



CRESTSTREET

Excellence

in Flow-through Investing



Q2 2004

Creststreet 2003 Limited Partnership

Message to Limited Partners

We are pleased to present the June 30, 2004 interim report for the Creststreet 2003 Limited Partnership.

The Partnership's investment strategy focuses primarily on Canadian natural gas producers. North American natural gas production continues to be constrained as historical long life reserves are depleted and offsetting new production has higher declines and shorter production lives. Natural gas prices remained strong throughout the second quarter, with additional support from record high crude oil prices making energy substitution less economic. Crude oil prices rose through the quarter from \$34 USD per barrel to over \$37 USD per barrel, peaking at \$42 on June 2nd. Oil price increases were driven by a combination of geopolitical events and global supply disruptions. The equity markets have reacted favourably to these higher commodity prices with the TSX energy index returning 1.7% in the quarter. Creststreet will continue to focus the Partnership's investments on natural gas weighted producers due to the strong supply and demand fundamentals as we anticipate that natural gas prices will remain high for the remainder of 2004 and into the years beyond.

As of August 6, 2004, the net asset value of the Partnership was \$9.29 per unit. This net asset value represents an attractive 39.1% after-tax return for an individual investor in Ontario taxable at the highest marginal tax rate. The Partnership has a solid portfolio of high quality natural gas producers and is extremely well positioned to continue to generate strong returns for unitholders.

We encourage investors to visit our website at www.creststreet.com for timely and comprehensive updates on their investment.

Respectfully submitted,



Robert J. Toole
President

August 2004

Management Discussion and Analysis

Financial Condition

At June 30, 2004, Creststreet 2003 Limited Partnership had net assets of \$32,408,323 including investments in flow through shares of resource companies of \$34,457,869, a loan payable of \$2,873,470 and net working capital of \$823,924.

Change in Net Assets

The increase in net assets of \$788,548 during the period is related to the appreciation of the Partnership's investment portfolio by \$1,289,469 primarily as a result of improved resource commodity prices, offset by a net loss from operations of \$500,921.

Results of Operations

For the period of January 1, 2004 to June 30, 2004 the Partnership paid management fees of \$353,645 being 1/12 of 2% of the net assets of the Partnership, calculated and paid monthly, and incurred administrative costs of \$97,430 and interest expenses of \$57,580 related to the operation of the Partnership.

Statement of Net Assets

As at June 30, 2004 and December 31, 2003

	(Unaudited) June 30, 2004	(Audited) December 31, 2003
Assets:		
Investments in		
Resource Companies (Note 3)	\$ 34,457,869	\$ 34,562,400
Cash and Cash Equivalents	914,818	29,547
Dividend Receivable	4,156	–
	\$ 35,376,843	\$ 34,591,947
Liabilities:		
Loan Payable (Note 4)	2,873,470	2,873,470
Accounts Payable and Accrued Liabilities	95,050	98,702
Net Assets	\$ 32,408,323	\$ 31,619,775
Limited Partnership Units Outstanding	3,482,921	3,482,921
Net Asset Value Per Unit	\$ 9.30	\$ 9.08

See accompanying notes to financial statements

Approved by Creststreet 2003 Management Limited as General Partner
on behalf of Creststreet 2003 Limited Partnership



Director



Director

Statement of Operations

For the Periods ended June 30, 2004 and 2003

	(Unaudited) June 30, 2004	(Unaudited) June 30, 2003
Investment Income:		
Interest and Dividend Income	\$ 7,734	\$ 71,533
Expenses:		
Management Fees (Note 5)	353,645	68,967
Administrative Costs	97,430	36,251
Interest Expense	57,580	10,178
	508,655	115,396
Net Loss	(500,921)	(43,863)
Realized and Unrealized Gain (Loss) on Investments:		
Proceeds of Investments Sold	1,699,466	–
Cost of Investments at Beginning of Period	34,646,845	–
Purchases during the Period	305,466	2,812,598
Cost of Investments at End of Period	(33,212,811)	(2,812,598)
Cost of Investments Sold	1,739,500	–
Net Realized Loss on Sale of Investments	(40,034)	–
Unrealized Appreciation (Depreciation) of Investments	1,329,503	(507,207)
Net Gain (Loss) on Investments	1,289,469	(507,207)
Net Increase (Decrease) in Net Assets Resulting from Operations		
	\$ 788,548	\$ (551,070)
Net Increase (Decrease) in Net Assets Resulting from Operations per Unit:		
Net Loss	\$ (0.14)	\$ (0.01)
Net Gain (Loss) on Investments	\$ 0.37	(0.15)
Net Increase (Decrease) in Net Assets Resulting from Operations per Unit		
	\$ 0.23	\$ (0.16)

See accompanying notes to financial statements

Statement of Changes in Net Assets

For the Periods ended June 30, 2004 and 2003

	(Unaudited) June 30, 2004	(Unaudited) June 30, 2003
Operations:		
Net Increase (Decrease) in Net Assets		
Resulting from Operations	\$ 788,548	\$ (551,070)
Unitholder Transactions:		
Proceeds from Issue of Units	–	34,829,220
Payment of Agents' Fees	–	(2,350,972)
Payment of Costs of Issue	–	(503,420)
Net Increase in Net Assets	\$ 788,548	\$ 31,423,758
Net Assets at Beginning of Period	31,619,775	–
Net Assets at End of Period	\$ 32,408,323	\$ 31,423,758

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 2004

(Unaudited)

Description	Number of Shares	Market Value
Galleon Energy Inc., Class A	366,000	2,928,000
Tempest Energy Corp., Class A	520,000	2,574,000
Compton Petroleum Corporation	330,000	2,475,000
Ketch Resources Ltd.	198,400	2,281,600
Hawker Resources Inc.	450,000	2,272,500
Tesoro Energy Corp.	15,000,000	2,175,000
Mount Copper Wind Power Energy Inc.	1,000,000	2,000,000
E3 Energy Inc.	1,200,000	1,872,000
True Energy Inc.	885,000	1,610,700
Pubinco Point Wind Farm Inc.	6,000	1,500,000
Devlan Exploration Inc.	468,750	1,387,500
Lightning Energy Ltd.	250,000	1,035,000
StarPoint Energy Ltd.	235,000	998,750
Rider Resources Ltd.	225,000	888,750
Clear Energy Inc.	239,000	836,500
High Point Resources Inc.	500,000	835,000
Espoir Exploration Corp., Class A	200,000	792,000
Atlas Energy Ltd.	225,000	684,000
Storm Energy Ltd.	95,000	646,000
Defiant Energy Corporation	125,000	587,500
Sentra Resources Corporation, Class A	459,300	551,160
Galleon Energy Inc., Class B	82,350	535,275
Delphi Energy Corp.	272,700	504,495
ExAlta Energy Inc.	260,000	403,000
Val Vista Energy Ltd.	279,167	376,875
Mustang Resources Inc.	64,375	370,156
Veteran Resources Inc.	741,666	333,750
APF Energy Trust	25,975	295,076
Espoir Exploration Corp., Class B	45,000	261,000
Rival Energy Ltd.	286,000	188,760
Kensington Energy Ltd., Class A	200,000	180,000
Metalex Ventures Ltd.	56,900	78,522
Total Investment Portfolio		34,457,869

See accompanying notes to financial statements

Notes to Financial Statements

For the period ended June 30, 2004

(Unaudited)

1. Creststreet 2003 Limited Partnership

CRESTSTREET 2003 LIMITED PARTNERSHIP (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on February 13, 2003. The principal purpose of the Partnership is to invest in flow-through shares of resource companies involved in oil and gas exploration in Canada. Pursuant to a prospectus dated April 17, 2003, the Partnership commenced operations and the Limited Partners subscribed for 3,482,921 units of limited partnership interest. The General Partner of the Partnership is CRESTSTREET 2003 MANAGEMENT LIMITED (the "General Partner").

2. Basis of Presentation

The interim period consolidated financial statements have been prepared by the Partnership in accordance with Canadian generally accepted accounting principles. The preparation of the financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual statements. This interim period financial statements do not include all the disclosures required by generally accepted accounting principles and accordingly should be read together with the audited annual financial statements and the accompanying notes included in the Partnership's 2003 Annual Report.

3. Cash Held in Escrow

In 2003, the Partnership entered into flow-through subscription agreements to purchase \$3,500,000 of common shares of resource companies upon receipt of satisfactory evidence of expenditures qualifying for Canadian Exploration Expenses ("CEE"). Accordingly, cash paid for these shares is held in escrow. The difference between the commitment amount and the market value of common shares is treated as an unrealized gain or loss and is included in Net Assets. The commitments for the purchase of the shares of the two resource companies is included in investments of the Partnership and is reflected in the Statement of Investment Portfolio as at June 30, 2004. At June 30, 2004, the amount held in escrow was \$123,697.

4. Loan Payable

A Term facility for up to \$4 million matures on the earlier of May 15, 2005 and the dissolution date of the partnership. The facility is secured by a general security agreement and interest is calculated at prime. At June 30, 2004, the total loan payable was \$2,873,470. On July 8, 2004, \$650,000 of the loan was repaid, leaving a balance of \$2,223,470. The loan is subject to certain financial covenants.

5. Related Party Transactions

The General Partner is entitled to receive a fee equal to 2.0% per annum of the net value of the Partnership, calculated and payable monthly in arrears. For the period ended June 30, 2004, the management fee amounted to \$353,645. The General Partner also has a 0.01% beneficial interest in the Partnership.

6. Liquidity of Partnership Units and Termination of the Partnership

On or about January 21, 2005, the Partnership is scheduled to transfer all of its assets to Creststreet Resource Fund Limited, an open end mutual fund (the "Mutual Fund") in exchange for shares of the Mutual Fund. Upon this transfer the Partnership will be dissolved at which time the net assets will be allocated 99.99% to the Limited Partners and 0.01% to the General Partner. Upon dissolution, the Limited Partners will receive their pro rata share of the shares of the Mutual Fund.

7. Tax Shelter Identification Number – TS 068015

The identification number issued for this tax shelter Partnership shall be included in any income tax return filed by the Limited Partners. Issuance of the identification number is for administration purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

Directors of the General Partner

John P. A. Budreski
Managing Director
Scotia Capital Inc.

Larry J. Macdonald
Chairman
Point Energy Inc.

Robert J. Toole
Managing Director
Creststreet Asset Management Limited

Officers of the General Partner

Robert J. Toole, President
Donna Shea, Vice-President, Finance
Sheryl Chiddenton, Secretary Treasurer

Legal Counsel

McCarthy Tétrault LLP
Toronto, Ontario

Auditors

KPMG LLP
Toronto, Ontario

Registered Address

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