements are not historical facts but reflect the Partnership’s, the General Partner’s and Creststreet’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements appearing elsewhere in this prospectus. Certain capitalized terms used but not defined in this summary are defined on the face page of this prospectus or in the glossary.

Issuer:	Creststreet 2008 Limited Partnership
Issue Size:	Maximum: \$50,000,000 (5,000,000 Units) Minimum: \$3,000,000 (300,000 Units)
Issue Price:	\$10.00 per Unit
Minimum Purchase:	\$2,500 (250 Units)
General Partner:	Creststreet 2008 General Partner Limited will manage the ongoing business, investment and administrative affairs of the Partnership. The General Partner is a wholly owned subsidiary of Creststreet. See “The General Partner”.
Partnership Advisor:	Creststreet Asset Management Limited, a company registered as an investment counsel and portfolio manager in Ontario and Alberta and as a commodity trading manager in Ontario, will provide investment, management, administrative and other services to the Partnership. Creststreet’s primary business is the management of limited partnerships that invest in flow-through securities and management of the Creststreet Funds. See “The Partnership Advisor”.
Investment Objective:	<p>The General Partner will, on behalf of the Partnership, invest in Flow-Through Securities issued by Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in securities of entities engaged in such activities. Investments made by the General Partner on behalf of the Partnership will be made having regard to the guidelines described herein. The General Partner intends to invest the net proceeds of the Offering such that Limited Partners will be entitled to claim certain deductions from income for income tax purposes for the 2008 taxation year and may be entitled to certain investment tax credits deductible from tax payable.</p> <p>It is the Partnership’s intention to invest all Available Funds on or before December 31, 2008. The Partnership has made a commitment of approximately \$425,000 with Duvernay Oil Corp. which is not finalized. The Partnership may make other commitments to one or more Resource Issuers prior to the initial Closing. Any Available Funds that have not been invested or committed by the Partnership to be invested by December 31, 2008 that are in excess of outstanding bank indebtedness at that date shall be distributed to Limited Partners of record on December 31, 2008 on a <i>pro rata</i> basis by January 31, 2009. See “The Partnership — Investment Objective”.</p>
Investment Strategy:	The General Partner will manage the investment portfolio with a view to: (i) the preservation of capital; and (ii) capital appreciation on the Partnership’s investments. The Partnership’s investment strategy is to invest in Flow-Through Securities that: (i) represent good value in relation to the market price and intrinsic value of the Resource Issuer’s shares; (ii) have experienced and capable senior management; (iii) have a strong exploration or development program or renewable energy project in place; and (iv) offer potential for future growth. Management of the investment portfolio may involve the sale of Flow-Through Securities held by the Partnership (for example, in the event a take-over bid is made for such securities) and the reinvestment of the net proceeds from any such

dispositions in securities of other Resource Issuers, including Flow-Through Securities. Management may hedge positions held in the investment portfolio by borrowing common shares of a Resource Issuer whose common shares are held in the investment portfolio and selling them in order to limit the Partnership's exposure to fluctuations in the value of such shares. Management may also hedge the investment portfolio against certain changes in commodity prices. If undertaken, such hedging would be carried out through the purchase and sale of commodity futures contracts and would hedge no more than the notional commodity price exposure in the investment portfolio. See "The Partnership — Investment Strategy".

Investment Guidelines:

The General Partner will be responsible for managing the investment portfolio of the Partnership, including selecting Resource Issuers and entering into Flow-Through Agreements on behalf of the Partnership. The Partnership has developed certain investment policies which form part of the Partnership's overall investment intentions more fully described under "The Partnership — Investment Guidelines". The General Partner will have complete discretion in selecting and contracting with Resource Issuers. In entering into Flow-Through Agreements with Resource Issuers, the Investment Guidelines that will be considered include, among others, the following:

- (a) **Resource Issuers.** The Partnership will invest substantially all Available Funds in Flow-Through Securities issued by Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in equity securities of entities engaged in such activities. The Partnership may also invest up to 1% of Available Funds in Warrants acquired as part of a transaction in which the Partnership enters into a Flow-Through Agreement with a Resource Issuer. To the extent the Partnership disposes of securities of Resource Issuers (for example, if a take-over bid is made for such securities), the Partnership may reinvest the net proceeds from any such dispositions in securities of other Resource Issuers, including Flow-Through Securities, or use them to exercise Warrants.
- (b) **Exchange Listing.** The Partnership will invest a minimum of 80% of Available Funds in Flow-Through Securities of Resource Issuers which are listed and posted for trading on the TSX or the TSX Venture Exchange; provided that at least 50% of the Available Funds will be invested in Flow-Through Securities of Resource Issuers which are listed and posted for trading on the TSX.
- (c) **Market Capitalization.** The Partnership will invest a minimum of 50% of Available Funds in Flow-Through Securities of Resource Issuers whose market capitalization (determined at the time of purchase) exceeds \$50 million.
- (d) **Private Companies.** The Partnership may invest up to 20% of Available Funds in Flow-Through Securities of Resource Issuers whose securities are not publicly traded or are quoted on the Canadian Trading and Quotation System.
- (e) **Diversification.** The Partnership will not purchase securities of any one issuer if, following such purchase, more than 10% of the Partnership's Net

Asset Value (determined at the time of purchase) would consist of securities of such issuer; provided, however, that the Partnership may invest up to 20% of its Net Asset Value (determined at the time of purchase) in any one issuer with a market capitalization of more than \$50 million (determined at the time of purchase) and may invest up to 30% of its Net Asset Value (determined at the time of purchase) in any one issuer with a market capitalization of more than \$100 million (determined at the time of purchase).

- (f) **No Control.** The Partnership will not purchase securities of a reporting issuer for the purpose of exercising control or management over such issuer and will not purchase more than 10% of the voting securities of any Resource Issuer in which it may invest.

Use of Proceeds:

The Partnership intends to use the total proceeds from the sale of Units as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Total Gross Proceeds to the Partnership	\$50,000,000	\$3,000,000
Less Reserve for Ongoing Fees and Expenses to be incurred in 2008	\$ 800,461	\$ (135,737)
Less Portion of Offering Expenses Paid from Gross Proceeds	<u>—</u>	<u>\$ (82,500)</u>
Available Funds	<u>\$49,199,539</u>	<u>\$2,781,763</u>

The Agents' fees and expenses of the Offering will be paid by the Partnership from the proceeds of the Loan Facility. If all of the Agents' fees and expenses of the Offering are not paid from the proceeds of the Loan Facility, the amount of Available Funds will be reduced by the shortfall.

The Partnership will endeavour to use the Available Funds to subscribe primarily for Flow-Through Shares. The Partnership will fund ongoing fees and expenses beyond the amounts reserved from proceeds of the sale of Flow-Through Securities held by the Partnership. See "The Partnership — Investment Objective" and "Use of Proceeds".

Loan Facility:

Prior to the initial Closing of the Offering, the Partnership will enter into a loan facility (the "**Loan Facility**") with one or more Canadian Schedule I chartered banks (collectively, the "**Lender**"). The Loan Facility will permit the Partnership to borrow an amount which will be used solely to finance the Agents' fee and expenses of the Offering, in order to maximize the allocation of the gross proceeds of the Offering towards the purchase of Flow-Through Securities and thereby enhance returns if the incremental capital gains and net tax benefits generated by the additional investment in Flow-Through Securities exceeds the interest expense and banking fees incurred in respect of the Loan Facility. The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of this nature and the Partnership expects that the Lender will require the Partnership to provide a security interest in the assets held by the Partnership in favour of the Lender to secure such borrowings. Prior to the dissolution of the Partnership, all amounts outstanding under the Loan Facility, including all

interest accrued thereon, will be repaid in full. See “Plan of Distribution — Loan Facility”.

Allocations:

Subject to the Performance Bonus Allocation, for each fiscal year of the Partnership, 99.99% of the net income or loss of the Partnership and 100% of any CEE renounced or allocated to the Partnership with an effective date in such fiscal year will be allocated *pro rata* among the Limited Partners who are shown as such on the record of the limited partners maintained by the General Partner on the last day of such fiscal year, and 0.01% of the net income or loss of the Partnership will be allocated to the General Partner. If the Performance Bonus Allocation is payable, the General Partner will be allocated an amount of income of the Partnership equal to the lesser of such income and the Performance Bonus Allocation (and will be liable to tax thereon), and the remaining net income will be allocated to the Limited Partners and the General Partner as set out above. On dissolution of the Partnership, the General Partner is entitled to the Performance Bonus Allocation (if any) and Limited Partners are entitled to 99.99% of the remaining assets of the Partnership and the General Partner is entitled to 0.01% of such remaining assets.

Distributions:

Cash distributions representing 50% of the net taxable capital gains, if any, realized by the Partnership during calendar year 2009 in connection with dispositions of Flow-Through Securities, where the proceeds from such dispositions were not reinvested in other Flow-Through Securities, will be made on or before the date of dissolution of the Partnership to the Limited Partners who are the registered holders of Units on December 31, 2009 and to the General Partner, subject to the terms of the Loan Facility. The Performance Bonus Allocation, if any, will be paid to the General Partner on the Dissolution Date. See “Summary of the Partnership Agreement — Distributions”.

Partnership Advisor Fee:

Creststreet will provide investment, management, administrative and other services to the Partnership. In consideration for these services, the Partnership will pay to Creststreet an annual fee equal to 2% of the Partnership’s Net Asset Value, calculated and paid monthly in arrears, subject to reduction in the event that the gross proceeds of the Offering are less than \$5 million as described under “Administrative and Operating Expenses”. See “Fees and Expenses Payable by the Partnership”. None of Creststreet, the General Partner or any of their respective Affiliates or Associates will earn fees from issuers for the origination of investments made by the Partnership.

Performance Bonus Allocation:

The General Partner will be entitled to an additional distribution of Partnership property on the Dissolution Date (the “**Performance Bonus Allocation**”) in an amount equal to (i) 20% of the amount by which the Net Asset Value per Unit on the Dissolution Date (excluding the effect of distributions, if any) exceeds the Hurdle Amount, multiplied by (ii) the number of Units outstanding at the Dissolution Date. The General Partner has agreed that the Performance Bonus Allocation, if any, will be paid in Mutual Fund Shares if the Partnership’s assets are transferred to the Mutual Fund Corporation in exchange for Mutual Fund Shares unless payment in Mutual Fund Shares is not permitted by applicable law. If the Partnership’s assets are not transferred to the Mutual Fund Corporation, the Performance Bonus Allocation will be paid to the General Partner in cash. See “Summary of the Partnership Agreement — Performance Bonus Allocation”.

Administrative and Operating Expenses:

The Partnership will pay all of its administrative and operating expenses including: (a) mailing and printing expenses for periodic reports to Limited Partners and for meeting materials, if any; (b) fees payable to the auditors and

legal advisors of the Partnership; (c) taxes and ongoing regulatory filing fees; (d) fees payable to the independent directors of the General Partner; (e) fees and expenses payable to the Independent Review Committee; (f) any reasonable out-of-pocket expenses incurred by the Partnership Advisor, the General Partner or their respective agents in connection with their ongoing obligations to the Partnership; (g) expenses relating to portfolio transactions; and (h) any expenditures which may be incurred in connection with the dissolution of the Partnership and the exchange of the assets of the Partnership for Mutual Fund Shares. The General Partner will act as custodian of the investments of the Partnership and as registrar and transfer agent for the Partnership. No additional fee will be payable to the General Partner for these services; however, it will be entitled to reimbursement for reasonable out-of-pocket expenses related to its performances of these services. The General Partner estimates that the total administrative and operating expenses will be approximately \$170,000 per year. If the gross proceeds of the Offering are less than \$5 million, Creststreet will reduce its partnership advisor fee by an amount equal to a portion of the amount by which such expenses in each year exceed \$102,000. See “Fees and Expenses Payable by the Partnership — Administrative and Operating Expenses”.

**Mutual Fund Rollover
Transaction and
Termination of the
Partnership:**

In order to obtain enhanced liquidity for the Limited Partners, on or about January 22, 2010, the General Partner currently intends to transfer the assets of the Partnership to the Mutual Fund Corporation, an open-end mutual fund corporation managed by Creststreet, provided that the Mutual Fund Corporation continues to qualify as a mutual fund corporation under the *Tax Act* at the time of such transfer. The Mutual Fund Corporation is currently comprised of four Creststreet Funds including the Creststreet Resource Fund. Additional Creststreet Funds may be added at any time. In exchange for the Partnership’s assets, the Mutual Fund Corporation will issue Mutual Fund Shares to the Partnership. The completion of such transfer will be subject to the receipt of certain regulatory and other approvals. There can be no assurance that any such approvals will be received.

The Partnership will only transfer its assets to the Mutual Fund Corporation if the Mutual Fund Corporation’s acquisition of such assets would be consistent with the Creststreet Resource Fund’s investment objectives. If necessary, the Mutual Fund Corporation will apply to the relevant securities or other regulatory authorities to be exempted, for a period of 180 days following the date of transfer of the assets of the Partnership to the Mutual Fund Corporation, from certain investment restrictions. There can be no assurance that the requested exemption will be granted. The Partnership will only transfer assets to the Mutual Fund Corporation if the transfer would not result in the Creststreet Resource Fund contravening any investment restrictions under applicable securities laws for which a regulatory exemption has not been granted.

The transfer of assets will occur on a “roll-over” basis and will not result in any tax consequences to Limited Partners. Upon dissolution of the Partnership, which will occur following such transfer, the Limited Partners will receive on a tax-deferred basis their *pro rata* share of the Mutual Fund Shares after payment by the Partnership of the Performance Bonus Allocation (if any).

Subject to prior receipt of any necessary regulatory approvals, Limited Partners will be able to redeem their Mutual Fund Shares or switch to another Creststreet Fund at any time on or after May 28, 2010 or such earlier date as may be determined by the manager of the Creststreet Resource Fund (as described in the

following paragraph). Payment for Mutual Fund Shares subject to notices of redemption received on or before May 28, 2010 will be made on June 2, 2010 based on the May 28, 2010 net asset value of the Creststreet Resource Fund. Thereafter, payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

Prior to the Dissolution Date, the manager of the Creststreet Resource Fund may change the last date to submit notices of redemption for Mutual Fund Shares and the effective date of redemption from May 28, 2010 to an earlier date that is a Valuation Date. Payment for Mutual Fund Shares subject to notices of redemption received on or before such earlier date will be made on the third business day following such earlier date based on the net asset value of the Creststreet Resource Fund on such earlier date. Thereafter, payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

If the transfer of the assets of the Partnership to the Mutual Fund Corporation does not occur, the Partnership will be dissolved on a taxable basis and Limited Partners will receive their *pro rata* share of the net proceeds from the sale of the Flow-Through Securities held by the Partnership, unless the General Partner proposes a Liquidity Alternative to the Limited Partners and all necessary partner and regulatory approvals for such Liquidity Alternative are received.

See “Mutual Fund Rollover Transaction and Termination of the Partnership”.

The Creststreet Resource Fund:

The Creststreet Resource Fund comprises the Resource class of shares of the Mutual Fund Corporation. The investment objective of the Creststreet Resource Fund is to provide the potential for long-term growth of capital and, to a lesser extent, production of income. The Creststreet Resource Fund invests primarily in equity securities of Canadian resource issuers. The Creststreet Resource Fund may also invest in foreign securities. See “Mutual Fund Rollover Transaction and Termination of the Partnership — Creststreet Resource Fund”.

Subscription Procedure:

The acceptance by the General Partner of a subscriber’s offer to purchase Units, whether in whole or in part, constitutes a subscription agreement between the subscriber and the Partnership upon the terms and conditions set out in this prospectus and in the partnership agreement. **The subscriber is deemed to make certain representations and warranties pursuant to such subscription agreement.**

The foregoing subscription agreement shall be evidenced by delivery of this prospectus to the subscriber, provided that the subscription has been accepted by the General Partner on behalf of the Partnership.

A book entry only certificate representing the Units will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee.

A subscriber who purchases Units will therefore receive only a customer confirmation from the dealer through whom the Units are purchased.

See “Details of the Offering and Subscription Procedure” and “Plan of Distribution”.

Federal Income Tax Considerations:

In general, a taxpayer (other than a principal-business corporation) who is a Limited Partner at the end of a fiscal year of the Partnership may, in computing his income for his taxation year in which the fiscal year of the Partnership ends

and subject to the “at-risk” and limited recourse financing rules, deduct an amount equal to 100% of CEE renounced or allocated to the Partnership and allocated to him by the Partnership in respect of the fiscal year and his share of the net loss of the Partnership for such fiscal year. **If a taxpayer finances the subscription price of his Units with a borrowing or other indebtedness that is, or is treated as, limited recourse, the deductions that the taxpayer may claim will be reduced.** Individuals (other than trusts) who are Limited Partners may be entitled to a federal non-refundable tax credit equal to 15% of certain CEE renounced to the Partnership and allocated to Limited Partners, subject to certain restrictions and limitations in the Tax Act.

Income and capital gains realized by the Partnership will be allocated to Limited Partners of record at the end of each fiscal year of the Partnership. The *Tax Act* deems the cost to the Partnership of any Flow-Through Shares which it acquires to be nil and, therefore, the amount of the capital gain realized by the Partnership on a disposition of Flow-Through Shares will generally equal the proceeds of disposition of the Flow-Through Shares, net of any reasonable costs of disposition.

If the transfer of the Partnership’s assets to the Mutual Fund Corporation is completed, such transfer and the exchange by a Limited Partner of Units for Mutual Fund Shares on dissolution of the Partnership will occur on a “roll-over” basis and will not result in any tax consequence to the Limited Partner. The cost to the Limited Partner of the Mutual Fund Shares received will be equal to the adjusted cost base of the Limited Partner’s Units. Unless the Partnership sells Flow-Through Securities before the dissolution of the Partnership (other than to repay the Loan Facility), the adjusted cost base of a Limited Partner’s Units and, therefore, the cost of his Mutual Fund Shares, is expected to be nominal.

A disposition of Units or Mutual Fund Shares by a Limited Partner will generally result in the Limited Partner realizing a capital gain. A switch of Mutual Fund Shares for shares of another Creststreet Fund will not result in a capital gain or loss to the investor.

The *Tax Act* has been amended to impose an income tax on certain publicly traded limited partnerships. This tax should not apply to the Partnership.

See “Canadian Federal Income Tax Considerations”.

Each investor should satisfy himself as to the federal and provincial tax consequences of this investment by obtaining advice from his tax advisor. In particular, an investor who borrows to finance his acquisition of Units should consult his own investment advisor.

**Tax Shelter
Identification:**

The federal and Québec tax shelter identification numbers in respect of the Partnership are TS 074112 and QAF-08-01256 respectively. The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. Le numéro d’identification attribué à cet abri fiscal doit figurer dans toute déclaration d’impôt sur le revenu produite par l’investisseur. L’attribution de ce numéro n’est qu’une formalité administrative et ne confirme aucunement le droit de l’investisseur aux avantages fiscaux découlant de cet abri fiscal.

Risk Factors:

This Offering is speculative. This is a blind pool offering. Investors should consider the following risk factors and the additional risk factors outlined under the heading “Risk Factors” before purchasing Units:

- (a) Limited Partners must rely on the discretion of the General Partner in determining the composition of the investment portfolio, in negotiating Flow-Through Agreements, in negotiating the pricing of securities purchased for the Partnership and in disposing of securities. The General Partner will not always review engineering or other technical reports prepared in anticipation of the exploration or development program or renewable energy project being financed by Flow-Through Securities issued to the Partnership;
- (b) there can be no assurance that the conditions to the Mutual Fund Rollover Transaction will be satisfied, in which case the enhanced liquidity offered by the Mutual Fund Rollover Transaction will not be available and the Partnership’s assets will be sold and the Partnership dissolved on a taxable basis;
- (c) there can be no assurance that the General Partner will, on behalf of the Partnership, be able to identify a sufficient number of suitable Resource Issuers willing to issue Flow-Through Securities at prices deemed to be acceptable by the General Partner to permit the Partnership to commit all Available Funds to purchase Flow-Through Securities by December 31, 2008. Any Available Funds not committed by the Partnership by December 31, 2008 that are in excess of outstanding bank indebtedness at that date shall be distributed to the Limited Partners of record on December 31, 2008 by January 31, 2009 and the amount of deductions that Limited Partners will be able to claim for income tax purposes will be correspondingly reduced;
- (d) in order that certain investment tax credits be available to individual Limited Partners in respect of certain CEE renounced to the Partnership, the relevant Flow-Through Agreement must be entered into before April, 2008. There can be no assurance that any such Flow-through Agreements will be entered into before April, 2008. As of the date of this prospectus, no proposals to extend the period for entering into flow-through agreements beyond March 31, 2008 have been announced;
- (e) Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of such shares and may be subject to resale restrictions. Competition for the purchase of Flow-Through Shares may increase the premium at which Flow-Through Shares are offered for sale to the Partnership;
- (f) if the transfer of the Partnership’s assets to the Mutual Fund Corporation is completed, many of the securities held by the Creststreet Resource Fund, while listed and freely tradeable, may be relatively illiquid and may decline in price if a significant number of securities are offered for sale;
- (g) Resource Issuers may not hold or discover commercial quantities of petroleum, natural gas, minerals or renewable energy resources, and their profitability may be affected by various factors including adverse fluctuations in commodity prices, unanticipated depletion of reserves, liability for environmental damage, competition and government regulation;

- (h) the Partnership will invest primarily in securities of Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development which focus may result in the value of the portfolio being more volatile than portfolios with a more diversified investment focus. The value of the Partnership's portfolio may fluctuate with the underlying market prices for commodities produced by those sectors of the economy;
- (i) the possibility exists that Resource Issuers will not honour their obligations to incur CEE or renounce or allocate CEE to the Partnership pursuant to the Flow-Through Agreements entered into by them which would result in the reassessment by the CRA of deductions from income claimed by Limited Partners;
- (j) there can be no assurance that any hedging activity of the Partnership in respect of shares of particular Resource Issuers or against declines in commodity prices will be successful;
- (k) there can be no assurance that the income tax laws in the various jurisdictions of Canada (including the federal laws of Canada), or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences of investments in Flow-Through Securities or the tax consequences to Limited Partners of holding or disposing of Units or Mutual Fund Shares including on exchanging Units for Mutual Fund Shares on dissolution of the Partnership;
- (l) if enacted as proposed, the Proposed Loss Limitation Rule could limit the ability of Limited Partners to deduct losses realized by the Partnership and allocated to Limited Partners, and the ability of Limited Partners to deduct Offering expenses and the Agents' fee after the dissolution of the Partnership;
- (m) the restrictions on the deduction of investment expenses (including certain CEE) under the *Taxation Act* (Québec) may limit the tax benefits available for Québec tax purposes to individual Limited Partners who are residents of Québec or liable to Québec taxes if they have insufficient investment income;
- (n) in any fiscal year of the Partnership, the possibility exists that Limited Partners will receive allocations of income and capital gains without receiving cash distributions from the Partnership in such year sufficient to satisfy their tax liability with respect to such allocations;
- (o) the interest expense and banking fees incurred in respect of the Loan Facility may exceed the incremental capital gains and net tax benefits generated by the additional investment in Flow-Through Securities. There can be no assurance that the borrowing strategy employed by the Partnership will enhance returns;
- (p) the Partnership and the General Partner are newly established with no previous operating history and the General Partner has nominal assets;
- (q) the General Partner, Creststreet, their Affiliates and the directors and officers of any of them may engage in the promotion, management or

investment management of any other fund, partnership or other investment vehicle including those which invest primarily in Flow-Through Securities or in other securities of Resource Issuers and certain conflicts may arise from time to time in the management of such funds or vehicles and in determining appropriate investment opportunities;

- (r) limited liability of Limited Partners may be lost under certain circumstances and may be unavailable under the laws of certain jurisdictions;
- (s) Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due;
- (t) there is currently no market through which the Units of the Partnership may be sold and purchasers may not be able to resell Units purchased under this prospectus. No market for the Units is expected to develop. The Partnership will endeavour to provide Limited Partners with enhanced liquidity for their Units by completing the Mutual Fund Rollover Transaction or a Liquidity Alternative. There can be no assurance that the regulatory approvals necessary to complete the Mutual Fund Rollover Transaction will be received. The Creststreet Resource Fund is not intended to offer investors a complete investment program. There will be no public market for the Mutual Fund Shares, but the Mutual Fund Shares will be redeemable by the holders thereof and may be switched for shares of the other Creststreet Funds on a tax-deferred basis;
- (u) if the Mutual Fund Rollover Transaction is completed, there are risks associated with the multi-class corporate structure of the Mutual Fund Corporation. For additional information, see the Mutual Fund Corporation's public documents at www.creststreet.com or www.sedar.com, which documents are not, and shall not be deemed to be, incorporated by reference in this prospectus; and
- (v) in addition to the Units offered under this prospectus, the General Partner may in its sole discretion raise capital from time to time for the Partnership by selling additional Units at such prices and on such terms and conditions as the General Partner may in its sole discretion determine; provided that the issuance of such Units may not be at a price per Unit less than the Net Asset Value per Unit at the time of the pricing of the issuance. There can be no assurance that the General Partner will, on behalf of the Partnership, be able to identify a sufficient number of suitable Resource Issuers willing to issue Flow-Through Securities at prices deemed to be acceptable by the General Partner to permit the Partnership to commit the net proceeds of such additional sales of Units to purchase Flow-Through Securities by December 31, 2008. See "Canadian Federal Income Tax Considerations", "Certain Québec Tax Considerations", "Risk Factors" and "The General Partner — Conflict of Interest".

SELECTED FINANCIAL ASPECTS

The tables below illustrate certain financial aspects for a Limited Partner who is an individual other than a trust who has invested \$1,000 in the Partnership and whose income is subject to the highest marginal income tax rate after giving effect to all applicable deductions. **These figures are for illustrative purposes only and are not intended as a forecast of future events or a representation regarding the future value of Units. There is no assurance that such figures will in fact be realized.**

Table I shows that a 100% tax deduction is expected to be realized in the 2008 taxation year. Table I assumes that the entire proceeds of the issue, after deducting administrative costs, interest costs and management fees that are payable and expected to be fully deductible in computing income of the Partnership pursuant to the *Tax Act* for the fiscal period ending on December 31, 2008, are expended on CEE by Resource Issuers which will be renounced or allocated to the Partnership with an effective date in 2008. The Partnership is assumed to borrow to pay the Agents' fee and expenses of the Offering. To the extent the Partnership borrows to pay any of these costs, the unpaid principal amount will be deemed to be a limited recourse amount of the Partnership and such costs will generally not be deductible until the borrowed amount is repaid, at which time the expense will be deemed to have been incurred to the extent of the amount repaid. Table I assumes that the Partnership will realize sufficient proceeds from the sale of Flow-Through Securities to permit it to repay all amounts borrowed by the Partnership prior to dissolution. The taxable portion of the capital gain on the disposition of such property must be included in the Limited Partners' income.

Table I
Maximum Deductions per \$1,000 Investment Assuming a \$50 Million Offering

	2008	2009 and Beyond	Total
Canadian Exploration Expense	\$ 980	\$—	\$ 980
Other Deductions	20	103	123
	\$1,000	\$103	\$1,103
Capital Gains	—	\$103	\$ 103

Table II shows the total net tax savings available in each province on a \$1,000 investment in the Partnership. The net tax savings are calculated by multiplying the total estimated income tax deductions for each year by the assumed highest marginal tax rate for that year and then adding back the total estimated capital gains tax payable for each year. The estimated capital gains tax payable is calculated as the estimated capital gains for each year multiplied by the highest marginal tax rate for that year multiplied by a capital gains inclusion rate of 50%. An investor's money at risk is calculated by deducting the investor's net tax savings from the investor's \$1,000 investment. The break-even proceeds of disposition is the value that an investor would need to receive so that, after paying capital gains tax, the investor's money at risk would be returned.

Table II
Highest Marginal Tax Rate

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.S.	N.B.	P.E.I.	N.F.
2008	43.70%	39.00%	44.00%	46.40%	46.41%	48.22%	48.25%	46.95%	47.37%	45.50%
2009 and beyond	43.70%	39.00%	44.00%	46.40%	46.41%	48.22%	48.25%	46.95%	47.37%	45.50%

Break-even Calculation Assuming a \$50 Million Offering

Investment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Less: Tax Savings	459	410	463	488	488	507	507	494	498	478
Money at Risk	\$ 541	\$ 590	\$ 537	\$ 512	\$ 512	\$ 493	\$ 493	\$ 506	\$ 502	\$ 522
Break-even Proceeds of Disposition	\$ 692	\$ 733	\$ 689	\$ 667	\$ 667	\$ 650	\$ 649	\$ 662	\$ 658	\$ 675

The above tables were prepared by the General Partner and are not based on an independent opinion rendered by an accountant or lawyer. However, the derivation of the tables (and the related notes and assumptions) is consistent with the contents of the tax opinion provided under the heading “Canadian Federal Income Tax Considerations”. The calculations are based on the estimates and assumptions set forth above and in the notes below and the actual tax savings, money at risk and break-even proceeds of disposition may be different than shown above. Investors should be aware that these calculations are based on estimates and assumptions which cannot be represented to be complete or accurate in all respects.

Notes and Assumptions:

- (1) The highest marginal tax rates used are based on current federal and provincial rates and existing proposals for 2008 and 2009. It is assumed that the highest marginal tax rates for beyond 2009 will be the same as those for 2009. Future federal and provincial budgets may modify these rates and, consequently, the tax savings.
- (2) The calculations assume that the Limited Partner is not liable for the alternative minimum tax (see “Canadian Federal Income Tax Considerations — Alternative Minimum Tax”).
- (3) The calculations assume that recourse for any financing by a Limited Partner of the subscription price for Units is not limited and is not deemed to be limited (see “Canadian Federal Income Tax Considerations — Computation of Income of Limited Partners”).
- (4) The calculations assume that no CEE qualifying as “flow through mining expenditures” eligible for a 15% federal investment tax credit or CEE qualifying for a provincial tax credit are renounced by Resource Issuers to the Partnership; however, the money at risk and break-even proceeds of disposition may be reduced if the Partnership invests in Flow-Through Securities of Resource Issuers engaged in Canadian mining exploration.
- (5) It is assumed that the deductibility of expenses or losses of the Partnership or the Limited Partners is not limited by the Proposed Loss Limitation Rule (see “Canadian Federal Income Tax Considerations — Proposed Loss Limitation Rule”).
- (6) The calculations do not take into account the time value of money. Any present value calculation should take into account the timing of cash flows, the investor’s present and future tax position and any change in the market value of the portfolio held by the Partnership.
- (7) For a Limited Partner who is an individual resident in Québec or liable to Québec tax, it is assumed that his or her investment income exceeds his or her investment expenses for a given year. For these purposes, investment expenses include certain interest, losses of a Limited Partner and 50% of the CEE deduction, other than in respect of CEE incurred in Québec, of such Limited Partner. If such a Limited Partner’s investment expenses for a given year were to exceed the Limited Partner’s investment income for that year, the excess would not be deductible in the year for Québec tax purposes but may be carried over against investment income in any of the three previous years and any subsequent year to the extent investment income exceeds investment expenses of such other year. The calculations also assume that no CEE is incurred in Québec by Resource Issuers.

GLOSSARY

When used in this prospectus, the following terms have the following meanings ascribed thereto:

“**Affiliate**” and “**Associate**” have the meanings ascribed thereto in the *Securities Act* (Ontario);

“**Agents**” means Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, GMP Securities L.P., Peters & Co. Limited, Raymond James Ltd., Macquarie Capital Markets Canada Ltd. and Tristone Capital Inc.;

“**Auditors**” means KPMG LLP;

“**Automatic Conversion**” means the automatic conversion on a one-for-one basis of Series 2010 shares of the Creststreet Resource Fund into Series A shares of the Creststreet Resource Fund which will occur on or about September 30, 2010;

“**Available Funds**” means all funds available to the Partnership after deducting from the total proceeds of all issues of Units a reserve required to fund the ongoing fees and expenses of the Partnership provided, however, that if the Partnership does not borrow an amount under the Loan Facility to pay all of the Agents’ fee and the expenses of the Offering, Available Funds will be reduced by such part of the Agents’ fee and expenses of the Offering as are not funded with the Loan Facility or paid by Creststreet;

“**BCA**” means the *Canada Business Corporations Act*;

“**CEE**” means “**Canadian exploration expense**” as defined in subsection 66.1(6) of the *Tax Act*, which includes:

- (a) certain expenses incurred for the purpose of exploring for petroleum or natural gas in Canada (including certain drilling expenses);
- (b) certain expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada;
- (c) certain expenses incurred for the purpose of bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities; and
- (d) certain expenses incurred in respect of certain alternative energy projects;

“**Closing**” means each closing of the offering of Units pursuant to this prospectus. No such closing shall take place after November 30, 2008;

“**CRA**” means the Canada Revenue Agency and any successor thereto;

“**CRCE**” means “**Canadian renewable and conservation expense**” as defined in subsection 66.1(6) of the *Tax Act*;

“**Creststreet**” means Creststreet Asset Management Limited;

“**Creststreet Fund**” means a class of shares of the Mutual Fund Corporation which is a mutual fund for securities law purposes and includes, unless the context otherwise requires, the Creststreet Resource Fund;

“**Creststreet Resource Fund**” means the Resource class of shares of the Mutual Fund Corporation;

“**Dissolution Date**” means the date on which the Partnership dissolves which, subject to earlier termination as provided in the Partnership Agreement, shall be on or about January 22, 2010 or such later date as the General Partner determines in accordance with the Partnership Agreement, but in any event no later than September 30, 2010 or such later date as the Limited Partners may determine by extraordinary resolution;

“**Flow-Through Agreement**” means a subscription agreement between the Partnership and a Resource Issuer pursuant to which the Partnership will subscribe for Flow-Through Securities and the Resource Issuer will agree to incur and renounce or allocate to the Partnership CEE and includes a subscription for a limited partnership interest in a Resource Issuer;

“**Flow-Through Securities**” means Flow-Through Shares and securities of other Resource Issuers entitling the subscriber to an allocation of CEE in an amount equal to all or substantially all of the subscription price of such other securities;

“**Flow-Through Shares**” means common shares in the capital of Resource Issuers which are “flow-through shares” as defined in subsection 66(15) of the *Tax Act* and which entitle the Partnership to a renunciation of CEE;

“**General Partner**” means Creststreet 2008 General Partner Limited;

“**High Quality Liquid Investments**” means high-quality money market instruments which are accorded the highest rating category by either Standard & Poor’s (“A-1”) or Dominion Bond Rating Service (“R-1”), interest bearing accounts of Canadian chartered banks or Canadian trust companies with assets in excess of \$15 billion or securities issued or guaranteed by the Government of Canada or by the government of any province of Canada or agency thereof;

“**Hurdle Amount**” means \$11.20 per Unit;

“**Independent Review Committee**” means the independent review committee for the Partnership to which conflict of interest matters will be referred for review or approval in accordance with National Instrument 81-107 — *Independent Review Committee for Investment Funds*;

“**Initial Limited Partner**” means Creststreet;

“**Investment Guidelines**” means those guidelines described under the heading “The Partnership — Investment Guidelines”;

“**Limited Partners**” means holders of Units whose names and other prescribed information appear on the record of limited partners maintained pursuant to the *Limited Partnerships Act* (Ontario) and, where the context requires, the Initial Limited Partner;

“**Lender**” means, collectively, one or more Canadian Schedule I chartered banks;

“**liquidity**” means the ability of Limited Partners to dispose of their investment, through the sale of their Units in the Partnership, the redemption of their Mutual Fund Shares, if applicable, or the switching of their Mutual Fund Shares for shares of another Creststreet Fund, if applicable;

“**Liquidity Alternative**” means an alternative to the Mutual Fund Rollover Transaction proposed by the General Partner which receives the approval of Limited Partners and any required regulatory approval;

“**Loan Facility**” means a loan facility between the Partnership and the Lender. See “Plan of Distribution — Loan Facility”;

“**market capitalization**” of a Resource Issuer means the market value per security multiplied by the number of securities outstanding of such Resource Issuer after giving effect to the maximum number of securities issuable to the Partnership under the Flow-Through Agreement with such Resource Issuer;

“**Mutual Fund Corporation**” means Creststreet Mutual Funds Limited, the corporation to which the assets of the Partnership may be transferred on the Dissolution Date, as contemplated by this prospectus;

“**Mutual Fund Rollover Transaction**” means the exchange transaction pursuant to which the Partnership will transfer its assets to the Mutual Fund Corporation in exchange for Mutual Fund Shares;

“**Mutual Fund Shares**” means (i) the Series 2010 shares of the Creststreet Resource Fund if the assets of the Partnership are transferred to the Mutual Fund Corporation as contemplated by the Partnership Agreement, and/or (ii) series A shares of the Creststreet Resource Fund, as the context requires;

“**Net Asset Value**” and “**Net Asset Value per Unit**” have the meanings ascribed to those terms under “Valuation of Investments — Net Asset Value of the Partnership”;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**Partners**” means, collectively, the Limited Partners and the General Partner;

“**Partnership**” means Creststreet 2008 Limited Partnership;

“Partnership Agreement” means the partnership agreement among the General Partner, the Initial Limited Partner and the persons who from time to time are entered into the record of limited partners maintained by the General Partner;

“Partnership Advisor” means Creststreet and its successors, as provided for in the Partnership Advisory Agreement;

“Partnership Advisory Agreement” means the agreement, to be entered into prior to the initial Closing of the Offering, between the Partnership and the Partnership Advisor, pursuant to which the Partnership Advisor agrees to provide investment, management, administrative and other services to the Partnership, as described under “The Partnership Advisor — Partnership Advisory Agreement”;

“Partnership Advisor Fee” means an annual fee payable to the Partnership Advisor by the Partnership equal to 2% of the Partnership’s Net Asset Value, calculated and paid monthly in arrears;

“Performance Bonus Allocation” means the additional distribution of Partnership property on the Dissolution Date to the General Partner in an amount equal to (i) 20% of the amount by which the Net Asset Value per Unit on the Dissolution Date (excluding the effect of distributions, if any) exceeds the Hurdle Amount, multiplied by (ii) the number of Units outstanding at the Dissolution Date;

“Promoter” means, as the case may be, either Creststreet or the General Partner as described under the heading “Promoters”;

“Proposed Loss Limitation Rule” has the meaning set out under “Canadian Federal Income Tax Considerations — Proposed Loss Limitation Rule”;

“Resource Issuer” means (i) a corporation whose principal business is oil and gas exploration and development, mining exploration and development, generation of energy through alternative means or the development of projects for alternative energy generation, and which is a “principal-business corporation” as defined in subsection 66(15) of the *Tax Act* or (ii) a partnership or other entity that (a) carries on as its principal business the business of oil and gas exploration and development, mining exploration and development, generation of energy through alternative means or the development of projects for alternative energy generation or (b) invests in equity securities of any such entity;

“Tax Act” means the *Income Tax Act* (Canada);

“TSX” means the Toronto Stock Exchange;

“Valuation Date” means (i) in respect of the Partnership, the last business day of each week, and (ii) in respect of the Creststreet Resource Fund, each Friday, or, in the event the TSX is not open for business on any such day, the first day thereafter on which the TSX is open; and

“Warrants” means common share purchase warrants that are acquired in connection with an investment in Flow-Through Securities of a Resource Issuer.

ELIGIBILITY FOR INVESTMENT

Units

In the opinion of McCarthy Tétrault LLP, counsel to the Partnership, and Fasken Martineau DuMoulin LLP, counsel to the Agents, the Units are not qualified investments under the *Tax Act* for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans and, in order to avoid adverse tax consequences, should not be acquired by such plans.

Mutual Fund Shares

In the opinion of McCarthy Tétrault LLP and Fasken Martineau DuMoulin LLP, if the Mutual Fund Shares were issued on the date hereof, the Mutual Fund Shares would be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the provisions of the *Tax Act*.

THE PARTNERSHIP

The Partnership was formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) on December 19, 2007. The General Partner was incorporated under the provisions of the OBCA on December 19, 2007. The principal place of business of the Partnership and the registered office of the General Partner is 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4.

The Initial Limited Partner of the Partnership is Creststreet, the parent of the General Partner. The General Partner does not have any subsidiary corporations.

Investment Objective

The Partnership's investment objective is to invest in Flow-Through Securities with good investment prospects at attractive prices in relation to the market price of the Resource Issuer's equity securities. Flow-Through Shares are common shares subscribed for from the treasury of a Resource Issuer under an agreement which provides that, in addition to issuing common shares, the Resource Issuer agrees to "flow-through" certain tax deductions equal to the purchase price of the Flow-Through Shares. Flow-Through Shares are typically purchased at a premium to the market price of the Resource Issuer's common shares as compensation for the benefit of tax deductions. Flow-Through Shares of reporting issuers are usually subject to a resale restriction of up to four months as they are typically issued pursuant to an exemption from the prospectus and registration requirements under applicable securities laws. Flow-Through Shares are considered an attractive means of financing Canadian exploration expenditures and renewable energy projects for Resource Issuers which have significant tax deductions available to them.

The Partnership will use the Available Funds to subscribe for Flow-Through Securities pursuant to Flow-Through Agreements to be entered into with Resource Issuers. Under the terms of each Flow-Through Agreement to acquire Flow-Through Shares, the Partnership will subscribe for Flow-Through Shares of the Resource Issuer issued from treasury and the Resource Issuer will incur and renounce to the Partnership, in an amount equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development or renewable energy projects which qualify as CEE which may be renounced to the Partnership. Under the terms of each Flow-Through Agreement to acquire Flow-Through Securities other than Flow-Through Shares, the Resource Issuer will agree to allocate CEE to the Partnership in an amount equal to all or substantially all of the subscription price of the Flow-Through Securities. In the case of certain Flow-Through Agreements made before April, 2008 with Resource Issuers engaged in mining exploration, the renounced CEE may include certain "grass roots" exploration expenses which entitle Limited Partners who are individuals to claim certain non-refundable investment tax credits deductible from income taxes payable. In certain cases, Resource Issuers will agree to issue Warrants in connection with an investment by the Partnership.

The Canadian government has put in place incentives whereby certain qualifying expenditures in the development of renewable energy sources such as wind, solar and geothermal power, small scale hydro electric and specified waste fuel and co-generation projects may qualify as Canadian renewable and conservation

expense (“CRCE”) and be renounced as CEE to subscribers of flow-through shares. The Partnership may selectively invest in Flow-Through Securities of Resource Issuers incurring CRCE qualifying expenditures.

It is the Partnership’s intention to invest all Available Funds on or before December 31, 2008. The Partnership has made a commitment of approximately \$425,000 with Duvernay Oil Corp. which is not finalized. The Partnership may make other commitments to one or more Resource Issuers prior to the initial Closing. Any Available Funds not committed by the Partnership to purchase Flow-Through Securities or Warrants on or before December 31, 2008 that are in excess of outstanding bank indebtedness as at such date shall be returned to the Limited Partners of record on December 31, 2008 on a *pro rata* basis by January 31, 2009.

Investment Strategy

The General Partner will manage the investment portfolio with a view to (i) the preservation of capital; and (ii) capital appreciation on the Partnership’s investments. Investments made by the General Partner will be made having regard to the Partnership’s Investment Guidelines. The General Partner will be responsible for managing the investment portfolio of the Partnership including selecting Resource Issuers and entering into Flow-Through Agreements on behalf of the Partnership in accordance with the investment strategy set forth below. The General Partner may also hedge positions held in the investment portfolio by borrowing common shares of a Resource Issuer whose common shares are held in the investment portfolio and selling them in order to limit the Partnership’s exposure to fluctuations in the value of such shares. The General Partner may also hedge the investment portfolio against certain changes in commodity prices. If undertaken, such hedging would be carried out through the purchase and sale of commodity futures contracts and would hedge no more than the notional commodity price exposure in the investment portfolio.

The Partnership will receive investment advice from the Partnership Advisor pursuant to the Partnership Advisory Agreement. The Partnership’s investment strategy is to invest primarily in Flow-Through Shares issued by Resource Issuers that: (i) represent good value in relation to the market price and intrinsic value of the Resource Issuer’s shares; (ii) have experienced and capable senior management; (iii) have a strong exploration or development program or renewable energy project in place; and (iv) offer potential for future growth. The Partnership may also invest Available Funds in other Flow-Through Securities. The assessment of the Resource Issuers by the Partnership Advisor and the General Partner in such areas is necessarily subjective and is based on the experience and expertise of their officers and directors. The Partnership Advisor and the General Partner will review publicly available information regarding Resource Issuers and will rely on the completeness and accuracy thereof. The Partnership Advisor and the General Partner may, but need not, review or rely upon engineering reports, which, if available, may or may not be independent, regarding the exploration program or energy project of a particular Resource Issuer.

The General Partner, on behalf of the Partnership, may sell Flow-Through Securities or Warrants prior to dissolution of the Partnership if the General Partner is of the opinion that it is in the best interests of the Partnership to do so. This may occur, for example, if a Resource Issuer in which the Partnership holds Flow-Through Securities or Warrants becomes subject to a take-over bid. Any net cash balances of the Partnership arising from the sale of such securities which occurs after 2008 (net of a reserve for fees and expenses), unless reinvested in securities of other Resource Issuers or used to exercise Warrants, will be invested in High Quality Liquid Investments, subject to the terms of the Loan Facility.

For each fiscal year of the Partnership, subject to the Performance Bonus Allocation, 99.99% of the net income and loss of the Partnership and 100% of any CEE renounced or allocated by Resource Issuers to the Partnership with an effective date in such fiscal year will be allocated *pro rata* to Limited Partners who are shown as such on the record of limited partners maintained by the General Partner on the last day of such fiscal year. See “Summary of the Partnership Agreement — Net Income and Loss” and “Summary of the Partnership Agreement — Allocation of CEE”. The Partnership will make such filings in respect of such allocations as are required by the *Tax Act*. Limited Partners will be entitled to claim deductions from income for income tax purposes and may be entitled to certain investment tax credits deductible from tax payable as described under “Canadian Federal Income Tax Considerations”.

In the unlikely event that the Partnership has entered into a Flow-Through Agreement with a Resource Issuer for the purchase of Flow-Through Shares and the Resource Issuer does not or is unable to incur sufficient

expenditures to enable it to issue the maximum number of Flow-Through Shares issuable to the Partnership pursuant to the Flow-Through Agreement, the General Partner may use the funds which it would otherwise have used for such Flow-Through Shares in a manner which it determines is in the best interests of the Partnership, which may include: investing all or any portion of such funds to purchase common shares issued by such Resource Issuer which do not constitute Flow-Through Shares; investing all or any portion of such funds in Flow-Through Securities of other Resource Issuers; investing all or any portion of such funds in High Quality Liquid Investments; or distributing all or any portion of such funds to Limited Partners.

On dissolution of the Partnership, Limited Partners are entitled to 99.99% of the net assets (after payment by the Partnership of the Performance Bonus Allocation, if any) of the Partnership and the General Partner is entitled to 0.01% of such assets.

Investment Outlook

The General Partner and the Partnership Advisor currently have a favourable long-term view on crude oil and natural gas prices and believe that the recent decline in natural gas prices has resulted in an increase of good quality oil and gas flow-through investment opportunities at reasonable valuations. Subject to the Investment Guidelines, the General Partner and the Partnership Advisor currently intend to overweight the Partnership's investment portfolio in Resource Issuers engaged in natural gas production. The General Partner and the Partnership Advisor also currently intend to have a conservative approach in selecting investments for the Partnership's investment portfolio, favouring investments in Resource Issuers that have high market capitalizations, strong cash flows and highly liquid public floats.

Energy Sector

Two of the primary components of the global energy market are crude oil and natural gas. Renewed global economic growth since 2001 has put upward pressure on global energy demand. According to the United States Energy Information Administration (the "EIA"), global energy demand increased from 283 to 447 quadrillion btu/year from 1980 to 2004, an increase of 58%. This demand has been forecast to increase sharply to 702 quadrillion btu/year by 2030.⁽¹⁾

Natural Gas

Demand for natural gas in the United States has increased approximately 33.5% over the past 20 years, while the supply of natural gas in the United States has increased only 15% over the same period. This shortfall in supply has been met predominantly by Canadian imports, which now account for 16.6% of the United States' demand.⁽²⁾ In the General Partner's view, this situation is unsustainable, as Canadian production is unlikely to grow enough to meet future demand growth in the United States. Natural gas deliverability in Canada peaked at just over 17 billion cubic feet per day in 2002⁽³⁾ and is projected to decrease to 15 bcf/d by 2009 due to significantly reduced drilling activity projected in Canada.⁽⁴⁾ A maturing supply basin in North America will mean increasing declines in new production. With existing production from the Western Canadian Sedimentary Basin ("WCSB") expected to decline at 20% per year, incremental production is becoming much harder to sustain as the trend of lower initial productivity in WCSB gas wells is continuing.⁽⁵⁾ It is widely assumed that imported supplies of liquefied natural gas ("LNG") will help close the future supply/demand gap. However, the General Partner believes that its impact will likely not be material until more LNG facilities have been constructed. Recent fluctuations in the price of natural gas as a result of hurricane activity in the Gulf of Mexico and excess storage caused by record warm weather are indicative of the sensitivity of North American supply and demand fundamentals.

(1) Source: EIA — International Energy Outlook 2007 (June 2007)

(2) Source: EIA

(3) Source: Natural Resources Canada

(4) Source: National Energy Board of Canada — Short-term Natural Gas Deliverability 2007-2009 (December 2007)

(5) Source: National Energy Board of Canada — Short-term Natural Gas Deliverability 2006-2008 (October 2006)

Crude Oil

World crude oil demand grew annually by an average of 1.118 million barrels per day (“mmb/d”) between 1990 and 2004. In 2004 (83mmb/d), a dramatic increase in crude oil prices was triggered as expectations for world oil demand growth increased. The EIA estimates that 2015 world crude oil demand will be 97 mmb/d, an annual average increase of 1.3mmb/d over 2004 levels. This recent surge in demand can be attributed to emerging markets, such as China and India, which are experiencing unprecedented growth driven by new consumer, construction and automotive demand. Global oil demand growth over the long-term is expected to increase to 118 mmb/d by 2030, representing a 42% increase from 2004 levels.⁽⁶⁾ Increasing oil demand comes at a time when global spare productive capacity is near a 30 year low. Current global spare capacity is estimated at just over 1 mmb/d.⁽⁷⁾ The impact of potential supply disruptions has been witnessed in recent events, such as the militant attacks in Nigeria, and geopolitical uncertainty surrounding key oil exporting countries including Iran and Venezuela.

Mining

The value of the Canadian mineral industry’s production in 2006 exceeded \$77 billion, an increase of 22.7% or \$33.6 billion over the previous year.⁽⁸⁾ The majority of this increase is attributable to increases of prices of most metallic minerals.⁽⁹⁾ Price appreciation in metallic minerals corresponded with strong global GDP growth, in excess of 4%⁽¹⁰⁾ over the previous two years. The EIA forecasts that global GDP growth over the next 20 years will be in excess of the growth rate recorded over the past 20 years.⁽¹¹⁾ Global GDP growth and rising mineral prices has benefitted the mining sector in Canada, with the sector accounting for 3.7% of the country’s GDP in 2006.⁽¹²⁾ Increased mining activity and investment opportunities in Canada have followed strong mineral prices since 2003. Total expenditures have surpassed \$1 billion for 5 straight years and are currently approaching \$2 billion per annum.⁽¹³⁾ Contributing to this spending level are political stability and a favourable investment climate, including tax incentives tied to the flow-through share system.⁽¹⁴⁾

Investment Guidelines

In entering into Flow-Through Agreements with Resource Issuers on behalf of the Partnership, the Investment Guidelines that will be considered by the General Partner include those described below. The General Partner will have complete discretion in selecting and contracting with Resource Issuers. For purposes of the guidelines listed below, all percentage limitations apply only immediately after a transaction and any subsequent change in any applicable percentage resulting from changing values or changing market capitalization will not require elimination of any security from the Partnership’s portfolio. These Investment Guidelines provide as follows:

- (a) **Resource Issuers.** The Partnership will invest substantially all Available Funds in Flow-Through Securities issued by Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in equity securities of entities engaged in such activities. The Partnership may also invest up to 1% of Available Funds in Warrants acquired as part of a transaction in which the Partnership enters into a Flow-Through Agreement with a Resource Issuer. To the extent the Partnership disposes of securities of a Resource Issuer (for example, if a take-over bid is made for such securities), the Partnership may reinvest the net proceeds from any such dispositions in securities of other Resource Issuers, including Flow-Through Securities, or use them to exercise Warrants.
- (b) **Exchange Listing.** The Partnership will invest a minimum of 80% of Available Funds in Flow-Through Securities of Resource Issuers which are listed and posted for trading on the TSX or the TSX Venture

(6) Source: EIA — International Energy Outlook 2007 (June 2007)

(7) Based on EIA estimates — Short-term Energy Outlook (September 2007)

(8) National Resources Canada (2006 Yearbook)

(9) National Resources Canada (2006 Yearbook)

(10) Central Intelligence Agency (World Factbook)

(11) Source: EIA — International Energy Outlook 2007 (May 2007)

(12) National Resources Canada (2006 Yearbook)

(13) National Resources Canada (2006 Yearbook)

(14) National Resources Canada (2006 Yearbook)

Exchange; provided that at least 50% of the Available Funds will be invested in Flow-Through Securities of Resource Issuers which are listed and posted for trading on the TSX.

- (c) **Market Capitalization.** The Partnership will invest a minimum of 50% of Available Funds in Flow-Through Securities of Resource Issuers whose market capitalization (determined at the time of purchase) exceeds \$50 million.
- (d) **Diversification.** The Partnership will not purchase securities of any one issuer if, following such purchase, more than 10% of the Partnership's Net Asset Value (determined at the time of purchase) would consist of securities of such issuer; provided, however, that the Partnership may invest up to 20% of its Net Asset Value (determined at the time of purchase) in any one issuer with a market capitalization of more than \$50 million (determined at the time of purchase) and may invest up to 30% of its Net Asset Value (determined at the time of purchase) in any one issuer with a market capitalization of more than \$100 million (determined at the time of purchase).
- (e) **Borrowing.** The Partnership may only borrow money pursuant to the Loan Facility and only to finance the Agents' fee and the expenses of the Offering.
- (f) **No Other Undertaking.** The Partnership will not engage in any undertaking other than the investment of the Partnership's assets with regard to the Partnership's investment objective, investment strategy and Investment Guidelines, all as disclosed in this prospectus.
- (g) **Purchasing Securities.** The Partnership will not purchase non-Flow-Through Securities other than through normal market facilities unless the purchase price therefor approximates or is less than the prevailing market price.
- (h) **Fixed Price.** The Partnership will not purchase any security which may by its terms require the Partnership to make a contribution in addition to the payment of the purchase price provided that this restriction shall not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments is fixed at the time the initial instalment is paid.
- (i) **No Material Interest.** The Partnership will not purchase securities from, sell securities to, or otherwise contract with the General Partner, the Partnership Advisor or any of their Affiliates, any officer, director or shareholder of any of them, any person, trust, firm or corporation managed by the Partnership Advisor or any of its Affiliates or any firm or corporation in which any officer, director or shareholder of the General Partner or the Partnership Advisor may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, is not pre-arranged and the purchase price approximates the prevailing market price or such transaction has been approved by the majority of the independent directors of the General Partner or the Independent Review Committee. This restriction will not apply to the sale of Partnership assets to the Mutual Fund Corporation in advance of the dissolution of the Partnership or as part of a Liquidity Alternative.
- (j) **No Commodities.** The Partnership will not purchase or sell physical commodities.
- (k) **No Mutual Funds.** The Partnership will not purchase the securities of any mutual fund (except, if completed, as part of the exchange transaction with the Mutual Fund Corporation described under "Transfer of Partnership Assets and Dissolution" or as part of a Liquidity Alternative that may be proposed by the General Partner).
- (l) **No Guarantees.** The Partnership will not guarantee the securities or obligations of any person.
- (m) **No Real Estate.** The Partnership will not purchase or sell real estate or interests therein.
- (n) **No Lending.** The Partnership will not lend money. For purposes of this restriction, investments in High Quality Liquid Investments are not considered lending.

- (o) **No Control.** The Partnership will not purchase securities of a reporting issuer for the purpose of exercising control or management over such issuer and will not purchase more than 10% of the voting securities of any Resource Issuer in which it may invest.
- (p) **Private Companies.** The Partnership may invest up to 20% of Available Funds in Flow-Through Securities of Resource Issuers whose securities are not publicly traded or are quoted on the Canadian Trading and Quotation System.
- (q) **Derivatives.** The Partnership may purchase or sell derivatives for hedging purposes only.
- (r) **Restriction on Underwriting.** The Partnership will not act as an underwriter except to the extent that the Partnership may be deemed to be an underwriter in connection with the sale of securities in its investment portfolio.
- (s) **No Short Sales.** The Partnership will not make short sales of securities other than for hedging purposes against existing positions held by the Partnership.
- (t) **No Mortgages.** The Partnership will not purchase mortgages.
- (u) **Related Party Transactions.** The Partnership shall not knowingly make an investment in any class of securities of any issuer, other than those issued or guaranteed by the Government of Canada or by any agency thereof or by the government of any province of Canada or by any agency thereof:
 - (i) of which any partner, director, officer or employee of the General Partner or the Partnership Advisor or any Affiliate or Associate of any of the foregoing is an officer or director, provided that this prohibition shall not apply where any such person does not:
 - A. participate in the formulation of investment decisions made on behalf of the Partnership;
 - B. have access to the investment decision making process of the Partnership prior to the implementation of investment decisions made on behalf of the Partnership; and
 - C. influence (other than through research, statistical and other reports generally available to clients) the investment decisions made on behalf of the Partnership; or
 - (ii) in which a partner, director, officer or employee of the General Partner or the Partnership Advisor or any Affiliate or Associate of any of the foregoing has a material interest (which for these purposes includes beneficial ownership of more than 10% of the voting securities of the issuer), unless such investment has been approved by the majority of the independent directors of the General Partner or the Independent Review Committee and the amount to be invested by the Partnership, together with all other such investments made by the Partnership, does not exceed, in the aggregate, 20% of the Available Funds of the Partnership.

MUTUAL FUND ROLLOVER TRANSACTION AND TERMINATION OF THE PARTNERSHIP

On the Dissolution Date, which is currently expected to be on or about January 22, 2010, all assets of the Partnership will be transferred to the Mutual Fund Corporation in exchange for Mutual Fund Shares (the “**Mutual Fund Rollover Transaction**”) pursuant to the agreement between the Partnership and the Mutual Fund Corporation dated February 15, 2008 (the “**Transfer Agreement**”). The Mutual Fund Rollover Transaction will be subject to the receipt of regulatory and other approvals. There can be no assurance that such approvals will be received. Appropriate elections under applicable income tax legislation will be made so that the transfer will occur on a “roll-over” basis and will not result in any tax consequence to the Limited Partners. Assuming such transfer is completed, the Partnership will receive Mutual Fund Shares having the same aggregate net asset value as the aggregate net asset value of the Partnership determined on the same basis as the net asset value of the Creststreet Resource Fund. Following the transfer of assets to the Mutual Fund Corporation and the distribution in Mutual Fund Shares of the Performance Bonus Allocation (if any) to the General Partner, the Partnership will be dissolved and upon dissolution, the Limited Partners and the General Partner will receive their *pro rata* interest in the remaining Mutual Fund Shares on a tax-deferred basis. If the Partnership has assets in respect of which elections cannot be made relating to the transfer of such assets to the Mutual Fund

Corporation, the Partnership Agreement provides that such assets will be distributed, before the transfer of all other Partnership assets to the Mutual Fund Corporation, as to 99.99% to the Limited Partners and as to 0.01% to the General Partner, and will be held by the General Partner as agent on behalf of the Limited Partners. Following the dissolution of the Partnership, the General Partner, subject to prior receipt of any necessary regulatory approvals, will transfer such assets to the Mutual Fund Corporation in exchange for Mutual Fund Shares and distribute such Mutual Fund Shares as to 99.99% to the Limited Partners and as to 0.01% to the General Partner.

The Partnership will only transfer its assets to the Mutual Fund Corporation if the Mutual Fund Corporation's acquisition of such assets would be consistent with the Creststreet Resource Fund's investment objectives and provided that the Mutual Fund Corporation continues to qualify as a mutual fund corporation under the *Tax Act*. If necessary, the Mutual Fund Corporation will apply to the relevant securities or regulatory authorities to be exempted, for a period of 180 days following the date of transfer of the assets of the Partnership to the Mutual Fund Corporation, from certain investment restrictions. There can be no assurance that the requested exemption will be granted. The Partnership will only transfer assets to the Mutual Fund Corporation if the transfer would not result in the Creststreet Resource Fund contravening any investment restrictions under applicable securities laws for which an exemption has not been granted.

If completed, the transfer of the Partnership's assets to the Mutual Fund Corporation will provide Limited Partners, upon receipt of Mutual Fund Shares, with enhanced liquidity through their ability to have the Mutual Fund Shares redeemed or to switch to another Creststreet Fund at any time on or after May 28, 2010 or such earlier date as may be determined by the manager of the Creststreet Resource Fund (as described in the following paragraph), subject to prior receipt of any necessary regulatory approvals. Mutual Fund Shares will be redeemable by the holders thereof at the net asset value per Mutual Fund Share. Payment for Mutual Fund Shares subject to notices of redemption received on or before May 28, 2010 will be made on June 2, 2010 based on the May 28, 2010 net asset value of the Creststreet Resource Fund. Thereafter, payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

Prior to the Dissolution Date, the manager of the Creststreet Resource Fund may change the last date to submit notices of redemption for Mutual Fund Shares and the effective date of redemption from May 28, 2010 to an earlier date that is a Valuation Date. Payment for Mutual Fund Shares subject to notices of redemption received on or before such earlier date will be made on the third business day following such earlier date based on the net asset value of the Creststreet Resource Fund on such earlier date. Thereafter, payment for Mutual Fund Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the net asset value of the Creststreet Resource Fund on such Valuation Date.

If it is not possible to complete the Mutual Fund Rollover Transaction substantially on the basis described herein, the General Partner intends to liquidate the Partnership's assets prior to the Dissolution Date and, subject to the Performance Bonus Allocation, to distribute the net proceeds arising from such liquidation, after payment or provision for the debts and obligations of the Partnership, as to 99.99% to Limited Partners of record as at the Dissolution Date and as to 0.01% to the General Partner. Notwithstanding the foregoing, the General Partner may propose to the Limited Partners at a special meeting of Limited Partners to be held no later than November 30, 2009, a Liquidity Alternative to the liquidation of the Partnership's assets including, without limitation, that the Partnership may exchange its assets for securities of a newly incorporated open-ended mutual fund, and the Partnership may be dissolved and the securities of such mutual fund after payment of the Performance Bonus Allocation, if any, may be distributed to the Limited Partners and the General Partner upon such dissolution. Should such Liquidity Alternative be proposed, there can be no assurance that it will receive the necessary regulatory and Limited Partner approvals.

See "Summary of the Partnership Agreement—Transfer of Partnership Assets to the Mutual Fund Corporation and Dissolution of the Partnership" and "Canadian Federal Income Tax Considerations".

Mutual Fund Corporation

The following disclosure relating to the Mutual Fund Corporation, the Creststreet Funds and the Creststreet Resource Fund is based on information provided to the Partnership by Creststreet and publicly

available information which, to the best of Creststreet's knowledge, is true and correct. The Mutual Fund Corporation's public documents can be viewed at www.creststreet.com or www.sedar.com, which documents are not, and shall not be deemed to be, incorporated by reference in this prospectus.

The Mutual Fund Corporation is a corporation incorporated under the CBCA by articles of incorporation dated October 13, 1999. The registered office and principal place of business of the Mutual Fund Corporation is 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4. Creststreet owns the only issued and outstanding common share of the Mutual Fund Corporation. As of January 16, 2002, the Mutual Fund Corporation became a "mutual fund corporation" for the purposes of the *Tax Act*.

The mutual fund shares of the Mutual Fund Corporation do not carry voting rights, other than the right to vote on matters prescribed by National Instrument 81-102. The Mutual Fund Corporation is authorized to issue up to 1,000 classes of mutual fund shares, issuable in series, each class with its own investment objective and strategy and each class being a separate mutual fund for securities law purposes and referred to as a Creststreet Fund. Currently, the Mutual Fund Corporation offers four classes of mutual fund shares which include a range of investment mandates. The Mutual Fund Corporation may offer new classes and series of mutual fund shares at any time.

Creststreet Funds

Creststreet is the manager of the Creststreet Funds. Each Creststreet Fund has its own investment mandate and allows non-registered plan investors to switch to another Creststreet Fund on a tax-deferred basis. A Limited Partner that acquires Mutual Fund Shares on a tax-deferred basis on the Mutual Fund Rollover Transaction may, if the Limited Partner determines to do so having regard to such Limited Partner's own investment objectives, switch some or all of the Mutual Fund Shares for shares of other Creststreet Funds, without triggering a tax liability for the Limited Partner on the switch. The ability of a Limited Partner to switch is subject to certain restrictions and is subject to certain fees. For additional information, see the simplified prospectus of the applicable Creststreet Fund at www.creststreet.com or www.sedar.com, which is not, and shall not be deemed to be, incorporated by reference in this prospectus.

The Mutual Fund Corporation, like any other mutual fund corporation with a multi-class structure, must compute its net income and net capital gains for tax purposes as a single entity. As a result, the dividends paid to an investor in a Creststreet Fund may differ from the dividends or distributions the investor would have received if the investor had invested in a mutual fund corporation which did not have the multi-class structure or in a mutual fund trust, each of which made the same investments as the Creststreet Fund. See "Canadian Federal Income Tax Considerations — Tax Status of the Mutual Fund Corporation" and "Canadian Federal Income Tax Considerations — Taxation of Shareholders of the Creststreet Resource Fund".

Creststreet Resource Fund

The Creststreet Resource Fund comprises the Resource class of shares of the Mutual Fund Corporation. The investment objective of the Creststreet Resource Fund is to provide the potential for long-term growth of capital and, to a lesser extent, production of income. The Creststreet Resource Fund invests primarily in equity securities of Canadian resource issuers. The Creststreet Resource Fund may also invest in foreign securities.

As part of the Mutual Fund Rollover Transaction, Limited Partners will receive Series 2010 shares of the Creststreet Resource Fund. Other than with respect to the time at which such shares may be first issued or first redeemed (as described above), such shares have identical rights, privileges, restrictions and conditions as all other series of shares of the Creststreet Resource Fund and will be automatically converted on a one-for-one basis into series A shares of the Creststreet Resource Fund on or about September 30, 2010 (the "**Automatic Conversion**").

THE GENERAL PARTNER

Creststreet 2008 General Partner Limited

The General Partner was incorporated to assist with the organization of the Partnership and, thereafter, to manage the Partnership. The management of the business of the Partnership is the sole business of the General Partner. The General Partner is a wholly owned subsidiary of Creststreet. The Partnership will retain the Partnership Advisor to provide investment, management, administrative and other services to the Partnership.

The General Partner has developed and adopted the investment objective, investment strategy and Investment Guidelines for the Partnership. The General Partner has co-ordinated the organization of the Partnership, will work with the Agents in developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies in connection with the Offering and will manage the ongoing business, investment and administrative affairs of the Partnership. The General Partner, with advice from the Partnership Advisor, will identify, examine and screen investment opportunities, structure and negotiate prospective investments, make investments for the Partnership in Resource Issuers, monitor the performance of the Partnership's investments and determine the timing, terms and method of disposing of investments. The General Partner will, at all times, act on a basis which is fair and reasonable to the Partnership, act honestly and in good faith with a view to the best interests of the Partnership and, in connection therewith, exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The General Partner shall not be liable in any way for any default, failure or defect in any of the securities comprising the investment portfolio of the Partnership if it has satisfied the duties and the standard of care, diligence and skill set forth above. The General Partner will incur liability, however, in cases of willful misconduct, bad faith or gross negligence. See "Summary of the Partnership Agreement — The General Partner", "Fees and Expenses Payable by the Partnership — Performance Bonus Allocation" and "The Partnership".

The Partnership's funds will not be commingled with the General Partner's funds.

Management of the General Partner

The name, municipality of residence, office and principal occupation of each of the directors and senior officers of the General Partner are set out below:

<u>Name and Municipality of Residence</u>	<u>Position with the General Partner</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and a director of Creststreet
JEFFREY S. BOYCE Calgary, Alberta	Director	President, Chief Executive Officer and a director of SURE Energy Inc.
JOHN E. THOMPSON ⁽¹⁾ Calgary, Alberta	Director	President, Chief Executive Officer and a director of Sirius Energy Inc.
STUART P. HENSMAN ⁽¹⁾ Toronto, Ontario	Director	Member of the Board of Governors of CI Investments, lead director of Creststreet Power & Income Fund LP and a director of Rifco Inc.
DONNA E. SHEA Toronto, Ontario	Vice President, Finance and Chief Financial Officer	Vice President, Finance, Chief Financial Officer and a director of Creststreet
AARON C.B. MAYBIN Toronto, Ontario	Vice President	Vice President of Creststreet
SHERYL J. CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Secretary and Treasurer and Manager, Compliance and Investment Services of Creststreet

(1) Independent director.

Biographies of each director and senior officer, including his or her principal occupations for the last five years, are set forth below:

Robert J. Toole is the President and Chief Executive Officer of Creststreet. Prior to forming Creststreet in March 2000, Mr. Toole was head of the Resource Group of a Canadian merchant banking firm. Prior to November 1998, Mr. Toole was Vice President, Finance, Chief Financial Officer and Director of Borneo Gold Corporation, a junior gold exploration company. Mr. Toole holds a Bachelor of Commerce (Honours) degree from Queen's University and is a member of the Canadian Institute of Chartered Accountants.

Stuart P. Hensman is a member of the Board of Governors of CI Investments, Lead Director of Creststreet Power & Income Fund LP and a member of the Board of Directors of Rifco Inc. Prior to 2003, Mr. Hensman was the Chairman and Chief Executive Officer of Scotia Capital (USA) Inc. Mr. Hensman was a Managing Director (Institutional Equities) at Scotia Capital Inc. (London) from 1987 to 1999. Prior to this, he held a number of portfolio management positions at Sun Life Assurance Co. of Canada from 1981 to 1986. Mr. Hensman holds a Bachelor of Arts degree from the University of Winnipeg and a Masters of Science from the Loughborough University in the UK.

Jeffrey S. Boyce is President, Chief Executive Officer and a director of Sure Energy Inc. From 2003 to 2006, he was Co-Founder, President, Chief Executive Officer and a director of Clear Energy Inc., a public oil and gas company. From 1994 to 2003, he was Co-Founder, President, Chief Executive Officer and a director of Vermilion Resources Ltd.

John E. Thompson is President, Chief Executive Officer and a director of Sirius Energy Inc., a private oil and gas company. From March 2004 to August 2006, he was President, Chief Executive Officer and a director of Timing Energy Inc., a private oil and gas company. From 2001 to 2003, he was President, Chief Executive Officer and a director of Cougar Hydrocarbons Inc., a private oil and gas company. From September 1999 to December 2000, he was President, Chief Executive Officer and a director of Basinview Energy Inc., a public oil and gas company. Mr. Thompson sits on the Board of Directors of Alberta Clipper Energy Inc.

Donna E. Shea is the Vice President, Finance and Chief Financial Officer of Creststreet. Prior to joining Creststreet in January 2003, Ms. Shea was the Vice President, Finance of the Toronto Community Foundation, a non-profit organization. Prior to December 2000, Ms. Shea was Assistant Vice President, Management Information Systems at Manulife Financial Limited. Prior to May 1998, Ms. Shea was Vice President Operations at a Canadian merchant banking firm. Ms. Shea holds a Bachelor of Commerce degree from the University of Windsor and is a member of the Canadian Institute of Chartered Accountants.

Aaron C.B. Maybin is a Vice President of Creststreet. Mr. Maybin joined Creststreet in July 2001. Mr. Maybin holds a Bachelor of Commerce (Honours) degree from Queen's University and a Canadian Investment Manager designation from the Canadian Securities Institute.

Sheryl J. Chiddenton is the Secretary and Treasurer and Manager, Investment Services of Creststreet. Prior to joining Creststreet in June 2001, Ms. Chiddenton was an Executive Assistant in the private client division of a Canadian merchant banking firm. Prior to June 1999, Ms. Chiddenton was Investor Relations Administrator of Borneo Gold Corporation, a junior gold exploration company. Ms. Chiddenton is a member of the Canadian Investor Relations Institute and the Association of Canadian Compliance Professionals.

Directors of the General Partner who are not also officers of the General Partner will be remunerated for their services as such. Such fees will be an expense of the Partnership.

Management Experience

Creststreet specializes in structuring and managing flow-through investment vehicles. Since its inception in 2000, Creststreet has completed sixteen (thirteen public and three private) flow-through offerings raising in excess of \$538 million for investment in flow-through shares of Canadian resource issuers. The principal investment strategist of the General Partner will be Robert J. Toole and, as such, he will be responsible for developing and refining the investment strategy for the Partnership's investment portfolio. Mr. Toole has extensive experience in the management of flow-through share limited partnerships. In his career since 1988, he has been involved in the creation, marketing, investment and administration of 26 flow-through share limited partnerships which raised and invested over \$718 million in flow-through shares of primarily Canadian oil & gas exploration and development companies.

Prior to joining Creststreet, Mr. Toole was Head of the Resource Group at a Canadian merchant banking firm in Toronto where he oversaw the origination, analysis and negotiation of flow-through share investment opportunities for flow-through limited partnerships and was also extensively involved in formulating marketing strategies and investor presentations for the marketing of flow-through share limited partnership offerings to Canadian investors.

The General Partner expects to utilize Creststreet's extensive contacts in the Canadian resource sector as well as contacts in the investment dealer and investment management communities to identify flow-through share investment opportunities consistent with the Partnership's investment objective, strategy and guidelines.

Conflict of Interest

The General Partner will not engage in any business other than the management of the business of the Partnership. The services of the officers and directors of the General Partner are not exclusive to the General Partner. Creststreet acts as manager of the Creststreet Resource Fund and as Partnership Advisor and acts as, and may in the future act as, manager or advisor for a number of funds or limited partnerships that, or that may, engage in the same business activities or pursue the same investment opportunities as the Partnership. Certain conflicts may arise from time to time in the management of such funds or limited partnerships and in assessing suitable investment opportunities. Creststreet will address such conflicts of interest having regard to National Instrument 81-107 — *Independent Review Committee for Investment Funds* and the policies and procedures of Creststreet adopted in relation thereto, as well as having regard to the investment objectives of each of the parties involved and will act in accordance with the duty of care owed to each of them. See "Risk Factors".

Independent Review Committee

Conflict of interest matters relating to the Partnership will be referred by the Partnership Advisor to the Independent Review Committee for review or approval in accordance with National Instrument 81-107 — *Independent Review Committee for Investment Funds* ("NI 81-107"). The mandate of the Independent Review Committee is to review all conflict of interest matters relating to the Partnership referred to it by the Partnership Advisor and to approve or withhold its approval from such matters in accordance with its written charter, NI 81-107 and applicable securities laws.

The Partnership Advisor has established written policies and procedures for dealing with conflict of interest matters, and will maintain records in respect of these matters and provide assistance to the Independent Review Committee in carrying out its functions. The Independent Review Committee is required to be comprised of a minimum of three independent members. The current members of the Independent Review Committee are Stuart Hensman, John Thompson, and Jeffrey Boyce. Biographies of each member are set forth under "The General Partner — Management of the General Partner".

The Independent Review Committee is subject to requirements to conduct regular assessments and provide reports to the General Partner, the Partnership Advisor and the Limited Partners in respect of its functions at least annually. Reports will be available at Creststreet's website at www.creststreet.com or will be sent, upon request and at no cost, to Limited Partners by writing to the General Partner at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4 or emailing the General Partner at info@creststreet.com. Additional information about the Independent Review Committee will be available in the Partnership's annual information form or other public disclosure on SEDAR at www.sedar.com.

The Partnership Advisor will report to the Independent Review Committee regularly on the operation of the Partnership and periodically on (i) compliance with their policies and procedures for dealing with conflict of interest matters, (ii) appropriate resolution of potential or perceived conflicts of interest, (iii) the accuracy of weekly Net Asset Value calculations and (iv) compliance with regulatory requirements.

The compensation and other reasonable expenses of the Independent Review Committee will be paid pro rata out of the assets of the Partnership, as well as out of the assets of the other investment funds for which the Independent Review Committee acts as the independent review committee. The compensation for members of the Independent Review Committee consists of an annual retainer. The chair of the Independent Committee is entitled to an additional fee. Expenses of the Independent Review Committee include premiums for insurance coverage, legal fees, travel expenses and reasonable out-of-pocket expenses. The Partnership's pro rata portion

of these fees and expenses for the Independent Review Committee has not been determined since the Independent Review Committee has not been in operation for one fiscal year as of the date of this prospectus.

PRIOR PARTNERSHIPS

Creststreet, a company registered as an investment counsel and portfolio manager in Ontario and Alberta and as a commodity trading manager in Ontario, was formed in 2000. Its primary business is the management of limited partnerships that invest in flow-through shares and management of the Creststreet Funds. The following is a brief discussion of the performance of the partnerships for which affiliates of Creststreet have acted as the general partners. Each such prior partnership has investment objectives and strategies substantially similar to those of the Partnership.

The following chart sets out the historical net asset value and cumulative and annualized after-tax rate of return at the dates indicated for the partners of each of the prior partnerships and are based on a number of assumptions set out in the notes to the chart. Generally, it is assumed that an investor is able to deduct the subscription price of \$10 per unit against income for income tax purposes and the subsequent disposition of an investment will result in a capital gain. Investors in Creststreet 2003 Limited Partnership (“Creststreet 2003 LP”), Creststreet 2003 (II) Limited Partnership (“Creststreet 2003 (II) LP”), Creststreet 2004 Limited Partnership (“Creststreet 2004 LP”), Creststreet 2005 Limited Partnership (“Creststreet 2005 LP”), Creststreet 2006 Limited Partnership (“Creststreet 2006 LP”), Creststreet 2006 (II) Limited Partnership (“Creststreet 2006 (II) LP”) and Creststreet 2007 Limited Partnership (“Creststreet 2007 LP”) are assumed to be able to deduct \$11 per unit offset by a capital gain of \$1 per unit as a result of their loan facilities. The difference in the tax treatment of deducting against income and inclusion as capital gain at more favourable effective marginal tax rates has the effect of reducing the break-even proceeds of disposition. After-tax return numbers assume that a limited partner is an individual resident in Ontario subject to the highest marginal tax rate. The indicated after-tax rates of return are based on a number of assumptions set out in the notes to the chart. The actual after-tax rates of return may be different. Actual after-tax rates of return for a Limited Partner will vary depending on a number of factors including province of residence, date of disposition, marginal tax rates, receipt of distributions, actual capital gain inclusions and actual deductions or credits received. Past returns of the prior partnerships are not indicative of how this Offering will perform in the future.

<u>Partnership</u>	<u>Gross Proceeds</u>	<u>Net Asset Value per Unit⁽¹⁾</u>	<u>After-Tax Total Return⁽³⁾⁽⁴⁾⁽⁵⁾</u>	<u>After-Tax Annualized Return⁽³⁾⁽⁴⁾⁽⁵⁾</u>
Creststreet 2000 Limited Partnership	\$ 10,000,000	17.58 ⁽²⁾	159.15 %	13.52 %
Creststreet 2001 Limited Partnership	\$ 17,786,500	17.81 ⁽²⁾	155.13 %	15.01 %
Creststreet 2001 (II) Limited Partnership	\$ 15,000,000	19.71 ⁽²⁾	182.43 %	18.04 %
Creststreet 2002 Limited Partnership	\$ 35,000,000	14.96 ⁽²⁾	114.36 %	14.53 %
Creststreet 2003 Limited Partnership	\$ 34,829,210	12.58 ⁽²⁾	88.30 %	14.26 %
Creststreet 2003 (II) Limited Partnership	\$ 25,000,000	10.74 ⁽²⁾	61.69 %	12.00 %
Creststreet 2004 Limited Partnership	\$ 46,176,950	10.41 ⁽²⁾	55.90 %	12.59 %
Creststreet 2005 Limited Partnership	\$ 54,281,650	6.57 ⁽²⁾	(1.68)%	(0.59)%
Creststreet 2006 Limited Partnership	\$ 40,000,000	3.99 ⁽²⁾	(40.10)%	(23.05)%
Creststreet 2006 (II) Limited Partnership	\$ 40,000,000	5.89 ⁽²⁾	(11.69)%	(8.04)%
Creststreet 2007 Limited Partnership	\$ 58,570,610	7.09	5.93 %	—
TOTAL	<u>\$376,644,920</u>			

Notes and Assumptions:

(1) As at February 8, 2008.

(2) Based on the February 8, 2008 net asset value of the shares of the Creststreet Resource Fund of \$8.15 per share. On January 15, 2002, Creststreet 2000 LP transferred its assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited partners of Creststreet 2000 LP received 0.728689 shares of the Creststreet Resource Fund for each unit held. On January 17, 2003, Creststreet 2001 LP and Creststreet 2001(II) LP each transferred their assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited partners of Creststreet 2001 LP received 0.7380438067 shares of the Creststreet Resource Fund for each unit held. Limited partners of Creststreet 2001 (II) LP received 0.8170036810 shares of the Creststreet Resource Fund for each unit held. On January 23, 2004, Creststreet 2002 LP transferred its assets to the Mutual Fund Corporation in

exchange for shares of the Creststreet Resource Fund. Limited partners of Creststreet 2002 LP received 0.66047562 shares of the Creststreet Resource Fund for each unit held. On January 21, 2005, Creststreet 2003 LP and Creststreet 2003 (II) LP each transferred their assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited partners of Creststreet 2003 LP received 0.6526113449 shares of the Creststreet Resource Fund for each unit held. Limited partners of Creststreet 2003 (II) LP received 0.5570832156 shares of the Creststreet Resource Fund for each unit held. On January 20, 2006, Creststreet 2004 LP transferred its assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited Partners of Creststreet 2004 LP received 0.5849005557 shares of the Creststreet Resource Fund for each unit held. On January 19, 2007, Creststreet 2005 LP transferred its assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited Partners of Creststreet 2005 LP received 0.76130089269 shares of the Creststreet Resource Fund for each unit held. On January 18, 2008, Creststreet 2006 LP and Creststreet 2006 (II) LP each transferred their assets to the Mutual Fund Corporation in exchange for shares of the Creststreet Resource Fund. Limited partners of Creststreet 2006 LP received 0.49000382502 shares of the Creststreet Resource Fund for each unit held. Limited partners of Creststreet 2006 (II) LP received 0.72245865893 shares of the Creststreet Resource Fund for each unit held.

- (3) The after tax return (after deducting capital gains tax on redemption) has been calculated assuming (i) the full \$10 per unit invested has been deducted by investors for income tax purposes; (ii) a limited partner is an individual resident in Ontario and who was subject to the highest marginal tax rate for his 2000, 2001, 2002, 2003, 2004, 2005, 2006 and 2007 taxation years; (iii) each unit has an adjusted cost base of nil; (iv) disposition at the net asset value per unit equal to the net asset value per unit at February 8, 2008; (v) the reinvestment of all distributions; (vi) limited partners of Creststreet 2000 LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of the assets of Creststreet 2000 LP to the Mutual Fund Corporation on January 15, 2002; (vii) limited partners of Creststreet 2001 LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of the assets of Creststreet 2001 LP to the Mutual Fund Corporation on January 17, 2003; (viii) limited partners of Creststreet 2001 (II) LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of the assets of Creststreet 2001 (II) LP to the Mutual Fund Corporation on January 17, 2003; (ix) limited partners of Creststreet 2002 LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of assets of Creststreet 2002 LP to the Mutual Fund Corporation on January 23, 2004; (x) limited partners of Creststreet 2003 LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of assets of Creststreet 2003 LP to the Mutual Fund Corporation on January 21, 2005; (xi) limited partners of Creststreet 2003 (II) LP continued as holders of the shares of the Creststreet Resource Fund following the transfer of assets of Creststreet 2003 (II) LP to the Mutual Fund Corporation on January 21, 2005; (xii) limited partners of Creststreet 2004 LP continued as holders of the shares of Creststreet Resource Fund following the transfer of assets of Creststreet 2004 LP to the Mutual Fund Corporation on January 20, 2006; (xiii) limited partners of Creststreet 2005 LP continued as holders of shares of Creststreet Resource Fund following the transfer of assets of Creststreet 2005 LP to the Mutual Fund Corporation on January 19, 2007; (xiv) limited partners of Creststreet 2006 LP continued as holders of shares of Creststreet Resource Fund following the transfer of assets of Creststreet 2006 LP to the Mutual Fund Corporation on January 18, 2008; and (xv) limited partners of Creststreet 2006 (II) LP continued as holders of shares of Creststreet Resource Fund following the transfer of assets of Creststreet 2006 (II) LP to the Mutual Fund Corporation on January 18, 2008.
- (4) Investors in Creststreet 2003 LP, Creststreet 2003 (II) LP, Creststreet 2004 LP, Creststreet 2005 LP, Creststreet 2006 LP, Creststreet 2006 (II) LP and Creststreet 2007 LP are assumed to be able to deduct \$11 per unit offset by a capital gain of \$1 per unit as a result of their loan facilities.
- (5) The after tax return includes performances before and after the applicable rollover in respect of Creststreet 2000 LP, Creststreet 2001 LP, Creststreet 2001 (II) LP, Creststreet 2002 LP, Creststreet 2003 LP, Creststreet 2003 (II) LP, Creststreet 2004 LP, Creststreet 2005 LP, Creststreet 2006 LP and Creststreet 2006 (II) LP.

Creststreet 2000 Limited Partnership

In December 2000, Creststreet completed its initial flow-through offering through Creststreet 2000 Limited Partnership (“**Creststreet 2000 LP**”), raising \$10,000,000 at an issue price of \$10 per unit. The net proceeds of the Creststreet 2000 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2000: Canadian Superior Energy Inc., Compton Petroleum Corporation, Devlan Exploration Inc., Elk Point Resources Inc., Geomaque Explorations Ltd., Ketch Energy Ltd., Liberty Oil & Gas Ltd., Magin Energy Inc., Promax Energy Inc., Richland Petroleum Corporation, Seventh Energy Limited, Tikal Resources Ltd. and True Energy Inc.

On January 15, 2002, Creststreet 2000 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2000 LP’s partnership agreement. Unitholders of Creststreet 2000 LP received 0.728689 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2000 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$10.00. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2000 LP, since inception, of 159.15% (not annualized) or 13.52% (annualized).

Creststreet 2001 Limited Partnership

In June 2001, Creststreet completed its second flow-through offering through Creststreet 2001 Limited Partnership (“**Creststreet 2001 LP**”), raising \$17,786,500 at \$10 per unit. The net proceeds of the Creststreet 2001 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2001: Ashton Mining of Canada Inc., Atlas Energy Ltd., Bow Valley Energy Ltd., Canadian Hydro Developers Inc., Canadian Superior Energy Inc., Case Resources Inc., Compton Petroleum Corporation, Cougar Hydrocarbons Inc., Del Roca Energy Ltd., Devlan Exploration Inc., Diaz Resources Ltd., Energy North Inc., Hope Bay Gold Corp., Ketch Energy Ltd., Keywest Energy Corporation, Miramar Mining Corp., Tempest Energy Corp., Temple Explorations Inc., True Energy Inc. and Zapata Energy Corporation.

On January 17, 2003, Creststreet 2001 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2001 LP's partnership agreement. Unitholders of Creststreet 2001 LP received 0.7380438067 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2001 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$11.66. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2001 LP, since inception, of 155.13% (not annualized) or 15.01% (annualized).

Creststreet 2001 (II) Limited Partnership

In December 2001, Creststreet completed its third flow-through offering through Creststreet 2001 (II) Limited Partnership ("**Creststreet 2001 (II) LP**"), raising \$15,000,000 at \$10 per unit. The net proceeds of the Creststreet 2001 (II) LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2001: Ashton Mining of Canada Inc., Atlas Energy Ltd., Canadian 88 Energy Ltd., Canadian Superior Energy Inc., Cavell Energy Corporation, Compton Petroleum Corporation, Cougar Hydrocarbons Inc., Devlan Exploration Inc., Equatorial Energy Inc., Gentry Resources Inc., High Point Energy Corp., Kensington Energy Ltd., Lexxor Energy Inc., Meota Resources Corp., Purcell Energy Ltd., Real Resources Inc., Saddle Resources Inc., Tempest Energy Corp., True Energy Inc., Ventus Energy Ltd. and Zapata Energy Corporation.

On January 17, 2003 Creststreet 2001 (II) LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2001 (II) LP's partnership agreement. Unitholders of Creststreet 2001 (II) LP received 0.8170036810 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2001 (II) LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$11.66. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2001 (II) LP, since inception, of 182.43% (not annualized) or 18.04% (annualized).

Creststreet 2002 Limited Partnership

In December 2002, Creststreet completed its fourth flow-through offering through Creststreet 2002 Limited Partnership ("**Creststreet 2002 LP**"), raising \$35,000,000 at \$10 per unit. The net proceeds of the Creststreet 2002 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2002: Bow Valley Energy Inc., Canadian 88 Energy Corp., Canadian Hydro Developers Inc., Canadian Superior Energy Inc., Cavell Energy Corporation, Compton Petroleum Corporation, Devlan Exploration Inc., DT Energy Ltd. — Special Warrants, E3 Energy Inc., Gauntlet Energy Corporation, Great Northern Exploration Ltd., High Point Resources Inc., Impact Energy Inc., Ketch Resources Ltd., Lexxor Energy Inc., Mount Copper Wind Power Energy Inc., Navigo Energy Inc., Oiltec Resources Ltd., Olympia Energy Inc., Sentra Resources Corporation, Tempest Energy Corp., Terraquest Energy Corp., Triquest Energy Corp., Virachocha Energy Inc., Winstar Resource Ltd. and Zapata Energy Corporation.

On January 23, 2004, Creststreet 2002 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2002 LP's partnership agreement. Unitholders of Creststreet 2002 LP received 0.66047562 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2002 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$15.84. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2002 LP, since inception, of 114.36% (not annualized) or 14.53% (annualized).

Creststreet 2003 Limited Partnership

In June 2003, Creststreet completed its fifth flow-through offering through Creststreet 2003 LP, raising \$34,829,210 at \$10 per unit. The net proceeds of the Creststreet 2003 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2003: Atlas Energy Ltd., Canadian Superior Energy Inc., Clear Energy Inc., Compton Petroleum Corporation, Defiant Energy Corporation, Delphi Energy Corp., Devlan Exploration Inc., E3 Energy Inc., Espoir Exploration Corp., Exalta Energy Inc., Galleon

Energy Inc., Great Northern Exploration Ltd., Hawker Resources Inc., High Point Resources Inc., Kensington Energy Ltd., Ketch Resources Ltd., Lightning Energy Ltd., Luke Energy Ltd., Metalex Ventures Inc., Mount Copper Wind Power Energy Inc., Mustang Resources Inc., Pubnico Point Wind Farm Inc., Rider Resources Ltd., Rival Energy Ltd., Sentra Resources Corporation, StarPoint Energy Ltd., Storm Energy Ltd., Tempest Energy Corp., Tesoro Energy Corp., True Energy Inc., Val Vista Energy Ltd. and Veteran Resources Inc.

On January 21, 2005, Creststreet 2003 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2003 LP's partnership agreement. Unitholders of Creststreet 2003 LP received 0.6526113449 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2003 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$18.32. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2003 LP, since inception, of 88.30% (not annualized) or 14.26% (annualized).

Creststreet 2003 (II) Limited Partnership

In November 2003, Creststreet completed its sixth flow-through offering through Creststreet 2003 (II) LP, raising \$25,000,000 at \$10 per unit. The net proceeds of the Creststreet 2003 (II) LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2003: Bear Creek Energy Ltd., Canadian Superior Energy Inc., Compton Petroleum Corporation, Exalta Energy Inc., Great Northern Exploration Ltd., Hawker Resources Inc., High Point Resources Inc., Impact Energy Inc., Ketch Resources Ltd., Lightning Energy Ltd., Metalex Ventures Inc., Mount Copper Wind Power Energy Inc., Olympia Energy Inc., Pubnico Point Wind Power Inc., StarPoint Energy Ltd., Tesoro Energy Corp., Tusk Energy Inc., Val Vista Energy Ltd. and Veteran Resources Inc.

On January 21, 2005, Creststreet 2003 (II) LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2003 (II) LP's partnership agreement. Unitholders of Creststreet 2003 (II) LP received 0.5570832156 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2003 (II) LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$18.32. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2003 (II) LP, since inception, of 61.69% (not annualized) or 12.00% (annualized).

Creststreet 2004 Limited Partnership

In June 2004, Creststreet completed its seventh flow-through offering through Creststreet 2004 LP, raising \$46,176,950 at \$10 per unit. The net proceeds of the Creststreet 2004 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2004: Duvernay Oil Corp., Real Resources Inc., Tempest Energy Corp., Galleon Energy Inc., Paramount Resources Ltd., Hawker Resources Ltd., Crew Energy Inc., Lightning Energy Ltd., Rider Resources Ltd., Peregrine Energy Ltd., Ketch Resources Ltd., Clear Energy Inc., Deer Creek Energy Limited, Fairborne Energy Ltd., Dynamic Oil & Gas, Inc., Delphi Energy Corp., Chamaelo Energy Inc., Berens Energy Ltd., Devlan Exploration Inc., Capitol Energy Resources Ltd., High Point Resources Inc., Storm Exploration Inc., Luke Energy Ltd., Perlorus Energy Corp., Espoir Exploration Corp., Tusk Energy Corporation., Signal Energy Inc. and TriLoch Resources Inc.

On January 20, 2006, Creststreet 2004 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2004 LP's partnership agreement. Unitholders of Creststreet 2004 LP received 0.5849005557 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2004 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$22.66. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2004 LP, since inception, of 55.90% (not annualized) or 12.59% (annualized).

Creststreet 2005 Limited Partnership

In March 2005, Creststreet completed its eighth flow-through offering through Creststreet 2005 LP, raising \$54,281,650 at \$10 per unit. The net proceeds of the Creststreet 2005 LP offering were committed to purchase

flow-through shares of the following Resource Issuers prior to the end of 2005: Alberta Clipper Energy Inc., Anderson Energy Ltd., Angle Energy Inc., Bear Ridge Resources Ltd., Berens Energy Ltd., Birchcliff Energy Ltd., Clear Energy Inc., Connacher Oil and Gas Limited, Crew Energy Inc., Delphi Energy Corp., Duvernay Oil Corp., E4 Energy Inc., Flagship Energy Inc., Great Plains Explorations Inc., Kereco Energy Ltd., Mission Oil & Gas Inc., Morpheus Energy Corp., Opti Canada Inc., Paramount Resources Ltd., Peerless Energy Inc., ProspEx Resources Ltd., Redstar Oil & Gas Inc., Ridgeback Exploration Ltd., Sebring Energy Inc., Stylus Energy Inc., Synenco Energy Inc., Temple Energy Inc., Chamaelo Exploration Ltd., Tusk Energy Corp., UTS Energy Corp., Valiant Energy Inc., West Energy Ltd. and White Fire Energy Ltd.

On January 19, 2007, Creststreet 2005 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2005 LP's partnership agreement. Unitholders of Creststreet 2005 LP received 0.76130089269 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2005 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$7.30. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2005 LP, since inception, of (1.68)% (not annualized) or (0.59)% (annualized).

Creststreet 2006 Limited Partnership

In March 2006, Creststreet completed its ninth flow-through offering through Creststreet 2006 LP, raising \$40,000,000 at \$10 per unit. The net proceeds of the Creststreet 2006 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2006: Alberta Clipper Energy Inc., Angle Energy Inc., Bear Ridge Resources Ltd., Celtic Exploration Inc., Crew Energy Inc., Cyries Energy Inc., Dual Exploration Inc., Duvernay Oil Corp., Flagship Energy Inc., Galleon Energy Inc., Greenbank Energy Ltd., Huron Energy Corporation, Kereco Energy Ltd., Midnight Oil Exploration Ltd., Open Range Energy Corp., Orleans Energy Ltd., Paramount Resource Ltd., Peerless Energy Inc., Pienza Petroleum Inc., ProspEx Resources Ltd., Real Resources Inc., Silverwing Energy Inc., Stonefire Energy Corp., Storm Exploration Ltd., Stylus Energy Inc., TriStar Oil & Gas Ltd. and Tusk Energy Corp.

On January 18, 2008, Creststreet 2006 LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2006 LP's partnership agreement. Unitholders of Creststreet 2006 LP received 0.49000382502 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2006 LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$7.92. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2006 LP, since inception, of (40.10)% (not annualized) or (23.05)% (annualized).

Creststreet 2006 (II) Limited Partnership

In August 2006, Creststreet completed its tenth flow-through offering through Creststreet 2006 (II) LP, raising \$40,000,000 at \$10 per unit. The net proceeds of the Creststreet 2006 (II) LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2006: 1262093 Alberta Inc., Accrete Energy Inc., Athabasca Oil Sands Corp., Berens Energy Ltd., Birchcliff Energy Ltd., Canext Energy Ltd., Celtic Exploration Ltd., Cordero Energy Inc., Cork Exploration Inc., Crew Energy Inc., Donner Petroleum Ltd., Duvernay Oil Corp., E4 Energy Inc., Galleon Energy Inc., Huron Energy Corporation, Iteration Energy Ltd., Laricina Energy Ltd., Opti Canada Inc., Orleans Energy Ltd., Paramount Resources Ltd., Pienza Petroleum Inc., ProEx Energy Ltd., ProspEx Resources Ltd., Sabertooth Energy Ltd., Silverwing Energy Inc., TriStar Oil & Gas Ltd., UTS Energy Corp. and West Energy Ltd.

On January 18, 2008, Creststreet 2006 (II) LP transferred its assets to the Mutual Fund Corporation in accordance with Creststreet 2006 (II) LP's partnership agreement. Unitholders of Creststreet 2006 (II) LP received 0.72245865893 shares of the Creststreet Resource Fund in exchange for each unit of Creststreet 2006 (II) LP held. The net asset value per share of the Creststreet Resource Fund immediately following such transfer was \$7.92. The net asset value per share of the Creststreet Resource Fund on February 8, 2008 was \$8.15 which represents an after-tax return on investment in Creststreet 2006 (II) LP, since inception, of (11.69)% (not annualized) or (8.04)% (annualized).

Creststreet 2007 Limited Partnership

In June 2007, Creststreet completed its eleventh flow-through offering through Creststreet 2007 LP, raising \$58,570,610 at \$10 per unit. The net proceeds of the Creststreet 2007 LP offering were committed to purchase flow-through shares of the following Resource Issuers prior to the end of 2007: Athabasca Oil Sands Corp., Breaker Energy Ltd., Celtic Exploration Ltd., Cork Exploration Inc., Crew Energy Inc., Crocotta Energy Inc., Duvernay Oil Corp., EarthFirst Canada Inc., Exshaw Oil Corp., Galleon Energy Inc., Kereco Energy Ltd., Laricina Energy Ltd., Oilsands Quest Inc., Open Range Energy Corp., OPTI Canada Inc., Orleans Energy Ltd., OSUM Oil Sands Corp., Pegasus Oil & Gas Inc., ProEx Energy Ltd., ProspEx Resources Ltd., Rider Resources Ltd., Seaview Energy Inc., Storm Exploration Inc., TriStar Oil & Gas Ltd., Twin Butte Energy Ltd. and UTS Energy Corporation.

The net asset value per unit of Creststreet 2007 LP on February 8, 2008 was \$7.09. An investor in Creststreet 2007 LP who was an individual resident in Ontario subject to the highest marginal tax rate would have had an after-tax total return (not annualized) of 5.93% for the period from the initial investment to February 8, 2008.

VALUATION OF INVESTMENTS

Valuation of Assets

The General Partner will, on each Valuation Date, calculate the value of the Partnership's assets for which there exists a published market on the basis of quoted prices in such market. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. In the event that the Partnership holds investments in Resource Issuers for which no published market exists, the General Partner will, on each Valuation Date, value those assets at cost unless a different fair market value is determined by the General Partner.

The process of valuing investments for which no published market exists is based on inherent uncertainties. The resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Net Asset Value of the Partnership

The net asset value of the Partnership (the "Net Asset Value") will be calculated by the General Partner on each Valuation Date by subtracting the aggregate amount of the Partnership's liabilities from the aggregate amount of the Partnership's assets. National Instrument 81-106 — *Investment Fund Continuous Disclosure* ("NI 81-106") requires an investment fund, such as the Partnership, to calculate its Net Asset Value in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Canadian GAAP was recently modified by the introduction of section 3855 *Financial Instruments — Recognition and Measurement* of the handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook"). Section 3855 redefines fair value as being the closing bid price for long positions and closing ask price for short positions, in lieu of the closing or last trade price for all positions. Section 3855 applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2006. Therefore, the combined effect of NI 81-106 and section 3855 would require the Partnership to determine Net Asset Value using the fair value as defined by section 3855, instead of the last trade price for all positions in the absence of a related decision of the Canadian securities regulatory authorities (the "CSRA Decision"). The CSRA Decision exempts, among others, the Partnership from having to calculate its Net Asset Value in accordance with Canadian GAAP provided its Net Asset Value is calculated in accordance with Canadian GAAP without giving effect to section 3855 ("Modified GAAP") only for purposes other than issuing annual or interim financial statements. The Partnership's assets will therefore be valued in accordance with the following principles:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends received (or declared to holders of record on a date before the date as of which the Net Asset Value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that: (i) the value of any security

which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition; (ii) interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition, and (iii) if the General Partner has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, the value thereof shall be deemed to be such value as the General Partner determines to be the fair value thereof;

- (b) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price, (unless in the opinion of the General Partner such value does not reflect the value thereof and in which case the latest offer price or bid price will be used as determined by the General Partner), as at the Valuation Date on which the Net Asset Value is being determined, all as reported by any means in common use;
- (c) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the General Partner, at the Valuation Date;
- (d) the value of any securities traded over-the-counter will be priced at the average of the latest bid and ask prices quoted by a major dealer in such securities unless a different fair market value is otherwise determined by the General Partner;
- (e) except as otherwise provided, assets for which no published market exists will be valued at cost unless a different fair market value is determined by the General Partner;
- (f) the value of any restricted securities (including securities subject to any hold period) shall be the lesser of:
 - A. the value thereof based on reported quotations in common use; and
 - B. that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Partnership's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known; and
- (g) the value of any security or property or other assets to which, in the opinion of the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the General Partner from time to time adopts.

The Net Asset Value per Unit is the amount obtained by dividing the Net Asset Value as of a particular Valuation Date by the total number of Units outstanding on that date. The Net Asset Value per Unit as at the end of each week will be available on Creststreet's website at www.creststreet.com. None of the information contained on Creststreet's website is or shall be deemed to be incorporated in this prospectus by reference.

Financial statements of the Partnership will contain a reconciliation of the Net Asset Value that is reported in such financial statements in accordance with Canadian GAAP to the Net Asset Value used by the Partnership for all other purposes as determined in accordance with Modified GAAP. Unless the CSRA Decision is extended, the exemptive relief granted by it will terminate on the earlier of September 30, 2008 and the date on which the proposed amendments to NI 81-106 come into effect with respect to the calculation of net asset value.

THE PARTNERSHIP ADVISOR

Creststreet was incorporated under the laws of Canada on March 14, 2000 and its registered office and principal place of business is located at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4.

Creststreet is an investment counsel, portfolio manager and commodity trading manager which specializes in the management of limited partnerships that invest in flow-through securities. Creststreet currently manages approximately \$145 million in investment assets including the Creststreet Funds, one limited partnership and two hedge funds.

Directors and Officers of the Partnership Advisor

The names, municipalities of residence, offices held with the Partnership Advisor and principal occupations of the directors and officers of the Partnership Advisor are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and a Director of the Partnership Advisor
DONNA E. SHEA Toronto, Ontario	Vice President Finance, Chief Financial Officer and Director	Vice President, Finance, Chief Financial Officer and a Director of the Partnership Advisor
AARON C.B. MAYBIN Toronto, Ontario	Vice President	Vice President of the Partnership Advisor
SHERYL J. CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Secretary and Treasurer and Manager, Investment Services of the Partnership Advisor

Biographies of each director and officer, including his or her principal occupations for the last five years, are set forth under “The General Partner — Management of the General Partner”.

Partnership Advisory Agreement

Pursuant to the Partnership Advisory Agreement, the Partnership Advisor will provide investment, management, administrative and other services to the Partnership. The Partnership Advisor will receive the Partnership Advisor Fee for the provision of such services and will be entitled to reimbursement for certain expenses incurred on behalf of the General Partner or the Partnership. The Partnership Advisor may also provide the Partnership with office facilities, equipment and staff as required and the Partnership will reimburse the Partnership Advisor for the cost thereof.

The Partnership Advisor has no obligation to the Partnership other than to render services under the Partnership Advisory Agreement honestly and in good faith and in the best interests of the Partnership and to exercise the degree of care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

The Partnership Advisory Agreement provides that the Partnership Advisor will not be liable in any way to the Partnership if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Partnership has agreed to indemnify the Partnership Advisor for any losses as a result of the performance of its duties under the Partnership Advisory Agreement. However, the Partnership Advisor will incur liability, in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standards of care, diligence and skill.

The Partnership Advisory Agreement, unless terminated as described below, will continue until the termination of the Partnership. Either the Partnership Advisor or the Partnership may terminate the Partnership Advisory Agreement upon 30 days’ written notice of such termination, or upon written notice of such termination on the insolvency or bankruptcy of the other party or the failure of the other party to remedy a

breach thereof within seven days after notice of such breach, delivered to the Partnership Advisor or the General Partner, as applicable.

If the Partnership Advisory Agreement is terminated as provided above, the General Partner shall determine, in its sole discretion, whether to appoint a successor investment advisor to carry out the activities of the Partnership Advisor or to carry out such activities itself in which case the General Partner will be entitled to a fee no greater than that payable to the Partnership Advisor under the Partnership Advisory Agreement.

The services of the senior officers of the Partnership Advisor are not exclusive to the Partnership. As the Partnership and the Partnership Advisor's other clients may hold securities in one or more of the same issuers, conflicts of interest may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of, and otherwise dealing with, such securities and issuers. The Partnership Advisor will address such conflicts of interest having regard to NI 81-107 and the policies and procedures of the Partnership Advisor adopted in relation thereto, as well as having regard to the investment objectives of each of the parties involved and will act in accordance with the duty of care owed to each of them.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Tax considerations ordinarily make the Units offered hereunder most suitable for those investors subject to the highest marginal income tax rate. Regardless of any tax benefits that may be obtained, a decision to purchase Units should be based primarily on an appraisal of the merits of the investment as such and on an investor's ability to bear possible loss. Investors acquiring Units with a view to obtaining tax advantages should obtain independent tax advice from a tax adviser who is knowledgeable in the area of income tax law.

Introduction

In the opinion of McCarthy Tétrault LLP, counsel to the Partnership, and Fasken Martineau DuMoulin LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax consequences pursuant to the *Tax Act* for a prospective purchaser who acquires Units pursuant to this prospectus. This summary is applicable only to prospective purchasers who, for the purposes of the *Tax Act* and at all relevant times, are resident in Canada and who will hold their Units and, if the Mutual Fund Rollover Transaction is implemented, Mutual Fund Shares, as capital property and who pay their subscription price in full when due. Provided that a prospective purchaser does not hold Units or Mutual Fund Shares in the course of carrying on a business and has not acquired Units or Mutual Fund Shares as an adventure in the nature of trade, the Units and Mutual Fund Shares will generally be considered to be capital property to such purchaser. Except as otherwise indicated, this summary assumes that recourse for any borrowing or other financing by a Limited Partner of the subscription price for Units is not limited and is not deemed to be limited within the meaning of the *Tax Act*. It also assumes that no Limited Partner or any person not dealing at arm's length with a Limited Partner is entitled, whether immediately or in the future and either absolutely or contingently to receive or obtain in any manner whatever, any amount or benefit (other than a benefit described in this prospectus), for the purpose of reducing the impact of any loss that the Limited Partner may sustain by virtue of being a Limited Partner or the holding or disposition of Units ("**At-Risk Benefit**"). This summary also assumes that each Limited Partner will at all relevant times deal at arm's length, for purposes of the *Tax Act*, with each of the Resource Issuers with which the Partnership has entered into a Flow-Through Agreement. This summary is not applicable to taxpayers that are financial institutions as defined in subsection 142.2(1) of the *Tax Act*, that have elected to determine their Canadian tax results in a "functional currency" (which does not include Canadian currency) as defined in the *Tax Act*, that are "principal business corporations" within the meaning of subsection 66(15) of the *Tax Act* or whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons, or to a taxpayer, an interest in which is a tax shelter investment. This summary assumes that Flow-Through Shares acquired by the Partnership are capital property to it.

The income tax consequences to a prospective purchaser of Units will vary depending on a number of factors including whether the purchaser's Units and Mutual Fund Shares are characterized as capital property, the province or territory in which the purchaser resides, carries on business or has a permanent establishment, the amount that would be the purchaser's taxable income but for the purchaser's interest in the Partnership or

the purchaser's Mutual Fund Shares, and the legal characterization of the purchaser as an individual, corporation or trust.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser of Units. It is impractical to comment on all aspects of federal income tax laws which may have relevance to any person (individual, trust or corporation) who acquires Units. Accordingly, each prospective purchaser of Units should obtain independent advice from a tax adviser who is knowledgeable in the area of income tax law regarding the income tax consequences of investing in the Partnership based on the purchaser's own particular circumstances.

This summary is based on the current provisions of the *Tax Act*, the regulations thereunder (“**Regulations**”) and counsel's understanding of the current administrative practices of the CRA published in writing. The summary also takes into account all specific proposals to amend the *Tax Act* and Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (collectively, the “**Tax Proposals**”) including the Proposed Loss Limitation Rule described in more detail below. This summary does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all.

Rules Applicable to Income Trusts Do Not Apply

The *Tax Act* has been amended to impose an income tax that would apply to certain publicly traded limited partnerships. This tax (the “**Sift Tax**”) should not apply to the Partnership provided that the Units and any other securities issued by the Partnership are not listed or traded on a stock exchange or other organized facility.

Highlights

These comments must be read in conjunction with the detailed summary of the income tax consequences which follows. In brief, a taxpayer who is a Limited Partner at the end of a fiscal year of the Partnership may deduct in computing the Limited Partner's income for the Limited Partner's taxation year in which the fiscal year of the Partnership ends:

- (a) an amount equal to 100% of CEE renounced or allocated to the Partnership and allocated to the Limited Partner by the Partnership in respect of the fiscal year of the Partnership; and
- (b) the Limited Partner's *pro rata* share of any losses of the Partnership incurred in the fiscal year of the Partnership without taking into account the CEE referred to above, subject to the Proposed Loss Limitation Rule.

If the taxpayer is an individual (other than a trust) and the Partnership allocates to the taxpayer certain CEE in respect of mining exploration, the taxpayer may deduct as an investment tax credit an amount equal to 15% of such CEE in computing tax payable for such taxation year. The investment tax credit so claimed must be deducted in calculating his cumulative CEE account at the beginning of the following taxation year and, if the taxpayer does not incur sufficient additional CEE in such following taxation year, the taxpayer will be required to include any negative cumulative CEE in income.

Canadian Exploration Expense

Provided that certain conditions in the *Tax Act* are fulfilled, the Partnership will be deemed to incur CEE renounced to the Partnership by Resource Issuers pursuant to Flow-Through Agreements to purchase Flow-Through Shares on the effective date of the renunciation. Provided that certain further conditions in the *Tax Act* are fulfilled, certain CEE incurred or to be incurred in 2009 may be renounced effective December 31, 2008 provided that the renunciation is made in January, February or March of 2009. Counsel has been advised by the General Partner that the Flow-Through Agreements to purchase Flow-Through Shares will permit a Resource Issuer, where the applicable conditions are satisfied, to incur CEE at any time up to December 31, 2009 and to renounce such CEE to the Partnership with an effective date of December 31, 2008.

Counsel has been advised by the General Partner that each Flow-Through Agreement to purchase Flow-Through Shares under which Available Funds are committed will contain covenants and representations of the Resource Issuer to expend the full amount committed by the Partnership (excluding any consideration for Warrants) on CEE and to renounce such CEE to the Partnership with an effective date of not later than December 31, 2008.

If CEE renounced in January, February or March of 2009 effective December 31, 2008 is not, in fact, incurred on or before December 31, 2009, the Partnership will have its CEE reduced accordingly as of December 31, 2008. There will be a corresponding reduction in the CEE allocated to Limited Partners as of December 31, 2008. However, none of the Limited Partners will be charged interest on any unpaid tax arising as a result of such reduction for the period before May 2010.

Counsel has been advised by the General Partner that the Partnership will enter into Flow-Through Agreements under which the subscription price for Flow-Through Shares is paid to the Resource Issuer, and the Flow-Through Shares are issued, before the Resource Issuer has incurred CEE in an amount equal to the subscription price. Counsel has been further advised by the General Partner that such a Flow-Through Agreement will provide that, if the Resource Issuer fails to incur and renounce CEE equal to the subscription price for the Flow-Through Shares, the Limited Partners will be entitled to be indemnified for any additional tax payable as a result of such failure of the Resource Issuer (an “**Indemnity Payment**”).

If a Limited Partner receives an Indemnity Payment, it is the CRA’s position that such Indemnity Payment would be included in calculating the Limited Partner’s income but the Limited Partner may make an election under subsection 12(2.2) of the *Tax Act* to exclude it.

If the Partnership sells Flow-Through Securities, it may use all or part of the sale proceeds to subscribe for additional Flow-Through Shares. Counsel has been advised by the General Partner that each Flow-Through Agreement to purchase Flow-Through Shares entered into by the Partnership in that event will provide that the Resource Issuer will expend the full amount committed by the Partnership on CEE and renounce such CEE to the Partnership with an effective date of not later than December 31, 2009. Such CEE, if any, will be allocated to Limited Partners at December 31, 2009.

The CEE of the Partnership will also include its allocation of CEE of a limited partnership in which the Partnership invests determined at the end of the fiscal period of such limited partnership.

A taxpayer does not deduct directly any CEE renounced or allocated to the Partnership and allocated to him in respect of a fiscal year of the Partnership but adds such CEE to the taxpayer’s cumulative Canadian exploration expense (“CCEE”) account.

A Limited Partner’s share of CEE incurred by the Partnership in a fiscal year is considered for these purposes to be limited to the Limited Partner’s “at-risk amount” in respect of the Partnership at the end of the fiscal year. If the Limited Partner’s share of CEE is so limited, any excess will be added to the Limited Partner’s share, as otherwise determined, of the CEE incurred by the Partnership in the immediately following fiscal year, subject again to the “at-risk” rules.

A Limited Partner may deduct in computing the Limited Partner’s income from all sources for a particular taxation year, such amount as the Limited Partner may claim not exceeding 100% of the Limited Partner’s CCEE account at the end of that taxation year. CCEE not deducted may generally be carried forward indefinitely. A Limited Partner’s CCEE account is reduced by deductions claimed in prior years, by the Limited Partner’s share of any amount that the Partnership received or is entitled to receive as assistance in respect of CEE incurred, or that can reasonably be related to Canadian exploration activities, and by any investment tax credit for flow-through mining expenditures deducted in prior years. If, at the end of a taxation year, the reductions in calculating the Limited Partner’s CCEE account exceed the balance thereof at the beginning of the year and additions thereto during the year, the excess must be included in computing the Limited Partner’s income for that year and the amount of the Limited Partner’s CCEE account at the end of the year will be nil.

The sale or other disposition of Units will not result in the reduction of any Limited Partner’s CCEE account and the sale by the Partnership of any Flow-Through Shares will not result in a reduction in any Limited Partner’s CCEE account.

Investment Tax Credits

If a Resource Issuer issues Flow-Through Shares and renounces, pursuant to a Flow-Through Agreement made before April 1, 2008, certain CEE incurred, or deemed to be incurred, in mining exploration before 2009 to the Partnership with an effective date in a fiscal year of the Partnership, the share thereof of a Limited Partner who is an individual (other than a trust) will be a “flow-through mining expenditure” of the Limited Partner for the taxation year of the Limited Partner that includes the end of such fiscal year.

The Limited Partner will be entitled to a non-refundable investment tax credit equal to 15% of the amount by which such flow-through mining expenditure for a taxation year exceeds any government assistance or non-government assistance in respect of the CEE included in computing the Limited Partner’s flow-through mining expenditure that, at the time of filing the Limited Partner’s tax return for the taxation year, the Limited Partner has received, is entitled to receive or can reasonably be expected to receive. The investment tax credit may be deducted in accordance with the detailed rules in the *Tax Act* against tax payable under the *Tax Act* in the taxation year in which the flow-through mining expenditure is incurred. An amount equal to the tax credit claimed will be deducted from the Limited Partner’s CEE account at the beginning of the following taxation year and, as stated above, if the Limited Partner’s CEE account is negative at the end of such following taxation year, the amount must be included in computing income in such following taxation year. Subject to the detailed rules in the *Tax Act*, the investment tax credit may also be carried back three years and forward 20 years.

Computation of Income of Limited Partners

The Partnership is not itself a taxable entity. However, each Limited Partner will be required to include in computing the Limited Partner’s income or loss for tax purposes for a taxation year, subject to the “at-risk” rules and the Proposed Loss Limitation Rule, the Limited Partner’s *pro rata* share of the income or loss for each fiscal year of the Partnership ending in, or at the end of, that taxation year, whether or not the Limited Partner has received or will receive a distribution from the Partnership. The fiscal year of the Partnership ends on December 31 in each calendar year and a fiscal year of the Partnership will end upon the dissolution of the Partnership.

Each Limited Partner will generally be required to file an income tax return reporting the Limited Partner’s share of the income or loss of the Partnership. While the Partnership will provide the Limited Partners with information required for income tax purposes pertaining to their investment in Units, the Partnership will not prepare or file income tax returns on behalf of any Limited Partner. Each person who is a member of the Partnership in a year will generally be required to file an information return on or before the last day of March in the following year in respect of the activities of the Partnership or, where the Partnership is dissolved, within 90 days of the dissolution. A return made by any partner will be deemed to have been made by each member of the Partnership. Under the Partnership Agreement, the General Partner is required to file the necessary return.

The income or loss of the Partnership will be computed as if the Partnership were a separate person resident in Canada without taking into account any deduction in respect of, among other things, CEE. Any CEE renounced or allocated to the Partnership will be allocated, in accordance with the Partnership Agreement and the *Tax Act*, to those persons who are Limited Partners of the Partnership at the end of the fiscal year of the Partnership which includes the effective date on which the CEE is renounced or allocated to the Partnership and each such Limited Partner will be entitled to deduct directly, and not as part of the income or loss of the Partnership, in accordance with the provisions of the *Tax Act*, an amount in respect of such CEE. The income of the Partnership will include the taxable portion of any capital gain that it realizes on a disposition of Flow-Through Securities or on the disposition of Mutual Fund Shares delivered to the General Partner by the Partnership in payment of the Performance Bonus Allocation, if any. The *Tax Act* deems the cost to the Partnership of any Flow-Through Shares which it acquires to be nil and, therefore, the amount of the capital gain on the disposition of Flow-Through Shares generally will equal the proceeds of disposition of the Flow-Through Shares, net of costs of disposition. The taxable portion of a capital gain realized on a disposition of Flow-Through Securities is one-half of the capital gain. Gains and losses realized by the Partnership in relation to derivatives will generally be on income account rather than capital account.

The costs associated with the organization of the Partnership are not fully deductible either by the Partnership or the Limited Partners. Organization expenses incurred by the Partnership are eligible capital

expenditures, three quarters of which may be deducted by the Partnership at the rate of 7% per year on a declining balance basis subject to proration for fiscal periods that are less than 12 months.

Counsel has been advised by the General Partner that the Partnership intends to borrow funds to pay expenses of the Offering and the Agents' fee. The unpaid principal amount of such borrowing will be deemed to be a limited recourse amount of the Partnership the effect of which will be to reduce, for the purposes of the *Tax Act*, the amount of expenses paid with the borrowing by such unpaid principal amount. As a result, the Partnership will not be permitted to deduct any portion of the amount by which such expenses are reduced in computing its income in the year the expenses are incurred. As the principal amount of such borrowing is repaid, the expenditures will be deemed to have been incurred to the extent of such repayment, provided the repayment is not part of a series of loans or other indebtedness. Therefore, such expenses of the Offering and Agents' fee (to the extent they are reasonable in amount) will be deductible as to 20% in the year of repayment, and as to 20% in each of the four subsequent years, subject to the Proposed Loss Limitation Rule. The Partnership will not be entitled to deduct any amount in respect of such expenses in the fiscal year ending on its dissolution. After dissolution of the Partnership, Limited Partners will be entitled to deduct, at the same rate, their *pro rata* share of any such expenses that were not deductible by the Partnership, subject to the Proposed Loss Limitation Rule. The adjusted cost base of a Limited Partner's Units will be reduced on dissolution of the Partnership by the Limited Partner's share of such expenses.

To the extent that it is reasonable, the Partnership Advisor Fee payable to the Partnership Advisor will be deductible in the year in which it is paid. The General Partner believes that the Partnership Advisor Fee payable to the Partnership Advisor is reasonable within the meaning of the *Tax Act*.

Subject to the "at-risk" rules and the Proposed Loss Limitation Rule, a Limited Partner's share of the business losses of the Partnership for any fiscal year may be applied against the Limited Partner's income from any other source to reduce net income for the relevant taxation year and, to the extent it exceeds other income for that year, generally may be carried back three years and forward 20 years and applied against taxable income of such other years.

The *Tax Act* provides that, notwithstanding the income or loss allocation provisions of the Partnership Agreement, any losses of the Partnership from a business or property allocated to a Limited Partner in respect of a fiscal year of the Partnership ending in a taxation year are deductible by such Limited Partner in computing the Limited Partner's income for the taxation year only to the extent that the Limited Partner's "at-risk amount" in respect of the Partnership at the end of the fiscal year exceeds, inter alia, the Limited Partner's share of any CEE incurred by the Partnership in the fiscal year. Based on the assumption that a Limited Partner does not have an At-Risk Benefit, the "at-risk amount" of the Limited Partner at the end of a fiscal period of the Partnership will generally be equal to the adjusted cost base of the Limited Partner's Units at such time plus the Limited Partner's share of income (including the full amount of capital gains) for such fiscal period less any amount owing at that time to the Partnership or a person that does not deal at arm's length with the Partnership by the Limited Partner or by a person that does not deal at arm's length with the Limited Partner. Any part of a Limited Partner's share of such a loss of the Partnership that is not deductible in a taxation year by the Limited Partner because of the at-risk rules will be a "limited partnership loss" of the Limited Partner for the taxation year and may be carried forward and deducted against income of the Partnership in a subsequent taxation year to the extent that the Limited Partner's at-risk amount in relation to the Partnership at the end of the last fiscal period in that subsequent taxation year exceeds, inter alia, the Limited Partner's share of any CEE incurred by the Partnership in the fiscal period and the Limited Partner's share of any losses of the Partnership for that fiscal period from business or property.

Based on the manner in which the Partnership will operate and be financed as indicated in this prospectus and on the assumptions that a Limited Partner pays the full subscription amount for the Limited Partner's Units and that recourse for any associated borrowing or other financing of the subscription price of the Units is not limited and is not deemed to be limited, the General Partner believes that the "at-risk" rules should generally not limit the Limited Partner's deduction of the Limited Partner's share of the Partnership's losses or limit the share of CEE incurred by the Partnership which is allocated to the Limited Partner assuming that the Partnership does not incur losses in relation to transactions in derivatives engaged in for hedging purposes. For

these purposes, the *Tax Act* provides that recourse for a borrowing or other financing is generally deemed to be limited unless:

- (a) *bona fide* arrangements, evidenced in writing, are made, at the time the indebtedness arises, for repayment of the indebtedness and all interest thereon within a reasonable period not exceeding ten years (a debt repayable only on demand will not meet this requirement); and
- (b) interest is payable, at least annually, at a rate equal to or greater than the lesser of the prescribed rate of interest under the *Tax Act* in effect at the time the indebtedness arose, and the prescribed rate of interest applicable from time to time during the term of the indebtedness, and such interest is paid by the Limited Partner in respect of the indebtedness not later than 60 days after the end of each taxation year of the Limited Partner.

Prospective purchasers who propose to finance the acquisition of their Units should consult with their own advisers.

If a Limited Partner finances the acquisition of Units with a borrowing or other financing for which recourse is or is deemed to be limited, the CEE or other expenses incurred by the Partnership may be reduced by the amount of such financing. The Partnership Agreement provides that, where CEE of the Partnership is so reduced, the amount of CEE that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing shall be reduced by the amount of the reduction. Where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement provides that such reduction shall first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing.

Proposed Loss Limitation Rule

Tax Proposals released by the Department of Finance on October 31, 2003 for public comment (the “**Proposed Loss Limitation Rule**”) will permit a taxpayer to deduct a loss from a business or property in a year only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on and can reasonably be expected to carry on that business or in which the taxpayer has held and can reasonably be expected to hold that property. For the purpose of this rule, profit is determined without reference to capital gains or capital losses.

If enacted as proposed, the Proposed Loss Limitation Rule could limit the deductibility of losses realized by the Partnership and allocated to the Limited Partners and the deduction by Limited Partners of expenses of the Offering and the Agents’ fee after the dissolution of the Partnership. The Proposed Loss Limitation Rule should not limit the ability of a Limited Partner to deduct an amount in respect of the Limited Partner’s available CCEE account against the Limited Partner’s income in a year.

In the February 23, 2005 federal budget, the Department of Finance indicated that it has sought to respond to concerns raised about the Proposed Loss Limitation Rule by developing a “more modest legislative initiative” that will, “at an early opportunity”, be released for public comment. No such legislative initiative has been publicly released prior to the date of this prospectus.

Income Tax Withholdings and Instalments

Limited Partners who are employees and are required to have income tax withheld at source from their employment income by their employer may prepare a submission to their Tax Services Office of the CRA requesting a reduction in such withholding at source by their employer, which request may be granted at the discretion of the CRA. In this way, Limited Partners may be able to obtain the tax benefits of the investment in 2008.

Limited Partners who are required to pay income tax on an instalment basis may take into account their share, subject to the “at-risk” rules and Proposed Loss Limitation Rule, of CEE and any loss of the Partnership in determining their instalment remittances.

Disposition of Units in the Partnership

The cost to a Limited Partner of the Limited Partner's Units will be the subscription price paid for such Units. The adjusted cost base of the Limited Partner's Units at any time will be reduced by the Limited Partner's share of CEE and any losses of the Partnership allocated to the Limited Partner for fiscal periods ending before that time (in each case after taking into account the "at-risk" rules) and by amounts distributed to the Limited Partner before such time. The adjusted cost base of a Limited Partner's Units at any time will be increased by any income of the Partnership allocated to the Limited Partner in respect of such Units, including the full amount of any capital gain realized by the Partnership, for fiscal periods ending before that time. The adjusted cost base of a Limited Partner's Units will be reduced on dissolution of the Partnership by the expenses of the Offering and the Agents' fee that are deductible by the Limited Partner as described above under "Computation of Income of Limited Partners".

If a Limited Partner's adjusted cost base of the Limited Partner's Units is negative at the end of a taxation year, the amount by which it is negative will be deemed to be a capital gain realized by the Limited Partner in that taxation year and the adjusted cost base of the Units will be increased by the amount of the deemed gain. The General Partner anticipates that the adjusted cost base of original Limited Partners will not be a negative amount at the end of any taxation year in which such Limited Partners hold Units.

Where a Limited Partner disposes of a Unit, including on the dissolution of the Partnership, the Limited Partner will realize a capital gain (or capital loss) to the extent that the Limited Partner's proceeds of disposition exceed (or are less than) the adjusted cost base of the Unit immediately before the disposition and any reasonable costs of disposition. One-half of a capital gain will be a taxable capital gain and must be included in computing income and one-half of a capital loss will be an allowable capital loss. Where the disposition of the Unit is to a person who is exempt from tax, one-half of the gain will be a taxable capital gain to the extent that such gain was attributable to an increase in the value of capital property of the Partnership and the balance of the gain will be a taxable capital gain. A Limited Partner will be entitled to deduct against such taxable capital gain any allowable capital losses for the year and net capital losses from preceding years and the three following years in accordance with the detailed rules in the *Tax Act*. Similarly, any allowable capital loss realized on the disposition of a Unit that cannot be deducted against taxable capital gains of the year can be carried back three years and forward indefinitely and deducted against taxable capital gains in accordance with the detailed rules in the *Tax Act*.

A Limited Partner that is a "Canadian-controlled private corporation" (as defined in the *Tax Act*) throughout a taxation year may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year, which is defined to include taxable capital gains.

A Limited Partner who is considering a disposition of Units during a fiscal period of the Partnership should obtain tax advice before doing so since only a person who is a Limited Partner at the end of the fiscal period of the Partnership is entitled to be allocated a *pro rata* share of the Partnership's income or loss and CEE incurred in such year.

Transfer of the Partnership's Assets to the Mutual Fund Corporation

Provided that the conditions for the transfer of the Partnership's assets have been met, the General Partner will transfer to the Mutual Fund Corporation all of the assets of the Partnership in consideration for Mutual Fund Shares. The General Partner, on behalf of all partners of the Partnership, will elect pursuant to the *Tax Act* so that the Partnership will be considered to have transferred each asset to the Mutual Fund Corporation for proceeds of disposition equal to the cost amount of the asset to the Partnership for the purposes of the *Tax Act*. Consequently, no amount will be included in the income of any Limited Partner as a result of the transfer of the assets to the Mutual Fund Corporation. Such elected amounts will generally constitute the cost to the Partnership of the Mutual Fund Shares acquired in consideration of the transferred assets.

As described in the Partnership Agreement, if the Partnership holds property in respect of which no election may be made ("**Non-Qualifying Property**"), such property will be distributed, before the transfer of all other Partnership property to the Mutual Fund Corporation, as to 99.99% among the Limited Partners and as to 0.01% to the General Partner and will be held by the General Partner, as agent on behalf of the Limited Partners. The Partnership will be considered to have disposed of each Non-Qualifying Property for fair market

value and any income, loss, capital gain or capital loss will be taken into account in determining the income of the Partnership for its fiscal year ending on its dissolution.

The Partnership will be dissolved within 60 days after the transfer of the Partnership assets to the Mutual Fund Corporation. On dissolution of the Partnership in accordance with the Partnership Agreement, pursuant to the *Tax Act*, each Limited Partner will be deemed to dispose of the Limited Partner's Units for proceeds of disposition equal to their adjusted cost base immediately before the dissolution and will receive the Limited Partner's share of the assets of the Partnership which will then consist of Mutual Fund Shares, excluding any Mutual Fund Shares delivered to the General Partner in payment of the Performance Bonus Allocation. The cost to a Limited Partner of the Limited Partner's Mutual Fund Shares will generally be equal to the adjusted cost base to the Limited Partner of the Limited Partner's Units immediately before the dissolution of the Partnership. A Limited Partner's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year should be reflected in the Limited Partner's adjusted cost base. The General Partner will transfer any Non-Qualifying Property distributed to it as agent for the Limited Partners to the Mutual Fund Corporation in exchange for Mutual Fund Shares having a net asset value equal to the value of such Non-Qualifying Property. The Mutual Fund Shares so acquired by a Limited Partner will have a cost equal to the value of the Limited Partner's share of such Non-Qualifying Property and the averaging rules in the *Tax Act* will apply for the purpose of determining the adjusted cost base of each Mutual Fund Share held by the Limited Partner.

Tax Status of the Mutual Fund Corporation

It is assumed that the Mutual Fund Corporation will continuously qualify as a "mutual fund corporation" and as a "financial intermediary corporation" under the *Tax Act*. The Mutual Fund Corporation will not qualify as an "investment corporation" under the *Tax Act*. All income of the Mutual Fund Corporation, including taxable capital gains (net of allowable capital losses) realized by the Mutual Fund Corporation, will be subject to tax at normal corporate rates. Taxes payable by the Mutual Fund Corporation on net realized capital gains for taxation years throughout which the Mutual Fund Corporation is a mutual fund corporation will be refundable on a formula basis when Mutual Fund Shares or other shares are redeemed or when the Mutual Fund Corporation pays dividends which it elects to pay out of realized but undistributed capital gains. With respect to taxable dividends received by the Mutual Fund Corporation from taxable Canadian corporations in taxation years throughout which the Mutual Fund Corporation is a mutual fund corporation, the Mutual Fund Corporation will generally be subject to tax of 33 $\frac{1}{3}$ % under Part IV of the *Tax Act*, which tax will be refunded when sufficient taxable dividends are paid by the Mutual Fund Corporation to shareholders. Taxes payable by the Mutual Fund Corporation on income from other sources (such as interest and foreign income) are not refundable. The Mutual Fund Corporation has advised counsel that due to deductible expenses and to tax refunds available to the Mutual Fund Corporation upon the payment of dividends, the Mutual Fund Corporation is not expected to have any material net income tax liability in any year.

The Mutual Fund Corporation, like any other mutual fund corporation with a multi-class structure, must compute its income for tax purposes as a single entity. As a result, dividends paid to a holder of Mutual Fund Shares may differ from the dividends or distributions that would be paid to the holder if the holder had invested in a mutual fund that made the same investments but did not have a multi-class corporate structure. For example, a net loss or net realized capital loss attributable to a Creststreet Fund may be applied to reduce the income and net realized capital gains of the Mutual Fund Corporation as a whole which would generally benefit shareholders in the other Creststreet Funds if it reduces the amount of dividends that would otherwise be paid to them since their current income inclusions would be reduced but not the value of their shares. The amount of Capital Gains Dividends (defined below) paid by the Mutual Fund Corporation on Mutual Fund Shares will be affected by redemptions of all shares of the Mutual Fund Corporation as well as accrued gains and losses of the Mutual Fund Corporation as a whole. The Mutual Fund Corporation may have to dispose of some of its investments because of investors switching between Creststreet Funds. More of its accrued gains and losses could therefore be recognized at an earlier time compared with a mutual fund that does not allow for tax-deferred switching. In certain circumstances, this could accelerate the recognition of gains by holders of Mutual Fund Shares as a consequence of the earlier payment of Capital Gains Dividends.

The Mutual Fund Corporation will acquire the property of the Partnership on a tax-deferred basis on the Mutual Fund Rollover Transaction. The Mutual Fund Corporation has acquired, and expects to acquire in the

future, property on a tax-deferred basis in similar transactions (such transactions and the Mutual Fund Rollover Transaction are referred to collectively as “**Exchange Transactions**”). Such property acquired in an Exchange Transaction has included, and will in the future include, flow-through shares which have nominal cost for tax purposes and other properties having a cost for tax purposes that is less than the fair market value thereof. If the flow-through shares or the properties are identical to other securities held by the Mutual Fund Corporation as capital property, the cost of such properties will be averaged. A disposition of such flow-through shares, other properties or identical property, including because of switching by holders of Mutual Fund Shares to another Creststreet Fund, may result in the recognition of larger capital gains than if the Exchange Transactions did not occur.

The earnings and tax liability, if any, of the Mutual Fund Corporation will be allocated among the Creststreet Resource Fund and other Creststreet Funds in the sole discretion of the Mutual Fund Corporation acting reasonably.

Taxation of Shareholders of the Creststreet Resource Fund

A mutual fund corporation may pay dividends (“**Ordinary Dividends**”) which it does not elect to pay out of capital gains or may pay dividends (“**Capital Gains Dividends**”) in respect of which it makes an election to pay the dividend out of capital gains. Dividends reinvested in additional Mutual Fund Shares will be considered to be received by the shareholder for tax purposes.

Ordinary Dividends received by an individual on Mutual Fund Shares will be included in computing the individual’s income for purposes of the *Tax Act* and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends paid by taxable Canadian corporations.

Ordinary Dividends received by a corporation on Mutual Fund Shares will be included in computing the corporation’s income for purposes of the *Tax Act*. A corporation, other than a “specified financial institution” (as defined in the *Tax Act*), will be entitled to deduct such dividends in computing its taxable income. However, a specified financial institution will be entitled to deduct Ordinary Dividends received on Mutual Fund Shares in computing its taxable income only if it did not acquire such shares in the ordinary course of its business.

A shareholder that is a “private corporation” (as defined in the *Tax Act*) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay the 33 $\frac{1}{3}$ % refundable tax under Part IV of the *Tax Act* on Ordinary Dividends received on Mutual Fund Shares to the extent that such dividends are deductible in computing the shareholder’s taxable income. A corporation other than a private corporation or a financial intermediary corporation will generally be subject to a non-refundable 10% tax on Ordinary Dividends.

The Mutual Fund Corporation may also make distributions to shareholders of Capital Gains Dividends representing capital gains realized in taxation years throughout which the Mutual Fund Corporation is a mutual fund corporation. Such Capital Gains Dividends received in a taxation year by a shareholder will be treated as realized capital gains of the shareholder for the year, subject to the general rules relating to the taxation of capital gains.

To the extent that the Mutual Fund Corporation has, at the date the Partnership transfers its assets to the Mutual Fund Corporation, net realized capital gains which have not been distributed to shareholders as Capital Gains Dividends or accrued capital gains which have not been realized, Limited Partners who continue to hold their Mutual Fund Shares following the dissolution of the Partnership may become subject to tax on their share of such capital gains when the Mutual Fund Corporation pays Capital Gains Dividends derived from such capital gains.

An actual or deemed disposition of a Mutual Fund Share by a shareholder, including a redemption of such share, may result in a capital gain (or capital loss) to the extent that the proceeds of disposition of the share, exceed (or are less than) the adjusted cost base of the share immediately before the disposition and any reasonable costs of disposition. No capital gain or capital loss will be realized on an Automatic Conversion and the cost of the new Mutual Fund Share will be equal to the adjusted cost base of the converted Mutual Fund Share and must be averaged with the adjusted cost base of any other new Mutual Fund Share held at that time

as capital property. No capital gain or capital loss will be realized by an investor on a switch of Mutual Fund Shares for shares of another Creststreet Fund and the cost of the shares of the other Creststreet Fund so acquired, being the adjusted cost base of the Mutual Fund Shares switched, must be averaged with the adjusted cost base of any other shares of such Creststreet Fund held at that time as capital property.

Flow-Through Shares held by the Partnership will have an adjusted cost base of nil for income tax purposes. Assuming that all Available Funds are used to subscribe for Flow-Through Shares, that no Flow-Through Shares are disposed of by the Partnership before the transfer of the Partnership's assets to the Mutual Fund Corporation (other than to repay the Loan Facility) and that there is no Non-Qualifying Property, the transfer of the Partnership's assets to the Mutual Fund Corporation and the subsequent dissolution of the Partnership will result in the Limited Partners who acquired their Units pursuant to this Offering and who hold such Units as at the date of the dissolution of the Partnership, acquiring the Mutual Fund Shares at a nominal cost. Consequently, a subsequent redemption or other disposition of his Mutual Fund Shares (other than a switch to another Creststreet Fund) will result in the holder thereof realizing substantially all of the proceeds of disposition as a capital gain.

Dissolution of the Partnership if the Partnership's Assets are not Transferred to the Mutual Fund Corporation

If the conditions for the transfer of the Partnership's assets to the Mutual Fund Corporation are not met and the General Partner does not propose a Liquidity Alternative that is approved by the Limited Partners, the Partnership will dispose of its property, including Flow-Through Securities, and on dissolution will distribute cash to the Partners. Any gain or loss realized by the Partnership on the disposition of its assets in its final fiscal year, including any capital gain realized on the disposition of Flow-Through Securities, will be reflected in the income or loss of the Partnership in its final fiscal year. Each Limited Partner will be required to take into account in the computation of the Limited Partner's income, the Limited Partner's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year in the taxation year in which the dissolution occurs. A Limited Partner's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year should also be reflected in adjustments to the adjusted cost base of the Limited Partner's Units. On dissolution of the Partnership, a Limited Partner will be considered to have disposed of the Limited Partner's Units for proceeds of disposition equal to the amount of cash received on dissolution.

Alternative Minimum Tax

The *Tax Act* requires that individuals (and certain trusts) compute an alternative minimum tax determined by reference to the amount by which the taxpayer's "adjusted taxable income" for the year exceeds the taxpayer's basic exemption which, in the case of an individual (other than certain trusts), is \$40,000. In computing the taxpayer's adjusted taxable income, the taxpayer must include, among other things, all taxable dividends (without application of the gross-up), and 80% of net capital gains. Various deductions and credits will be denied including amounts in respect of CEE and any losses of the Partnership. A federal tax rate of 15% is applied to the amount subject to the minimum tax, from which the individual's "basic minimum tax credit for the year" is deducted. Included in the basic minimum tax credit are certain specified personal and other credits available to an individual under the *Tax Act* as deductions from tax payable for the year but not the investment tax credit. Generally, if the minimum tax so calculated exceeds the tax otherwise payable under the *Tax Act*, the minimum tax will be payable.

Whether and the extent to which an individual Limited Partner's tax liability will be increased as a result of the application of the alternative minimum tax rules will depend on the amount of the Limited Partner's income, the source from which it is derived, and the nature and amount of any deductions and credits the Limited Partner claims.

Any "additional tax" (as determined under the *Tax Act*) payable by an individual for a year as a result of the application of the alternative minimum tax rules will generally be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be the Limited Partner's tax otherwise payable for the year.

Tax Shelter

The federal and Québec tax shelter identification numbers in respect of the Partnership are TS 074112 and QAF-08-01256 respectively. The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. Le numéro d'identification attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal.

The General Partner will file all necessary tax shelter information returns and, where applicable, provide each Limited Partner with copies thereof.

CERTAIN QUÉBEC TAX CONSIDERATIONS

The *Taxation Act* (Québec) provides that where an individual taxpayer (including a personal trust) incurs, in a given taxation year, investment expenses to earn investment income in excess of the investment income earned for that year, such excess shall be included in the taxpayer's income, resulting in an offset of the deduction for such portion of these investment expenses. For these purposes, investment expenses include certain deductible interest and losses of a Limited Partner and 50% of CEE renounced to and allocated to such Limited Partner (other than CEE incurred in Québec), and investment income includes taxable capital gains not eligible for the capital gains exemption. That portion of the investment expenses which has been included in the Limited Partner's income in a given taxation year may be deducted against investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year. The remaining 50% of CEE renounced and allocated to such Limited Partner (other than CEE incurred in Québec) and 100% of the CEE incurred in Québec renounced and allocated to such Limited Partner will not be subject to that rule and will be deductible in computing the Limited Partner's income from any source for Québec tax purposes.

FEES AND EXPENSES PAYABLE BY THE PARTNERSHIP

Initial Expenses

The expenses of this Offering (including the costs of creating and organizing the Partnership, the costs of printing and preparing the prospectus, legal expenses of the Partnership, marketing expenses and legal and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses) are estimated to be \$600,000 in the case of the maximum Offering and \$300,000 in the case of the minimum Offering. Such expenses and the Agents' fee will be paid by the Partnership with funds borrowed under the Loan Facility. If such borrowings are insufficient to pay all such expenses and the Agents' fee, the deficiency will be paid from the gross proceeds of the Offering. Creststreet will pay a portion of the Offering expenses (other than the fees to the Agents) in excess of \$180,000 in the event that the gross proceeds of the Offering are less than \$5 million. The portion payable in such event will be equal to (a) \$5 million less the aggregate Gross Proceeds divided by (b) \$2.0 million, then multiplied by (c) the amount by which such Offering expenses are in excess of \$180,000, but not, in any event, exceeding \$120,000. See "Plan of Distribution — Loan Facility".

Partnership Advisor Fee

The Partnership Advisor will provide investment, management, administrative and other services to the Partnership. In consideration for these services and pursuant to the terms of the Partnership Advisory Agreement, the Partnership will pay to the Partnership Advisor an annual fee equal to 2% of the Net Asset Value, subject to reduction in the event that the gross proceeds of the Offering are less than \$5 million as described under "Administrative and Operating Expenses". This fee will be calculated and paid monthly in arrears based on the Net Asset Value at the end of the preceding month. None of Creststreet, the General Partner or any of their respective Affiliates or Associates will earn fees from issuers for the origination of flow-through investments made by the Partnership.

Administrative and Operating Expenses

The Partnership will pay for all expenses incurred in connection with the operation and administration of the Partnership. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Limited Partners and for meeting materials prepared in connection with any Liquidity Alternative proposed to Limited Partners; (b) fees payable to the auditors and legal advisors of the Partnership; (c) taxes and ongoing regulatory filing fees; (d) fees payable to the independent directors of the General Partner; (e) fees and expenses payable to the Independent Review Committee; (f) any reasonable out-of-pocket expenses incurred by the Partnership Advisor, the General Partner or its agents in connection with their ongoing obligations to the Partnership; (g) expenses relating to portfolio transactions; and (h) any expenditures which may be incurred in connection with the dissolution of the Partnership and the exchange of the assets of the Partnership for Mutual Fund Shares. The General Partner estimates that these costs will be approximately \$170,000 per year. Creststreet will reduce its partnership advisor fee by an amount equal to a portion of the amount by which such expenses in each year exceed \$102,000 in the event that the gross proceeds of the Offering are less than \$5 million. The reduction will be equal to (a) \$5 million less the aggregate Gross Proceeds divided by (b) \$2.0 million, then multiplied by (c) the amount by which such expenses are in excess of \$102,000. The General Partner will act as custodian of the investments of the Partnership and as registrar and transfer agent for the Partnership. No additional fee will be payable to the General Partner for these services; however, it will be entitled to reimbursement for reasonable out-of-pocket expenses related to its performances of these services. If the General Partner determines, in its sole discretion, to appoint a custodian and/or registrar and transfer agent for the Partnership, the fees and expenses of such appointees will be borne by the Partnership.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

The General Partner is a wholly owned subsidiary of Creststreet. Some directors and officers of Creststreet also are directors and/or officers of the General Partner and the Mutual Fund Corporation. See “The General Partner — Management of the General Partner”.

The Partnership Advisor will be entitled to receive a fee related to the Net Asset Value of the Partnership. See “Fees and Expenses Payable by the Partnership — Partnership Advisor Fee”. The General Partner is also entitled to receive the Performance Bonus Allocation (if any) and 0.01% of any remaining net income or assets allocated to the Partners. See “Summary of the Partnership Agreement — Units”, “Summary of the Partnership Agreement — Net Income and Loss” and “Summary of the Partnership Agreement — Performance Bonus Allocation”.

USE OF PROCEEDS

The Partnership intends to use the total proceeds from the sale of Units approximately as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Total gross proceeds to the Partnership	\$50,000,000	\$3,000,000
Less Portion of Offering Expenses Paid from Gross Proceeds	—	(82,500)
Less Reserve for Ongoing Fees and Expenses to be incurred in 2008	<u>800,461</u>	<u>(135,737)</u>
Available Funds	<u>\$49,199,539</u>	<u>\$2,781,763</u>

The Agents’ fees and expenses of the Offering will be paid by the Partnership from the proceeds of the Loan Facility. If all of the Agents’ fees and expenses of the Offering are not paid from the proceeds of the Loan Facility, the amount of Available Funds will be reduced by the shortfall.

The Partnership will endeavour to use the Available Funds to subscribe primarily for Flow-Through Shares. The Partnership will fund ongoing fees and expenses beyond the amounts reserved from proceeds of the sale of Flow-Through Securities held by the Partnership. See “The Partnership — Investment Objective”, “Fees and Expenses Payable by the Partnership” and “Details of the Offering and Subscription Procedure”.

The proceeds from the issue of the Units at any particular Closing will, at such Closing, be paid to the Partnership, deposited in its bank account and managed on behalf of the Partnership by the General Partner. Pending the investment of Available Funds in Resource Issuers, all such funds will be invested in High Quality Liquid Investments. Interest earned by the Partnership from time to time after the Closing on funds of the Partnership will accrue to the benefit of the Partnership. Interest accruing to the benefit of the Partnership prior to December 31, 2008 will form part of the Available Funds to be invested with regard to the Investment Guidelines and interest accruing thereafter may be used to pay Partnership expenses or for other investments in Flow-Through Securities.

Any Available Funds not invested or committed to be invested in Flow-Through Securities or Warrants by December 31, 2008 that are in excess of the outstanding bank indebtedness as at such date will be distributed to the Limited Partners of record on December 31, 2008, on a *pro rata* basis, no later than January 31, 2009. Pending the distribution of uninvested Available Funds to the Limited Partners, those funds will be invested by the General Partner in High Quality Liquid Investments.

The Partnership will only advance funds to Resource Issuers under Flow-Through Agreements that are in substantially the form described below. Where Available Funds have been committed to a Resource Issuer for the purchase of Flow-Through Shares and such Resource Issuer does not or is unable to incur sufficient expenditures to enable it to issue the maximum number of Flow-Through Shares issuable to the Partnership pursuant to the Flow — Through Agreement, the Partnership may, in certain circumstances, use any portion or all of the committed but unexpended Available Funds to purchase common shares issued by such Resource Issuer. See “The Partnership — Investment Strategy”.

FLOW-THROUGH AGREEMENTS

The General Partner, on behalf of the Partnership, will enter into Flow-Through Agreements with Resource Issuers as required to expend the Available Funds. Each Flow-Through Agreement will set forth, among other things:

- (a) the pricing and plan of distribution of the Flow-Through Securities or Warrants to be purchased by the Partnership;
- (b) the information to be transmitted by the Resource Issuer to the Partnership; and
- (c) the undertakings, representations, warranties and covenants of the Resource Issuer.

Pursuant to the terms of Flow-Through Agreements under which the Partnership agrees to acquire Flow-Through Shares, Resource Issuers are obligated to incur exploration and development expenditures or expenses in respect of certain renewable energy projects that qualify as CEE. The subscription price for Flow-Through Shares issuable under such a Flow-Through Agreement may be released to the Resource Issuer and the Flow-Through Shares issued prior to the Resource Issuer incurring such expenditures and expenses provided the Flow-Through Agreement contains a covenant that the Resource Issuer shall indemnify each Limited Partner for an amount equal to the tax payable by the Limited Partner under the *Tax Act* and the laws of a province as a consequence of (i) the failure of the Resource Issuer to renounce CEE to the Partnership equal to the subscription price of the Flow-Through Shares, or (ii) a reduction pursuant to subsection 66(12.73) of the *Tax Act* of an amount purported to be renounced to the Partnership in respect of the Flow-Through Shares. In all cases under Flow-Through Agreements pursuant to which the Partnership agrees to acquire Flow-Through Shares, the Resource Issuers will be obligated to incur CEE and renounce CEE to the Partnership and will be liable to the Partnership if they fail to satisfy such obligations. Each Flow-Through Agreement to acquire Flow-Through Securities other than Flow-Through Shares will require the Resource Issuer to incur and allocate to the Partnership CEE in an amount equal to all or substantially all of the subscription price for the Flow-Through Securities.

The Partnership will endeavour to subscribe for Flow-Through Securities and Warrants on or before December 31, 2008 having an aggregate subscription price equal to the Available Funds. The General Partner will not enter into Flow-Through Agreements to purchase Flow-Through Shares under which Available Funds are committed which contemplate that CEE will be incurred after December 31, 2009 or which contemplate that CEE will be renounced with an effective date later than December 31, 2008. The General Partner will not enter

into Flow-Through Agreements to acquire Flow-Through Securities (other than Flow-Through Shares) with Available Funds which contemplate that CEE will be allocated to the Partnership effective after December 31, 2008. See “Risk Factors — Tax-Related”. Where Available Funds have been committed to a Resource Issuer to purchase Flow-Through Shares and such Resource Issuer does not or is unable to incur sufficient CEE to enable it to issue the maximum number of Flow-Through Shares to the Partnership pursuant to the Flow-Through Agreement, the Partnership may, in certain circumstances, use any portion or all of the committed but unexpended Available Funds to purchase common shares issued by the Resource Issuer which would not constitute Flow-Through Shares. See “The Partnership — Investment Strategy”. The Flow-Through Agreements will include rights of termination in favour of the Partnership and the Resource Issuers that may be exercised in specified circumstances.

DETAILS OF THE OFFERING AND SUBSCRIPTION PROCEDURE

Sale of Units

The Offering consists of a maximum of 5,000,000 Units and a minimum of 300,000 Units at an issue price of \$10.00 per Unit. The minimum purchase per investor is 250 Units. Fractional Units will not be issued.

Offers to purchase Units will be received subject to acceptance or rejection in whole or in part by the General Partner and the right is reserved by the General Partner to close the offering books at any time without notice.

An investor whose offer to purchase is accepted by the General Partner will become a Limited Partner upon the entering of his name and other prescribed information in the Partnership’s record of limited partners on or as soon as possible after Closing.

The acceptance of an offer to purchase, whether by allotment in whole or in part, by the General Partner shall constitute a subscription agreement between the subscriber and the Partnership upon the terms and conditions set out in this prospectus and in the Partnership Agreement, whereby the subscriber, among other things:

- (a) irrevocably authorizes and directs the Agents to provide certain information to the General Partner, including such subscriber’s full name, residential address, telephone number, social insurance, business or corporation account number, as the case may be, and the name and registered representative number of the representative of the Agents responsible for such subscription and covenants to provide such information to the Agents;
- (b) acknowledges that the subscriber is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner;
- (c) makes the representations and warranties, including without limitation, representations and warranties as to the subscriber’s residency and limited recourse financing, set out in the Partnership Agreement;
- (d) is deemed to represent and warrant that, unless such subscriber has provided written notice to the General Partner prior to the date of acceptance of the subscription to the contrary, the subscriber is not a “financial institution” as that term is defined in subsection 142.2(1) of the *Tax Act*; and
- (e) irrevocably nominates, constitutes and appoints the General Partner as the subscriber’s true and lawful attorney with the full power and authority as set out in the Partnership Agreement.

The Partnership Agreement includes representations, warranties and covenants on the part of the subscriber that the subscriber is not a “non-resident” of Canada for purposes of the *Tax Act*, that the subscriber will maintain such status and, if the subscriber is not a “financial institution” at the date of acceptance of the subscription, that the subscriber will continue not to be a “financial institution” during such time as Units are held by the subscriber, that the subscriber is not a partnership and that payment of the subscription price for the subscriber’s Units was not financed through a borrowing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*.

The foregoing subscription agreement shall be evidenced by delivery of this prospectus to the subscriber, provided that the subscription has been accepted by the General Partner on behalf of the Partnership.

A subscriber whose subscription is accepted by the General Partner will become a Limited Partner of the Partnership upon the amendment of the record of limited partners maintained by the General Partner. If a subscription is withdrawn or is not accepted by the General Partner, subscription proceeds and all documents received will be returned, without interest or deduction, to the subscriber within 15 days following such withdrawal or rejection.

A certificate evidencing the Units will be issued to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee on the Closing date. CDS requires that any Units registered in the book-based system be represented in the form of a fully registered global certificate held by, or on behalf of, CDS as custodian of such certificate for CDS participants (the “CDS Participants”) and registered in the name of CDS. CDS Participants include securities brokers and dealers, banks and trust companies. Under the Partnership Agreement, each Limited Partner acknowledges and agrees that CDS is acting as the Limited Partner’s nominee for this purpose and acknowledges and consents to these arrangements. An investor who purchases Units will therefore receive only a customer confirmation from the registered dealer who is a CDS participant and through whom the Units are purchased. If CDS notifies the Partnership that it is unwilling or unable to continue as depository in connection with such global certificate, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Partnership is unable to locate a qualified successor, or if the General Partner elects to terminate the book-based system, the General Partner shall make appropriate arrangements either to replace CDS or to replace the book-based system in an orderly fashion.

If requested by a Limited Partner and consented to by the General Partner, the General Partner shall issue, or cause the registrar and transfer agent of the Units (if not the General Partner) to issue, to that Limited Partner, at the expense of the Partnership, a certificate, indicating that such Limited Partner is the owner of the number of Units set out thereon. In that event, a new global certificate will be issued to and in the name of CDS reflecting the reduction in the number of Units represented by the certificate held by CDS.

The name in which a global certificate is issued is for the convenience of the book-based system only and shall have no bearing on the identity of the Limited Partners.

All distributions will be made to the registered holders of any certificates issued by the Partnership as contemplated above. Accordingly, distributions will be made by the Partnership to CDS in respect of Units represented by the global certificate held by CDS. Any such distributions will be forwarded by CDS to the applicable CDS Participants and, thereafter, to the Limited Partners whose Units are represented by that global certificate.

The ability of a holder of a Unit to pledge the holder’s Unit or take action with respect thereto (other than through a CDS Participant) may be limited due to the lack of physical certificates and the rights of the Partnership under the Partnership Agreement.

PLAN OF DISTRIBUTION

The Offering

Pursuant to an agency agreement (“Agency Agreement”) dated February 15, 2008 among the Agents, the Partnership, the General Partner and Creststreet, the Agents have agreed to form and manage a selling group consisting of registered dealers to offer Units for sale to the public in each province in Canada in which a receipt is issued for the (final) prospectus, on a best efforts basis if, as and when issued by the Partnership, in accordance with the terms and conditions of the Agency Agreement. The Units will be offered, subject to a minimum purchase of 250 Units, at an issue price of \$10.00 per Unit payable on the Closing. The price per Unit was established by the General Partner. The Offering of the Units will take place during the period commencing on the date a receipt is issued for the (final) prospectus by the securities regulatory authority in the first province to issue such a receipt and ending at the close of business on the day prior to the final Closing. It is expected that, provided that the subscriptions are received for the minimum number of Units, the initial Closing of the issue of Units will take place on or about February 28, 2008. If less than the maximum number of Units is subscribed for at the initial Closing, subsequent Closings may be held on or before November 30, 2008. The Partnership will pay to the Agents a sales commission equal to 6.75% of the selling price for each Unit sold to an investor.

The General Partner, on behalf of the Partnership, reserves the right to accept or reject any subscription in whole or in part. An investor whose subscription has been accepted by the General Partner will become a Limited Partner upon the amendment of the record of limited partners maintained by the General Partner to include the investor’s name and other information prescribed by the *Limited Partnerships Act* (Ontario).

While the Agents have agreed to use their best efforts to sell the Units, they are not obliged to purchase any Units which are not sold. The obligations of the Agents under the Agency Agreement may be terminated, and the Agents may withdraw all subscriptions on behalf of investors, at the Agents' discretion, on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events including any material adverse change in the business, personnel or financial condition of the General Partner or the Partnership. Some or all of the Agents may, from time to time, be involved in raising money for Resource Issuers and the Partnership may or may not commit funds in connection with any such transaction. The Agents may earn fees on such transactions.

In the Agency Agreement, the Partnership, the General Partner and Creststreet have agreed to jointly and severally indemnify the Agents upon the occurrence of certain events.

It is not expected that any subscription proceeds will be received by the Agents until subscriptions for the minimum Offering are received and the other closing conditions of this Offering have been satisfied. However, to the extent that such subscription proceeds are received prior to such time, they will be held by the Agents in trust in a segregated account until subscriptions for the minimum Offering are received and the other closing conditions of this Offering have been satisfied. If the minimum Offering is not subscribed for by the earlier of (a) November 30, 2008 and (b) the date that is 60 days from the date of issuance by the first securities regulatory authority to issue a receipt for the (final) prospectus, subscription proceeds received, together with interest, if any, accrued thereon will be returned, without deduction, to the subscribers.

This Offering will close if:

- (a) all contracts described under "Material Contracts" have been executed and delivered to the Partnership and McCarthy Tétrault LLP has opined that such contracts are valid and subsisting;
- (b) all conditions specified in the Agency Agreement for the closing have been satisfied or waived, and the Agents have not exercised any right to terminate the Offering;
- (c) on the date of the initial Closing of the Offering, subscriptions for at least 300,000 Units are accepted by the General Partner; and
- (d) the agreement with respect to the Loan Facility has been executed and delivered to the Partnership and is valid and subsisting.

Loan Facility

Prior to the initial Closing of the Offering, the Partnership will enter into the Loan Facility with the Lender. The Lender will be at arm's length to the Partnership, the General Partner, Creststreet and their respective affiliates and associates, but may be affiliated with one or more of the Agents.

The Loan Facility will permit the Partnership to borrow an amount which will be used solely to finance the Agents' fee and expenses of the Offering in order to maximize the allocation of the gross proceeds of the Offering towards the purchase of Flow-Through Securities and thereby enhance returns if the incremental capital gains and net tax benefits generated by the additional investment in Flow-Through Securities exceeds the interest expense and banking fees incurred in respect of the Loan Facility. The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of this nature and the Partnership expects that the Lender will require the Partnership to provide a security interest in the assets held by the Partnership in favour of the Lender to secure such borrowings. Prior to the dissolution of the Partnership, all amounts outstanding under the Loan Facility, including all interest accrued thereon, will be repaid in full.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following is a summary of the Partnership Agreement which is incorporated herein by reference. **This summary is not intended to be complete and each investor should carefully review the Partnership Agreement.** A full copy of the Partnership Agreement will be available as indicated under “Material Contracts”. Each investor is encouraged to obtain and review a copy of the Partnership Agreement.

The rights and obligations of the Limited Partners and the General Partner are governed by the laws of the Province of Ontario, the Partnership Agreement and applicable legislation in the jurisdictions in which the Partnership carries on business.

Each investor shall submit an offer to purchase Units to the Agents, in form and content satisfactory to such Agents. An investor whose offer to purchase has been accepted by the General Partner will become a Limited Partner upon the amendment of the record of limited partners maintained by the General Partner. At or as soon as possible after the initial Closing of the issue of Units, the interest of the initial Limited Partner will be redeemed by the Partnership in the amount of its capital contribution of \$10.

Units

To become a Limited Partner, an investor must acquire 250 or more Units in the Partnership. Fractional Units will not be issued. An investor who purchases Units is deemed to enter into a subscription agreement with the Partnership and, among other things, is hereby deemed to give certain representations, warranties and covenants as set forth in the Partnership Agreement and to grant the power of attorney to the General Partner as set out in the Partnership Agreement. See “Details of the Offering and Subscription Procedure — Sale of Units”. The Partnership Agreement includes representations, warranties and covenants on the part of the investor that the investor is not a “non-resident” of Canada for the purposes of the *Tax Act*, that the investor will maintain such status during such time as the Units are held by the investor, that the investor is not a partnership and that payment of the subscription price of the investor’s Units was not financed with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*. See “Allocation of CEE” and “Limited Recourse Financings”. The General Partner may require those Limited Partners who are non-residents of Canada for the purposes of the *Tax Act* or a partnership to sell their Units to residents of Canada within a specified period of not less than 5 days. In addition, if the General Partner becomes aware that owners of 45% or more of the Units then outstanding are, or may be, financial institutions or that such a situation is imminent, the General Partner may require these Limited Partners to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Limited Partner fails to comply with any such request, the General Partner shall have the right in either case to sell such Limited Partner’s Units at their most recent Net Asset Value less a 5% discount or the Partnership may redeem such Limited Partner’s Units at their most recent Net Asset Value less a 5% discount.

The interests of the Limited Partners will be divided into and represented by an unlimited number of Units. The Partnership currently does not intend to issue Units other than as qualified by this prospectus. However, in the sole discretion of the General Partner, the Partnership may issue Units that are qualified by another prospectus or that are sold on a private placement basis on such terms and conditions and at such prices as the General Partner may determine in its sole discretion; provided that the issuance of such Units may not be at a price per Unit less than the Net Asset Value per Unit at the time of the pricing of the issuance. See “Risk Factors”.

Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no Limited Partner is entitled to any privilege, priority or preference in relation to any other Limited Partner. Each Limited Partner is entitled to one vote for each Unit held. See “Meetings”. On dissolution, the Limited Partners of record holding the then outstanding Units are entitled to receive 99.99% of the assets of the Partnership remaining after payment of debts, liabilities and liquidation expenses of the Partnership and the Performance Bonus Allocation (if any). Provided that the Mutual Fund Rollover Transaction is completed, it is expected that such assets will consist of Mutual Fund Shares. See “Mutual Fund Rollover Transaction and Termination of the Partnership”.

Fees and Expenses

The Partnership shall pay: (a) to the Partnership Advisor the fees described under “Fees and Expenses Payable by the Partnership — Partnership Advisor Fee”; (b) to the Agents a sales commission equal to 6.75% of the selling price for each Unit for which subscriptions are accepted by the General Partner; and (c) the expenses of this Offering payable by it described under “Fees and Expenses Payable by the Partnership — Initial Expenses”.

In addition, the Partnership will pay for all of its expenses incurred in connection with the operation and administration of the Partnership. It is anticipated that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Limited Partners and for meeting materials prepared in connection with any Liquidity Alternative proposed to Limited Partners; (b) fees payable to the auditors and legal advisors of the Partnership; (c) taxes and ongoing regulatory filing fees; (d) fees payable to the independent directors of the General Partner; (e) fees and expenses payable to the Independent Review Committee; (f) any reasonable out-of-pocket expenses incurred by the Partnership Advisor, the General Partner or its agents in connection with their ongoing obligations to the Partnership; (g) expenses relating to portfolio transactions; and (h) any expenses which may be incurred in connection with the dissolution of the Partnership and the exchange of the assets of the Partnership for Mutual Fund Shares. The General Partner will act as custodian of the investments of the Partnership and as registrar and transfer agent for the Partnership. No additional fee will be payable to the General Partner for these services; however, it will be entitled to reimbursement for reasonable out-of-pocket expenses related to its performances of these services. If the General Partner determines, in its sole discretion, to appoint a custodian and/or registrar and transfer agent for the Partnership, the fees and expenses of such appointees will be borne by the Partnership.

Net Income and Loss

Subject to the reduction in the allocation of the proportionate share of a loss of the Partnership to Limited Partners who have financed the acquisition of Units with indebtedness for which recourse is or is deemed to be limited for the purposes of the *Tax Act* (see “Limited Resource Financings”) and to the Performance Bonus Allocation, the Partnership will allocate *pro rata* among the Limited Partners of record on the last day of each fiscal year 99.99% of the net income or loss of the Partnership for such fiscal year and on dissolution. If the Performance Bonus Allocation is payable, the General Partner will be allocated an amount of income of the Partnership equal to the lesser of such income and the Performance Bonus Allocation (and will be liable to tax thereon), and the remaining net income will be allocated to the Limited Partners and the General Partner as set out above.

The Partnership will make such filings in respect of such allocations as are required by the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction. Limited Partners will be entitled to claim certain deductions from income for income tax purposes or from tax payable as described under “Canadian Federal Income Tax Considerations”.

Performance Bonus Allocation

The General Partner will be entitled to an additional distribution of Partnership property on the Dissolution Date (the “**Performance Bonus Allocation**”) in an amount equal to (i) 20% of the amount by which the Net Asset Value per Unit on the Dissolution Date (excluding the effect of distributions, if any) exceeds the Hurdle Amount, multiplied by (ii) the number of Units outstanding at the Dissolution Date. The General Partner has agreed that the Performance Bonus Allocation, if any, will be paid in Mutual Fund Shares if the Partnership’s assets are transferred to the Mutual Fund Corporation in exchange for Mutual Fund Shares unless payment in Mutual Fund Shares is not permitted by applicable law. If the Partnership’s assets are not transferred to the Mutual Fund Corporation, the Performance Bonus Allocation will be paid to the General Partner in cash.

Allocation of CEE

Subject to the reduction in the allocation of the proportionate share of CEE to Limited Partners who have financed the acquisition of Units with indebtedness for which recourse is or is deemed to be limited for the purposes of the *Tax Act* (see “Limited Recourse Financings”), the Partnership will allocate to each Limited

Partner of record on the last day of each fiscal year the Limited Partner's proportionate share of 100% of the CEE renounced or allocated to it by Resource Issuers with an effective date in such fiscal year and will make such filings in respect of such allocations as are required by the *Tax Act*.

Distributions

Any Available Funds that have not been invested or committed by the Partnership to be invested by December 31, 2008 that are in excess of outstanding bank indebtedness at that date shall be distributed to Limited Partners of record on December 31, 2008 on a *pro rata* basis by January 31, 2009.

Cash distributions representing 50% of the net taxable capital gains, if any, realized by the Partnership during the 2009 calendar year in connection with dispositions of Flow-Through Securities, where the proceeds from such dispositions were not reinvested in other Flow-Through Securities, will be made on or before the date of dissolution of the Partnership to the Limited Partners who are the registered holders of Units on December 31, 2009 and to the General Partner, subject to the terms of the Loan Facility. Other than the foregoing, the General Partner does not expect to make, but is not precluded from making, cash distributions to partners prior to the dissolution of the Partnership. The Performance Bonus Allocation, if any, will be paid to the General Partner on the Dissolution Date.

Functions and Powers of the General Partner

The General Partner has exclusive authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner may, pursuant to the terms of the Partnership Agreement, delegate certain of its powers to third parties without, however, releasing the General Partner from its obligations. The General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership and to exercise the care, diligence and skill of a reasonably prudent and qualified manager. Among other restrictions imposed on the General Partner, it may not dissolve the Partnership nor wind up the Partnership's affairs except in accordance with the provisions of the Partnership Agreement.

The General Partner shall have the power to make on behalf of the Partnership and each Limited Partner, in respect of such Limited Partner's interest in the Partnership, any and all elections, determinations or designations under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction. The General Partner shall file, on behalf of the General Partner and the Limited Partners, any information return required to be filed in respect of the activities of the Partnership under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction.

Accounting and Reporting

The Partnership's fiscal year will be the calendar year. Unless, subject to applicable law, the General Partner has received instructions from a Limited Partner to the contrary, a copy of (i) the audited financial statements of the Partnership will be forwarded by the General Partner to each Limited Partner within 90 days following the end of each fiscal year and (ii) the unaudited financial statements of the Partnership will be forwarded by the General Partner to each Limited Partner within 60 days following the end of each interim period (as defined in National Instrument 81-106 — Investment Fund Disclosure). Each financial statement will be accompanied by a management report of the Partnership's performance.

In addition, the General Partner shall, by March 31 of each year and within 60 days of the date of dissolution of the Partnership, forward to each Limited Partner of record on December 31 of the preceding year or on the date of dissolution, as the case may be, information in a suitable form to enable the Limited Partner to complete the Limited Partner's income tax reporting relating to the Limited Partner's interest in the Partnership.

The General Partner will ensure that the Partnership complies with all other reporting and administrative requirements.

The General Partner shall keep adequate books and records reflecting the activities of the Partnership. A Limited Partner or the Limited Partner's duly authorized representative shall have the right to examine the

books and records of the Partnership during normal business hours at the offices of the General Partner. Notwithstanding the foregoing, a Limited Partner shall not have access to any information which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership.

Limited Recourse Financings

Under the *Tax Act*, if a Limited Partner finances the acquisition of Units with indebtedness for which recourse is limited, or is deemed to be limited, the CEE or other expenses incurred by the Partnership may be reduced by the amount of such indebtedness. The Partnership Agreement provides that where CEE of the Partnership is so reduced the amount of CEE that would otherwise be allocated to the Limited Partner who incurs the limited recourse indebtedness shall be reduced by the amount of the reduction. Where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement provides that such reduction shall first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse indebtedness.

For the purposes of the *Tax Act*, recourse for a borrowing or other indebtedness is generally deemed to be limited unless:

- (a) *bona fide* arrangements, evidenced in writing, are made, at the time the indebtedness arises, for repayment of the indebtedness and all interest thereon within a reasonable period not exceeding ten years (a debt repayable only on demand will not meet this requirement); and
- (b) interest is payable, at least annually, at a rate equal to or greater than the lesser of the prescribed rate of interest under the *Tax Act* in effect at the time the indebtedness arose, and the prescribed rate of interest applicable from time to time during the term of the indebtedness, and such interest is paid by the Limited Partner in respect of the indebtedness not later than 60 days after the end of each taxation year of the Limited Partner.

Investors that propose to borrow or otherwise finance the subscription price of Units should consult their own advisors to ensure that any such borrowing or financing is not treated as a limited recourse financing under the *Tax Act*.

Limited Liability

The Partnership was formed in order for Limited Partners to benefit from liability limited to the extent of their capital contributions to the Partnership together with their *pro rata* share of the undistributed income of the Partnership. Limited Partners may lose the protection of limited liability by taking part in the control of the business of the Partnership and may be liable to third parties as a result of false or misleading statements in the public filings made pursuant to the *Limited Partnerships Act* (Ontario). Limited Partners may also lose the protection of limited liability if the Partnership carries on business in a province or territory of Canada which does not recognize the limited liability conferred under the *Limited Partnerships Act* (Ontario).

The General Partner will indemnify the Limited Partners against any costs, damages, liability or loss incurred by a Limited Partner that result from such Limited Partner not having limited liability, except where the lack or loss of limited liability is caused by some action of such Limited Partner or a change in any applicable legislation. **However, the General Partner has nominal assets. Consequently, it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to this indemnity.**

In all cases other than the possible loss of limited liability, no Limited Partner will be obligated to pay any additional assessment on or with respect to the Units held or purchased by him; however, the Limited Partners and the General Partner may be bound to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to its existing amount before such distribution if, as a result of such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.

Transfer of Partnership Assets to the Mutual Fund Corporation and Dissolution of the Partnership

The Partnership Agreement provides that if (i) the Mutual Fund Corporation continues to qualify as a mutual fund corporation for the purposes of the *Tax Act* and (ii) the Mutual Fund Corporation may acquire the assets of the Partnership under applicable securities laws, the General Partner will be irrevocably authorized to transfer the assets of the Partnership to the Mutual Fund Corporation in exchange for Mutual Fund Shares on or about the Dissolution Date and to file the appropriate elections under applicable income tax legislation to effect the transfer on a tax-deferred basis. The Partnership will receive Mutual Fund Shares having the same aggregate net asset value as the aggregate net asset value of the Partnership determined on the same basis as the net asset value of the Creststreet Resource Fund. The completion of such transaction may require prior regulatory approval. There can be no assurance that any such regulatory approval will be received. Following the transfer of assets to the Mutual Fund Corporation and payment in Mutual Fund Shares of the Performance Bonus Allocation, if any, to the General Partner, the General Partner is irrevocably authorized to implement the dissolution of the Partnership. Upon dissolution, the Limited Partners and the General Partner will receive their *pro rata* interest in the remaining Mutual Fund Shares on a tax-deferred basis, which Mutual Fund Shares will be redeemable by the holders thereof. See “Mutual Fund Rollover Transaction and Termination of the Partnership”.

The General Partner may, in its sole discretion and upon not less than 30 days’ prior written notice to the Limited Partners, extend the date for the dissolution of the Partnership to a date no later than September 30, 2010 if the General Partner determines that it would be in the best interests of the Limited Partners to do so. In addition, the Limited Partners may extend the date of dissolution by extraordinary resolution.

Transfers of Units

Only whole Units are transferable. A Limited Partner may transfer all or part of the Limited Partner’s Units by delivering to the General Partner a form of transfer, substantially in the form annexed as Schedule “B” to the Partnership Agreement, or such other form as is acceptable to the General Partner, duly executed by the Limited Partner, as transferor, and the transferee. The transferee, by executing the transfer, agrees to be bound by the Partnership Agreement as a Limited Partner as if the transferee had personally executed the Partnership Agreement. Transferees who execute the transfer thereby represent and warrant that they are not “non-residents” within the meaning of the *Tax Act* and covenant to maintain such status during such time as the Units are held by them. A transferee executing the transfer also thereby represents and warrants that the transferee is not a partnership and that the transferee’s acquisition of the Units from the transferor was not financed with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*, represents and warrants that the transferee is not a Resource Issuer that has entered into a Flow-Through Agreement with the Partnership for Flow-Through Shares and deals at arm’s length with each such Resource Issuer, ratifies and confirms the power of attorney given to the General Partner in Article XIX of the Partnership Agreement and, unless the transferee provides written notice to the contrary to the General Partner with the delivery of such executed transfer form, is deemed to represent and warrant that the transferee is not a “financial institution” within the meaning of subsection 142.2(1) of the *Tax Act* and to covenant that the transferee will not become a “financial institution” while the transferee holds Units.

The General Partner may accept or reject a transfer, in its sole discretion, and will deny the transfer of Units to a “non-resident” for the purposes of the *Tax Act*, to a partnership, or to a transferee who has financed the acquisition of the Units with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*.

Pursuant to the provisions of the Partnership Agreement, when a transferee of Units has been registered as a Limited Partner in accordance with the Partnership Agreement, the transferee shall become a party to the Partnership Agreement and shall be subject to the obligations and entitled to the rights of a Limited Partner under the Partnership Agreement. A transferor of Units will remain liable to reimburse the Partnership for any amounts distributed to the transferor by the Partnership which may be necessary to restore the capital of the Partnership to the amount existing immediately prior to such distribution, if the distribution resulted in a reduction of the capital of the Partnership and the incapacity of the Partnership to pay its debts as they became due.

There is no market through which the Units may be sold and none is expected to develop. Limited Partners may find it difficult or impossible to sell their Units.

Meetings

The General Partner may at any time convene a meeting of the partners of the Partnership and will be required to convene a meeting on receipt of a request in writing of Limited Partners holding, in aggregate, 25% or more of the Units then outstanding. Each Limited Partner is entitled to one vote for each Unit held. The General Partner is entitled to one vote in its capacity as General Partner. A quorum consists of two or more Limited Partners present in person or by proxy and representing not less than 10% of the Units then outstanding in the case of an ordinary resolution and 50% of the Units then outstanding in the case of an extraordinary resolution. If a quorum is not present at any meeting within thirty minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Limited Partners, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days nor more than 21 days later, selected by the General Partner and notice will be given to the Limited Partners of such adjourned meeting. The Limited Partners present at any adjourned meeting will constitute a quorum. The General Partner in respect of any Units which may be held by it from time to time, insiders of the Partnership (as such expression is defined in the *Securities Act* (Ontario)), affiliates of the General Partner and any director or officer of such persons, who hold Units shall not be entitled to vote on any extraordinary resolution to be adopted by the Limited Partners.

Amendments

The Partnership Agreement may only be amended with the consent of the Limited Partners given by extraordinary resolution passed by holders of not less than 66 $\frac{2}{3}$ % of the Units voting thereon. However, unless all of the Limited Partners consent thereto, no amendment can be made to the Partnership Agreement which would have the effect of reducing the interest in the Partnership of any Limited Partner, changing in any manner the allocation of income or loss for tax purposes, changing the liability of any Limited Partner, allowing any Limited Partner to participate in the control or management of the business of the Partnership, changing the right of a Limited Partner or the General Partner to vote at any meeting or changing the Partnership from a limited partnership to a general partnership. In addition, no amendment can be made to the Partnership Agreement which would have the effect of reducing the General Partner's share of the net income or assets of the Partnership, including the Performance Bonus Allocation, unless the General Partner, in its sole discretion, consents thereto.

Notwithstanding the foregoing, the General Partner is entitled to make certain amendments to the Partnership Agreement without the consent of the Limited Partners for the purpose of adding any provisions which, in the opinion of counsel to the Partnership, are for the protection or benefit of the Limited Partners or the Partnership, for the purpose of curing an ambiguity or for the purpose of supplementing any provision which may be defective or inconsistent with another provision or required by law. Such amendments may be made only if they do not and will not, in the opinion of the General Partner, materially adversely affect the rights of any Limited Partner.

Removal of General Partner

The General Partner may not be removed other than by an extraordinary resolution of the Limited Partners in circumstances where the General Partner is in breach or default of its obligations under the Partnership Agreement and, if capable of being cured, such breach or default has not been cured within 20 business days notice of such breach to the General Partner, or if the General Partner becomes bankrupt or insolvent. A quorum for a meeting called for the purposes of removing the General Partner shall consist of two or more Limited Partners present in person or by proxy and representing not less than 50% of the Units outstanding. A new General Partner may be appointed by ordinary resolution.

Power of Attorney

The Partnership Agreement includes an irrevocable power of attorney which authorizes the General Partner on behalf of the Limited Partners, among other things, to receive certain documents as agent for the

Limited Partners and to execute the Partnership Agreement, any amendments to the Partnership Agreement and all instruments necessary to reflect the transfer of the assets of the Partnership to the Mutual Fund Corporation and the dissolution of the Partnership, as well as any elections, determinations or designations under the *Tax Act* or taxation legislation of any province or other jurisdiction with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership including, without limitation, elections under subsection 85(2) of the *Tax Act* and the corresponding provisions of applicable provincial and territorial legislation in respect of the transfer of Partnership assets to the Mutual Fund Corporation. **By purchasing Units, each investor acknowledges and agrees that the investor has given such power of attorney and will ratify any and all actions taken by the General Partner pursuant to such power of attorney.** The power of attorney shall survive any dissolution or termination of the Partnership.

POLICIES ON PROXY VOTING

With respect to the proxies associated with securities held by the Partnership, the Partnership will adopt with necessary modification the Partnership Advisor's written proxy voting policies (the "**Policies**"). Generally, the Policies will prescribe that voting rights should be exercised with a view to the best interests of the Partnership and its Limited Partners.

The Policies that have been developed by the Partnership Advisor are general in nature and provide guidance in such areas as corporate governance, management and director compensation, takeover protection, and shareholder rights issues. The Policies attempt to address the most common issues encountered, but cannot contemplate all possible scenarios. When exercising voting rights, the Partnership will generally vote with management of the issuer on matters that are routine in nature, and will vote in a manner that, in the Partnership Advisor's view, will maximize the value of the Partnership's investment in the issuer. The Partnership will deviate from this standing policy if, in the Partnership Advisor's opinion, the position taken by management of the issuer is contrary to the interests of those of the Partnership. Examples of routine matters include voting on the size and composition of the board of directors, and voting on the appointment or the retention of an issuer's auditors. Non-routine matters will be considered on a case-by-case basis and the Partnership will vote in a manner that is, in the Partnership Advisor's view, most consistent with maximizing the value of the Partnership's investment in the issuer. Non-routine matters include such items as shareholder proposals, management and director compensation, shareholder rights plans, corporate restructuring plans and takeover bids.

In order to discharge the Partnership's obligations under the Policies, the Partnership Advisor will, prior to voting on non-routine matters, review research on management performance, corporate governance and any other factors considered relevant by the Partnership Advisor. Where appropriate in the circumstances, advice of the independent directors of the General Partner, the Independent Review Committee or third party advisors will be sought prior to voting the securities held by the Partnership.

The following procedures will be established by the Partnership and are intended to ensure that securities held by the Partnership are voted in accordance with the instructions of the Partnership Advisor. When the Partnership Advisor receives meeting circulars from issuers, the receipt is logged on an internally prepared proxy voting memo. The Partnership Advisor will review and analyze the content of the circular and form recommendations as to how to vote after consulting the Partnership's Policies. The Partnership Advisor will then either (i) use the proxy voting memo to recommend voting in accordance with established guidelines, (ii) detail the reasons for voting on non-routine matters that have been considered on a case-by-case basis, or (iii) detail the reasons for deviating from standing policy. Any items considered on a case-by-case basis or that deviate from standing policy will be approved by an officer of the General Partner before being submitted to a proxy agent, and a voting record will be maintained by the Chief Financial Officer of the General Partner.

A proxy voting record for the Partnership will be prepared on an annual basis for the period ending on June 30 of each year and will be made available on Creststreet's website at www.creststreet.com by no later than August 31 of each year. None of the information contained on Creststreet's website is or shall be deemed to be incorporated in this prospectus by reference.

RISK FACTORS

General

This is a speculative offering. There is no assurance of a positive return on a Limited Partner's original investment. Investors should consider the following risk factors before purchasing Units:

- (a) Limited Partners must rely on the discretion of the General Partner in entering into any Flow-Through Agreements with Resource Issuers, in determining (in accordance with applicable investment strategy and Investment Guidelines) the composition of the portfolio of securities of Resource Issuers to be owned by the Partnership and in determining whether to dispose of securities (including Flow-Through Securities) owned by the Partnership. The General Partner will not always review engineering or other technical reports prepared in anticipation of the exploration or development program or renewable energy project being financed by Flow-Through Securities issued to the Partnership.
- (b) This is a blind pool offering. The Partnership may, prior to the initial Closing, enter into Flow-Through Agreements with one or more Resource Issuers, provided such agreements will be conditional upon the completion of the Offering. The purchase price per Unit paid by an investor at a Closing subsequent to the initial Closing may be less or greater than the Net Asset Value per Unit at the time of the purchase, for reasons including that the Partnership may have invested in Flow-Through Securities at a premium or discount to market prices prior to the date of such subsequent Closing, because the value of the Partnership's portfolio may have changed and because the Partnership will have paid the Agents' fee, expenses of the Offering and other expenses subsequent to the initial Closing.
- (c) There can be no assurance that the conditions to the Mutual Fund Rollover Transaction will be satisfied in which case the enhanced liquidity feature offered by the Mutual Fund Rollover Transaction will not be available and the Partnership's assets may be sold and the Partnership dissolved on a taxable basis.
- (d) Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of common shares which do not permit CEE to be renounced in favour of the holders and Limited Partners must rely on the discretion of the General Partner in negotiating the pricing of such securities. Competition for the purchase of Flow-Through Shares may increase the premium at which Flow-Through Shares are offered for sale to the Partnership. Flow-Through Securities may be subject to resale restrictions.
- (e) There can be no assurance that the General Partner will, on behalf of the Partnership, be able to identify a sufficient number of suitable Resource Issuers willing to issue Flow-Through Securities at prices deemed to be acceptable by the General Partner to permit the Partnership to commit all Available Funds to purchase Flow-Through Securities by December 31, 2008. As at the date hereof, the Partnership has not entered into any Flow-Through Agreements or selected any Resource Issuers in which to invest. Any Available Funds that have not been committed by the Partnership to purchase Flow-Through Securities or Warrants on or before December 31, 2008 that are in excess of the outstanding bank indebtedness at that date will be distributed to the Limited Partners of record on December 31, 2008, on a *pro rata* basis, no later than January 31, 2009. If uncommitted funds are returned in this manner, Limited Partners will not be entitled to claim all of the anticipated deductions from income for income tax purposes.
- (f) The value of Units will vary in accordance with the value of the securities acquired by the Partnership and in some cases the value of securities owned by the Partnership may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the General Partner or the Partnership and there is no assurance that an adequate market will exist for securities acquired by the Partnership. The investment involves a high degree of risk and should only be considered by persons who can afford a loss of their investment.

- (g) The Partnership will borrow an amount not exceeding the Agents' fee and other expenses of the Offering in order to maximize the allocation of the gross proceeds of the Offering towards the purchase of Flow-Through Securities. There can be no assurance that the borrowing strategy employed by the Partnership will enhance returns and it could reduce returns.
- (h) If the transfer of the Partnership's assets to the Mutual Fund Corporation is completed, certain of the securities held by the Creststreet Resource Fund, while listed and freely tradeable, may be relatively illiquid and may decline in price if a significant number of securities are offered for sale.
- (i) Resource Issuers may not hold or discover commercial quantities of petroleum, natural gas, minerals or renewable energy resources, and their profitability (and correspondingly the value of investments held by the Partnership in such Resource Issuers) may be affected by various factors, including adverse fluctuations in commodity prices, unanticipated depletion of reserves, liability for environmental damage, competition and government regulation.
- (j) The Partnership will invest primarily in securities of Resource Issuers engaged in oil and gas, mining or renewable energy exploration and development, which focus may result in the Net Asset Value being more volatile than portfolios with a more diversified investment focus. The value of the Partnership's portfolio may fluctuate with underlying market prices for commodities produced by those sectors of the economy.
- (k) There can be no assurance that any hedging activity of the Partnership in respect of shares of particular Resource Issuers or against declines in commodity prices will be successful.
- (l) The Partnership and the General Partner are newly established with no previous operating history.
- (m) While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity.
- (n) The General Partner, the Partnership Advisor, their Affiliates and the directors and officers of any of them may engage in the promotion, management or investment management of any other fund, partnership or other investment vehicle including those which invest primarily in Flow-Through Securities or in other securities of Resource Issuers and certain conflicts may arise from time to time in the management of such funds or vehicles and in determining appropriate investment opportunities. Although none of the directors or officers of the General Partner or the Partnership Advisor will devote his full time to the business and affairs of the Partnership, the General Partner or the Partnership Advisor, each will devote as much time as is necessary for the management of the business and affairs of the General Partner, the Partnership Advisor and the Partnership.
- (o) Limited Partners may lose their limited liability in certain circumstances, including by taking part in the control of the business of the Partnership. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Limited Partners may be liable beyond their contribution and share of undistributed net income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Partnership.
- (p) Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.
- (q) There is currently no market through which the Units may be sold and none is expected to develop. Purchasers may not be able to resell securities purchased under this prospectus. The Partnership will endeavour to provide Limited Partners with enhanced liquidity for their Units by completing the Mutual Fund Rollover Transaction or a Liquidity Alternative. The completion of the Mutual Fund Rollover Transaction will be subject to prior regulatory approval. There can be no assurance that such

regulatory approval will be received. The Creststreet Resource Fund is not intended to offer investors a complete investment program. There will be no public market for the Mutual Fund Shares, but the Mutual Fund Shares will be redeemable by the holders thereof and may be switched for shares of the other Creststreet Funds on a tax-deferred basis. See “Mutual Fund Rollover Transaction and Termination of the Partnership”.

- (r) Because each of the Creststreet Funds including the Creststreet Resource Fund is part of the Mutual Fund Corporation, the Mutual Fund Corporation as a whole is liable for each Creststreet Fund’s liabilities. If one Creststreet Fund cannot pay its liabilities, the Mutual Fund Corporation will be required to pay those liabilities from the assets of the other Creststreet Funds.
- (s) The Partnership is authorized to issue an unlimited number of Units. In addition to the Units offered under this prospectus, the General Partner may in its sole discretion raise capital from time to time for the Partnership by selling additional Units at such prices and on such terms and conditions as the General Partner may in its sole discretion determine; provided that the issuance of such Units may not be at a price per Unit less than the Net Asset Value per Unit at the time of the pricing of the issuance. There can be no assurance that the General Partner will, on behalf of the Partnership, be able to identify a sufficient number of suitable Resource Issuers willing to issue Flow-Through Securities at prices deemed to be acceptable by the General Partner to permit the Partnership to commit the net proceeds of such additional sales of Units to purchase Flow-Through Securities by December 31, 2008.

Tax-Related

Units are most suitable for an investor whose income is subject to the highest marginal income tax rate. Federal or provincial income tax legislation may be amended, or their interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units or Mutual Fund Shares including on exchanging Units for Mutual Fund Shares on dissolution of the Partnership.

There is a risk that Resource Issuers will not incur and renounce or allocate CEE in an aggregate amount equal to the Available Funds which may adversely affect the return on a Limited Partner’s investment in the Units. Under certain Flow-Through Agreements to purchase Flow-Through Shares, the subscription price for Flow-Through Shares may be released before CEE has been incurred and renounced. There is a risk under such Flow-Through Agreements that the Resource Issuer will not incur and renounce CEE in an amount equal to the subscription price for such shares; however, the Resource Issuer will agree to indemnify each Limited Partner for the additional tax payable by the Limited Partner in such circumstances.

In order that investment tax credits be available to Limited Partners that are individuals in respect of certain CEE renounced to the Partnership by a Resource Issuer engaged in mining exploration, the relevant Flow-Through Agreement must be entered into before April, 2008. There is no assurance that the Partnership will enter into any such Flow-Through Agreements before April, 2008.

There is a further risk that the expenditures incurred by Resource Issuers and purportedly renounced or allocated to the Partnership may not qualify as CEE, which may adversely affect the return on a Limited Partner’s investment in the Units.

If the Partnership sells Flow-Through Shares, it will realize a capital gain substantially equal to the sale proceeds because the Flow-Through Shares have a nil cost for tax purposes. There is therefore a possibility that Limited Partners will receive allocations of income (including taxable capital gains) from the Partnership without receiving a corresponding cash distribution to satisfy any resulting tax liability.

There may be disagreements with the CRA with respect to certain tax consequences of an investment in Units of the Partnership. The alternative minimum tax could limit tax benefits available to Limited Partners.

If the Partnership were to incur losses in relation to transactions in derivatives engaged in to hedge against changes in commodity prices, the “at-risk” rules could apply to limit the deduction of all or part of a Limited Partner’s share of such losses.

If the Sift Tax referred to in “Canadian Federal Income Tax Considerations — Rules Applicable to Income Trusts Do Not Apply” were applicable, the consequences to the Partnership and Limited Partners would be

materially, and in some cases adversely, different from those discussed under “Canadian Federal Income Tax Considerations”.

If enacted as proposed, the Proposed Loss Limitation Rule could limit the deductibility of losses realized by the Partnership and allocated to Limited Partners and the deduction by Limited Partners of expenses of the Offering and the Agents’ fee after the dissolution of the Partnership.

The restrictions on the deduction of investment expenses (including certain CEE) under the *Taxation Act* (Québec) may limit the tax benefits available for Québec tax purposes to individual Limited Partners who are residents of Québec or liable to Québec taxes if they have insufficient investment income. Such Limited Partners should consult their own Québec tax advisers.

If a Limited Partner finances the subscription price of his Units with a borrowing or other indebtedness that is, or is deemed under the *Tax Act* to be, a limited recourse financing, the tax benefits of the investment to the Limited Partner will be adversely affected.

The possibility exists that the CRA may attempt to attribute borrowings under the Loan Facility to the acquisition of Flow-Through Securities which would reduce the amount of CEE incurred by the Partnership to be allocated to the Limited Partners.

The Mutual Fund Corporation has a multi-class structure. The tax treatment to a Limited Partner holding Mutual Fund Shares, if the Mutual Fund Rollover Transaction is completed, may differ from holding an investment in a mutual fund that made the same investments but did not have a multi-class corporate structure. The disposition of property by the Mutual Fund Corporation acquired on a tax-deferred basis, including on the Mutual Fund Rollover Transaction, may result in the recognition of larger capital gains than if such acquisitions did not occur and switches by investors between Creststreet Funds which necessitate the sale of investments by the Mutual Fund Corporation may accelerate the recognition of capital gains by the Mutual Fund Corporation and the payment of Capital Gains Dividends to holders of Mutual Fund Shares. See “Canadian Federal Income Tax Considerations”.

MATERIAL CONTRACTS

Material contracts which have been entered into by the Partnership since its formation, or will be entered into prior to the initial Closing of this Offering, other than contracts entered into in the ordinary course of business, are as follows:

- (a) the Partnership Agreement between the General Partner, Creststreet as Initial Limited Partner and the Limited Partners referred to under “Summary of the Partnership Agreement”;
- (b) the Agency Agreement made among the Partnership, the General Partner, Creststreet and the Agents and referred to under “Plan of Distribution”;
- (c) the Transfer Agreement made between the Partnership and the Mutual Fund Corporation and referred to under “Mutual Fund Rollover Transaction and Termination of the Partnership”;
- (d) the agreement with respect to the Loan Facility; and
- (e) the Partnership Advisory Agreement among the Partnership Advisor and the Partnership referred to under “The Partnership Advisor — Partnership Advisory Agreement”.

Copies of the contracts referred to above, once executed, may be inspected during normal business hours at the offices of Creststreet at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4 throughout the period of distribution and for 30 days thereafter. The Partnership Agreement will be accessible for download from the Internet as a document of the Partnership under SEDAR at www.sedar.com and on Creststreet’s website at www.creststreet.com and will be provided upon written request to the General Partner at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4. None of the information contained on Creststreet’s website is or shall be deemed to be incorporated in this prospectus by reference.

PROMOTERS

Creststreet and the General Partner may be considered to be promoters of the Partnership by reason of their initiative in forming and establishing the Partnership and taking the steps necessary for the public distribution of the Units. The promoters will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described under “Fees and Expenses Payable by the Partnership” and “Interest of Management in Material Transactions”.

LEGAL PROCEEDINGS

There are no legal proceedings material to the Partnership, the General Partner or Creststreet. None of the Partnership, the General Partner or Creststreet knows of any material threatened legal proceedings against any of them or of any material basis on which legal proceedings may be commenced against them.

LEGAL MATTERS

Legal matters in connection with the Offering of the Units will be passed upon on behalf of the Partnership, the General Partner and Creststreet by McCarthy Tétrault LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP.

AUDITORS, TRANSFER AGENT, REGISTRAR AND CUSTODIAN

The auditors of the Partnership and the General Partner are KPMG LLP located at Suite 3300, Commerce Court West, P.O. Box 31, Station Commerce Court, Toronto, Ontario M5L 1B2.

The General Partner will act as transfer agent and registrar and custodian for the Partnership at its principal office in Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt, or deemed receipt, of a prospectus and any amendment. In certain provinces securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of his province. The purchaser should refer to any applicable provisions of the securities legislation of his or her province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the prospectus of Creststreet 2008 Limited Partnership (the “**Partnership**”) dated February 15, 2008 relating to the sale and issue of units of the Partnership (the “**Prospectus**”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the use in the Prospectus of our report to the directors of the general partner of the Partnership on the balance sheet of the Partnership as at February 15, 2008. Our report is dated February 15, 2008.

(Signed) “KPMG LLP”
Chartered Accountants, Licensed Public Accountants

Toronto, Canada
February 15, 2008

CRESTSTREET 2008 LIMITED PARTNERSHIP BALANCE SHEET

AUDITORS' REPORT

To the Directors of

CRESTSTREET 2008 GENERAL PARTNER LIMITED,

in its capacity as general partner of Creststreet 2008 Limited Partnership:

We have audited the balance sheet of Creststreet 2008 Limited Partnership (a limited partnership) as at February 15, 2008. This balance sheet is the responsibility of the general partner of Creststreet 2008 Limited Partnership. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation.

In our opinion, this balance sheet presents fairly, in all material respects, the financial position of Creststreet 2008 Limited Partnership as at February 15, 2008 in accordance with Canadian generally accepted accounting principles.

(Signed) "KPMG LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

February 15, 2008

**CRESTSTREET 2008 LIMITED PARTNERSHIP
BALANCE SHEET AS AT FEBRUARY 15, 2008**

ASSETS

CASH \$10

PARTNER'S CAPITAL

INITIAL LIMITED PARTNER

Interest \$10

See accompanying notes to the balance sheet.

Approved by the Board of Directors of Creststreet 2008 General Partner Limited, as General Partner:

(Signed) ROBERT J. TOOLE
Director

(Signed) STUART P. HENSMAN
Director

NOTES TO BALANCE SHEET

1. Formation of Partnership

Creststreet 2008 Limited Partnership (the “**Partnership**”) was formed as a limited partnership under the laws of the Province of Ontario on December 19, 2007. The Partnership intends to invest primarily in flow-through shares of resource companies consistent with its investment objective, strategies and guidelines. The objective of the Partnership is (i) the preservation of capital and (ii) capital appreciation primarily through investment in flow-through shares of resource issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada.

The General Partner of the Partnership is Creststreet 2008 General Partner Limited (“**General Partner**”) which is a promoter of the Partnership in connection with the Offering of units of the Partnership.

The advisor to the Partnership is Creststreet Asset Management Limited (the “**Partnership Advisor**”).

Under its limited partnership agreement dated as of February 15, 2008, the Partnership will be dissolved on or about January 22, 2010.

2. Payments to General Partner

The General Partner, pursuant to the partnership agreement, will be entitled to a 0.01% beneficial interest in the Partnership. In addition, the General Partner will be entitled to a performance bonus allocation on the Partnership’s dissolution date in an amount equal to (i) 20% of the amount by which the net asset value per unit on the Partnership’s dissolution date (excluding the effect of distributions, if any) exceeds \$11.20, multiplied by (ii) the number of units outstanding at the dissolution date. The General Partner has agreed that the performance bonus allocation, if any, will be paid in shares of the Resource Class of Creststreet Mutual Funds Limited if the Partnership’s assets are transferred to such corporation in exchange for mutual fund shares.

In addition, the General Partner is reimbursed for reasonable costs incurred by it in acting as registrar and transfer agent and in attending to the administration of the Partnership.

3. Payments to the Partnership Advisor

The Partnership Advisor, pursuant to the partnership advisory agreement between the Partnership Advisor and the Partnership dated February 15, 2008, will be entitled to an annual fee of 2% of the net asset value of the Partnership calculated and paid monthly in arrears.

4. Sale of Units

On February 15, 2008, the Partnership entered into an agency agreement for the issuance and sale of between \$3,000,000 and \$50,000,000 in units of the Partnership before deduction of Agents' commissions and issue costs on a best efforts basis pursuant to a prospectus dated February 15, 2008.

**CERTIFICATES OF THE PARTNERSHIP
AND THE PROMOTERS**

Dated: February 15, 2008

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by section 63 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

(Signed) ROBERT J. TOOLE
Chief Executive Officer
of the General Partner
on behalf of the Partnership

(Signed) DONNA E. SHEA
Chief Financial Officer
of the General Partner
on behalf of the Partnership

On Behalf of the Board of Directors
of Creststreet 2008 General Partner Limited
on behalf of the Partnership

(Signed) STUART P. HENSMAN
Director

(Signed) JOHN E. THOMPSON
Director

The Promoters

Creststreet 2008 General Partner Limited, as Promoter

By: (Signed) ROBERT J. TOOLE
Chief Executive Officer

Creststreet Asset Management Limited, as Promoter

By: (Signed) ROBERT J. TOOLE
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: February 15, 2008

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by section 64 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

SCOTIA CAPITAL INC.

(Signed) BRIAN D. MCCHESENEY

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

(Signed) FAROOQ MOOSA

(Signed) ROBIN G. TESSIER

NATIONAL BANK FINANCIAL INC.

TD SECURITIES INC.

(Signed) MICHAEL SHUH

(Signed) CAMERON GOODNOUGH

HSBC SECURITIES (CANADA) INC.

(Signed) BRENT LARKAN

CANACCORD CAPITAL CORPORATION

(Signed) BINA PATEL

GMP SECURITIES L.P.

PETERS & CO. LIMITED

RAYMOND JAMES LTD.

(Signed) CHRISTOPHER T. GRAHAM

(Signed) PHILIP R. KREPELA

(Signed) J. GRAHAM FELL

MACQUARIE CAPITAL MARKETS CANADA LTD.

TRISTONE CAPITAL INC.

(Signed) SCOTT P. HAYDUK

(Signed) GURDEEP GILL



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