



CRESTSTREET

Oil + Gas



2008 CORPORATE PROFILE

OIL > GAS > WIND

Excellence

in energy investing



CRESTSTREET

CORPORATE PROFILE

Creststreet specializes in structuring and managing high-quality energy investment products for Canadian and International institutional and high net worth investors. Creststreet has developed industry leading expertise in both conventional and renewable energy investment management. Since its inception in 2000, Creststreet has raised over \$970 million for investment in resource and renewable energy companies. It is Creststreet's mission to structure and manage the highest quality energy-focused investment funds available in the Canadian capital markets.

Oil +

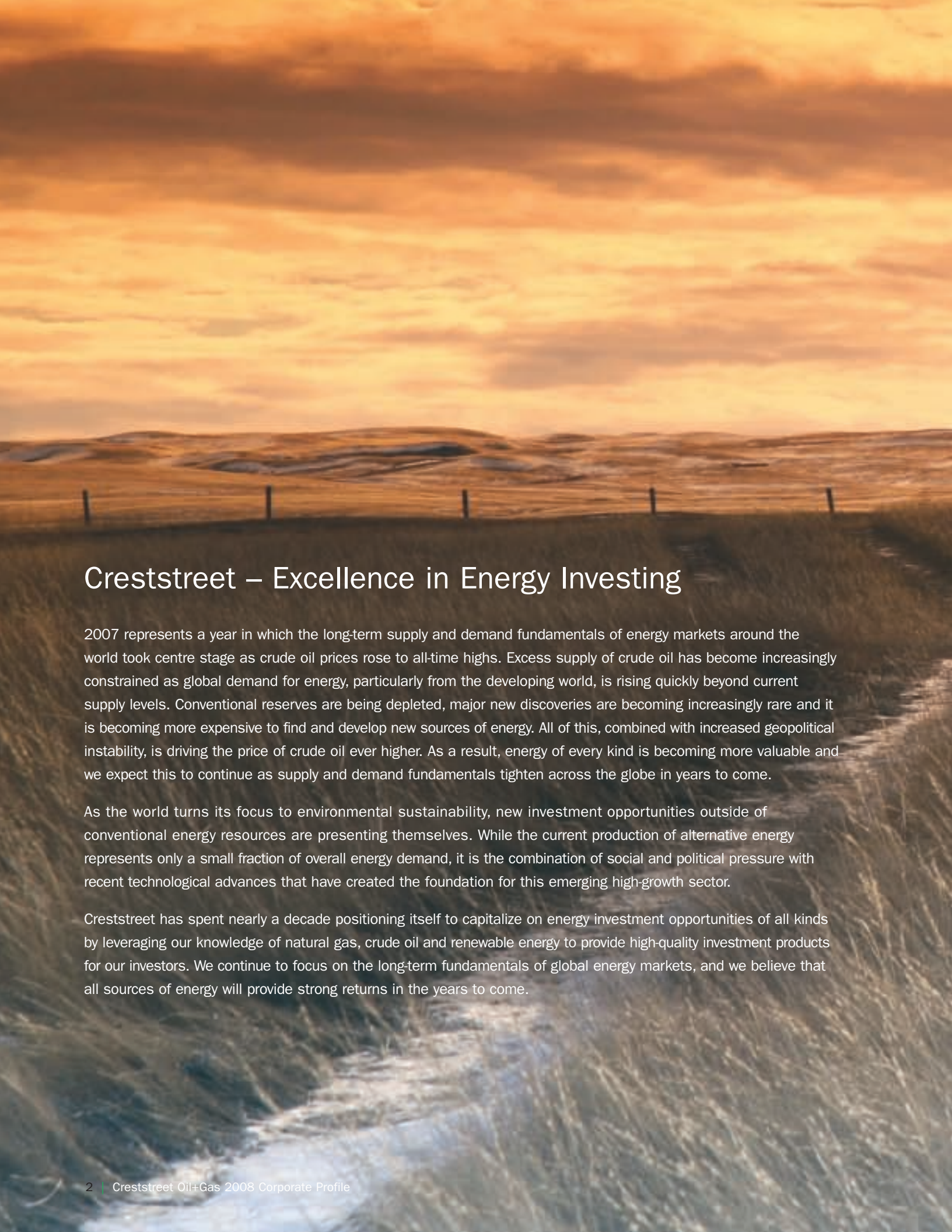
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Gas

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Creststreet – Excellence in Energy Investing

2007 represents a year in which the long-term supply and demand fundamentals of energy markets around the world took centre stage as crude oil prices rose to all-time highs. Excess supply of crude oil has become increasingly constrained as global demand for energy, particularly from the developing world, is rising quickly beyond current supply levels. Conventional reserves are being depleted, major new discoveries are becoming increasingly rare and it is becoming more expensive to find and develop new sources of energy. All of this, combined with increased geopolitical instability, is driving the price of crude oil ever higher. As a result, energy of every kind is becoming more valuable and we expect this to continue as supply and demand fundamentals tighten across the globe in years to come.

As the world turns its focus to environmental sustainability, new investment opportunities outside of conventional energy resources are presenting themselves. While the current production of alternative energy represents only a small fraction of overall energy demand, it is the combination of social and political pressure with recent technological advances that have created the foundation for this emerging high-growth sector.

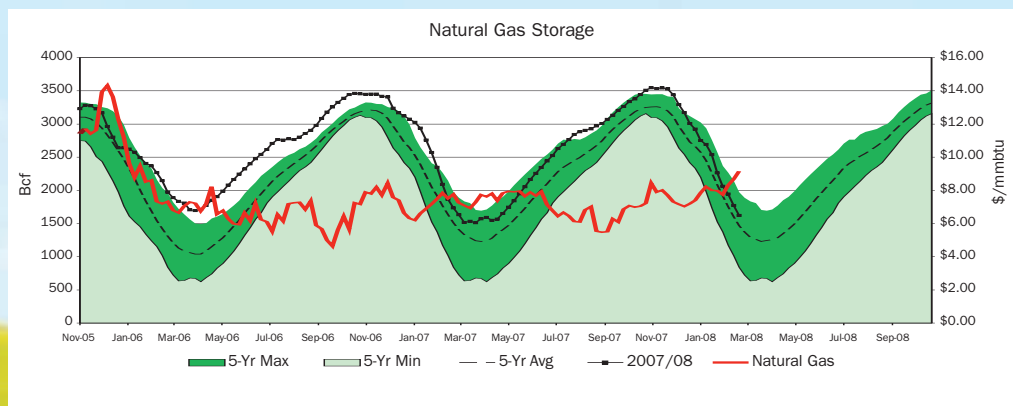
Creststreet has spent nearly a decade positioning itself to capitalize on energy investment opportunities of all kinds by leveraging our knowledge of natural gas, crude oil and renewable energy to provide high-quality investment products for our investors. We continue to focus on the long-term fundamentals of global energy markets, and we believe that all sources of energy will provide strong returns in the years to come.



- > 2007 was a tumultuous year for the broader equity markets as the subprime credit crisis created shock waves through the financial markets and economic data pointed to the potential for a U.S. recession. Central banks around the world took measures to try and preserve economic health and calm financial markets. Despite the potential negative effects that a U.S. recession could have on the global economy, growth in energy demand from key developing countries such as Brazil, Russia, India and China continues to be robust, driving international energy prices.

Global growth in energy demand continues to accelerate, driven by rapidly expanding economies in the developing world. Many analysts now believe that this accelerated demand will continue to outpace the world's growth in available energy supply for the foreseeable future which will serve to drive energy prices even higher. Commodity strength throughout the year has reinforced our belief that any weakness in energy markets is short-term in nature and the long-term fundamental health of both global and North American energy markets remain intact.

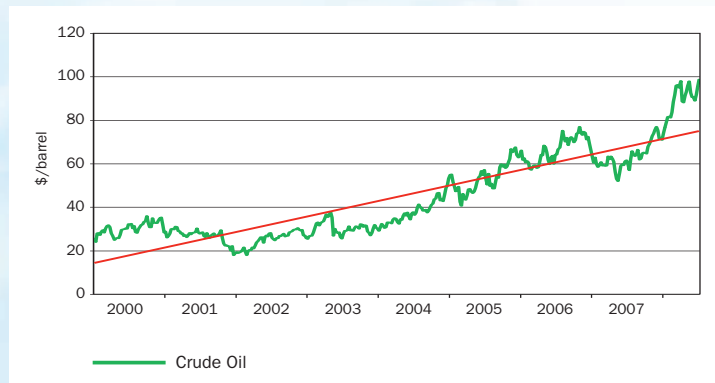
New York Mercantile Exchange (“NYMEX”) natural gas prices advanced 18.8% in 2007, to close the year at \$7.48/mmbtu, showing signs of improving strength and recovery during the year. This strong performance by the commodity is a recovery from the weakness experienced in 2006, the result of high inventory surplus and warm weather. Drilling economics in the United States remain attractive at current prices, while economics in Canada are now beginning to look much more favourable. As expected, a reduction in both drilling activity and imports of Liquefied Natural Gas (“LNG”), combined with strong weather-adjusted demand, have helped to drive prices higher and reduce storage levels towards more normalized levels for the first time in more than two years.



Source: Energy Information Administration



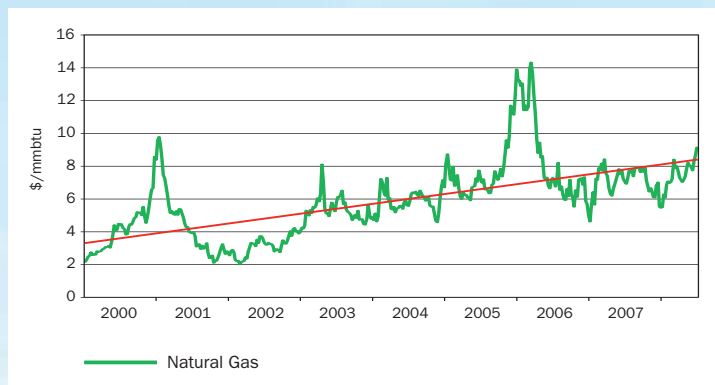
Crude oil prices were also very strong during 2007, as NYMEX light sweet crude oil advanced 57.2%, to close the year at \$95.98 before touching \$100 per barrel subsequent to year-end. Historically, the world has enjoyed a strong surplus in productive capacity for crude oil, a cushion which has declined significantly in the last five years. As a result of this limited spare capacity, and due to continued geopolitical instability, markets remain wary of supply disruption risk and have driven prices to all-time highs. With the rise in oil prices significant amounts of capital flowed into oil-weighted companies, in particular companies with exposure to the Canadian oilsands, driving stocks higher.



Source: Reuters

Over the past several years, the valuations of junior Canadian natural gas companies have languished due to a combination of low natural gas prices resulting from high storage levels, rising service costs, less favourable takeover economics from royalty trusts and the introduction of increased oil and gas royalties by the Alberta Government. Creststreet flow-through portfolios have historically been heavily weighted toward natural gas producers and, as a result, the performance of these funds has suffered for the past several years.

More recently, we are seeing signs of a recovery in Canadian natural gas equity markets due to recent commodity price strength and improving drilling economics. Industry consolidation that began to develop in the fall of 2007, continued through to the end of the year. This is an important step in the recovery process as companies recognize that, at current valuations, growth through acquisition is cheaper than drilling new wells.



Source: Reuters



Outlook

Although 2007 was a volatile year for financial markets, the energy sector continued to outperform most sectors of the economy. Clear trends have emerged that continue to point to a healthy future for the energy markets. In Canada, with declining service costs and more normalized natural gas storage levels, the prospects for investing in Canadian natural gas equities have improved dramatically. As the environment for natural gas producers in Western Canada continue to improve, we believe that equity valuations in the sector will also begin to strengthen; not just through growth in cash flow and net assets, but through an expansion in valuation multiples which are now at the low end of their historical range.

We continue to believe that energy investors will be well rewarded over the long-term and should maintain an overweight exposure to the energy sector.

Respectfully,

A handwritten signature in black ink, appearing to read 'R. Toole'.

Robert J. Toole
Managing Director
Creststreet Asset Management Limited
March 1, 2008

Creststreet Energy Hedge Funds

- > 2007 concluded the third successful year of operations for Creststreet Energy Hedge Funds with an **annual return of 41.17%**, making it one of the **Top Ten** performing **Global** Energy Hedge Funds of the year in **Barclay's Global Energy Hedge Fund Rankings**.

In May 2005, Creststreet launched the Creststreet Energy Hedge Fund L.P for accredited investors resident in Canada. In November 2005, the Creststreet Offshore Energy Hedge Fund Inc. was launched for non-Canadian and non-U.S. institutional investors. These Creststreet Energy Hedge Funds, collectively the “Funds”, have identical investment portfolios and are managed on a *pari-passu* basis.

These Funds employ a long/short strategy that seeks to generate returns by focusing on the specific movements in equity prices of companies operating in the Canadian and international energy sector. The Funds take advantage of Creststreet's extensive knowledge of the global energy markets by seeking out investment opportunities around the world in various energy sub-sectors.





In 2007, the Funds employed a strategy of seeking out opportunity-rich energy companies with international assets as a means of capturing alpha. The Funds had less exposure to the Canadian energy markets due to the weakness that has persisted in its domestic junior oil and natural gas equities. The Funds have also benefited from the success of oilsands-focused development companies, a trend which we expect to continue as large companies consolidate their positions in this world-class asset.

With market fundamentals now beginning to improve in domestic energy markets, the Funds are again beginning to take selective positions in Canadian junior companies to take advantage of the industry consolidation which has already begun, as well as the anticipated recovery in equity valuations as underlying Canadian energy industry commodity fundamentals continue to improve.

Creststreet Energy Hedge Funds continue to be exceptionally well positioned to generate strong returns in the years ahead by leveraging Creststreet's proven expertise and experience in managing long/short energy equity portfolios with exposure in both domestic and international energy markets.



Creststreet Mutual Funds Limited

- > Creststreet Mutual Funds Limited is an open-ended, multi-class mutual fund. The mutual fund has four classes – Creststreet Resource Fund, Creststreet Alternative Energy Fund, Creststreet Managed Income Fund and Creststreet Managed Equity Index Fund. The mutual fund presently has a total net asset of \$107 million.

Creststreet Resource Fund

- > Creststreet Resource Fund (the “Resource Fund”) is ideal for investors who are seeking long-term capital growth through exposure to the global energy sector, with emphasis on North American energy markets and natural gas in particular. The Resource Fund employs a long-term, value-oriented “bottom-up” approach to investing with analysis focusing on management quality, equity specific valuations and industry fundamentals.

After a challenging year in 2006, the Resource Fund posted improved returns in 2007 by increasing exposure to oil-weighted producers, select high-growth alternative energy positions and high-growth Canadian oilsands-related companies. Canadian natural gas equities were weak through 2006, and much of 2007, due to high capital costs, low commodity prices and changes to Alberta’s royalty regime. We are now seeing encouraging signals that North American natural gas markets are returning to their long-term upwards trend. Creststreet expects the reduced natural gas storage inventory levels experienced this winter to lead to higher natural gas prices and strengthened equity valuations in the Canadian junior energy sector over the next several years. **As these fundamentals continue to improve, Creststreet Resource Fund is well-positioned to benefit from improved underlying growth in energy producers and improved market valuations of Canadian energy-related equities.**





Creststreet Alternative Energy Fund

- > Creststreet Alternative Energy Fund (the “Alternative Energy Fund”) is ideal for investors who are seeking exposure to alternative sub-sectors of the energy market with potential for long-term capital appreciation.

The Alternative Energy Fund provides investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively managing value at risk. The Alternative Energy Fund invests primarily in North American issuers whose businesses focus on generating energy outside of conventional carbon-emitting fuel sources. The Manager is uniquely able to leverage its investment management expertise along with its renewable energy development experience to focus on this high-growth sub-sector of the energy markets.

Creststreet Alternative Energy Fund employs a “Growth at a Reasonable Price” investment strategy and evaluates opportunities using a “top-down” approach whereby market fundamentals are thoroughly analyzed with the aim of exploiting attractive economics before broader markets take interest in a company and drive the stock higher.

Alternative sub-sectors of the energy markets are expected to continue to see rapid technological improvements as these sources of energy become increasingly viable options to supply the world’s energy demand. **By focusing on all types of alternative energy, the Alternative Energy Fund will continue to position itself to benefit from the strong returns that are characteristic of leaders in each field.**

Environmental issues continue to be at the top of the agenda for many countries around the world, and Creststreet believes that this trend will continue well into the future. Governments are now recognizing the increased urgency with which they must invest in clean energy, and companies around the world are becoming quick to respond to the incentives to develop and exploit new alternate and environmentally sound sources of energy. The trends being seen in the alternative energy space are only the beginning of what will become an evolution in how the world sources its energy. Creststreet will be well-positioned to benefit from these trends as they develop in the future.



Creststreet Managed Income Fund

- > Creststreet Managed Income Fund (the “Managed Income Fund”) is ideal for investors who are seeking stable income in the form of regular monthly distributions, with a focus on capital preservation and the potential for capital appreciation.

The Managed Income Fund employs a value-based approach to investing with emphasis on management quality, industry fundamentals and business exposure. Relative valuations and industry-specific measures are used to assess holdings which have the ability to sustain and/or grow distributions while showing accretion in the value of their units.

The income trust market in Canada experienced a volatile year in 2007 as did the broader equity markets. The S&P/TSX Capped Income Trust Index (the “Index”) declined 2.7% for the year **while Creststreet Managed Income Fund had a very positive year, advancing 13.4%** for the same period, assuming that all distributions were reinvested into shares of the Managed Income Fund.

The Managed Income Fund employed a strategy of identifying and holding take-out candidates in the business trust sector in order to capitalize on the strong and sustainable yield, as well as the consolidation that occurred during the year. The Managed Income Fund remained cautious with respect to natural gas weighted royalty trusts due to weakness in the Canadian gas market given high capital costs and low commodity prices. A number of royalty trusts elected to cut distributions over the course of the year due to stretched balance sheets as a result of previous weakness in natural gas prices. Distributions of other royalty trusts continue to appear at risk for the same reason.

Creststreet continues to monitor the income trust markets very closely and will continue to seek out strong yields, as well as capital appreciation across all sectors of the market.





Creststreet Managed Equity Index Fund

- > Creststreet Managed Equity Index Fund (the “Managed Equity Index Fund”) is ideal for investors who are seeking long-term growth of capital through investment in a portfolio of equity market index units.

The Managed Equity Index Fund combines active and passive fund management styles with the goal of providing investors with long-term growth of capital by investing in index participation units, in addition to common stocks and convertible debentures of Canadian and International companies. The Managed Equity Index Fund may invest up to 70% in Index participation units in the Canadian, U.S. or foreign equity markets. To enhance diversification, up to 30% of the Managed Equity Index Fund's net assets may be actively managed and fixed income securities may be used during periods of high market volatility to protect capital while awaiting more favourable market conditions.

Global equity markets experienced a very volatile year in 2007, during which the S&P/TSX Composite Index (the “Canadian Index”) advanced 7.2%, while Creststreet Managed Equity Index returned 4.6%. During the year, Creststreet Managed Equity Index Fund opted to maintain exposure to broad domestic and foreign equity markets. The Managed Equity Index Fund's major position was in the Canadian Index, which is weighted heavily to the energy and financial sectors. The Canadian markets experienced strong performance from large capitalization energy names, as well as metals and mining corporations, results which were tempered slightly by weaker performance from the financial sector. The Managed Equity Index Fund remained diversified with positions in index funds that contain a wide range of stocks from Europe, Australasia and the Far East. The Managed Equity Index Fund also maintained a small exposure (6.8%) to the S&P 500 Index. Investments in the latter two index funds are hedged to Canadian dollars in order to eliminate foreign currency risk. The Managed Equity Index Fund did not choose to hold equity investments, other than index participation units.



Creststreet

Energy Flow-through Funds

- > Creststreet has been a leader in structuring and managing flow-through limited partnerships for Canadian resident taxpaying investors. To date Creststreet has raised over \$375 million through eleven partnerships since 2000, which have generated an average after-tax return of 13.0% for investors.

In June 2007, the Creststreet 2007 Limited Partnership completed its public offering of units, raising \$58 million for investment in flow-through shares of Canadian energy companies. The proceeds from this offering were substantially invested by December 31, 2007, generating tax deductions applicable to the 2007 taxation year for limited partners. The Creststreet 2007 Limited Partnership was invested both with the goal of taking advantage of the very attractive returns being seen in oil-weighted producers, as well as with the aim of benefiting from the recovery in valuations that is anticipated in equities of junior natural gas issuers as fundamentals continue to improve. This Partnership is scheduled to roll into the Creststreet Resource Fund in January 2009.

In January 2008, the assets of the Creststreet 2006 Limited Partnership and the Creststreet 2006 (II) Limited Partnership were exchanged for shares of the Creststreet Resource Fund. At the time of rollover, investors in Creststreet 2006 Limited Partnership received 0.4900 shares of Creststreet Resource Fund in exchange for each unit held, and investors in Creststreet 2006 (II) Limited Partnership received 0.7225 shares of Creststreet Resource Fund in exchange for each unit held.

The Creststreet 2006 and 2006 (II) Limited Partnerships experienced difficult market conditions during their investment cycle as their portfolios were invested with a strong focus on natural gas weighted issuers. Investment occurred in 2006, when commodity prices and equity valuations were higher. The investment portfolios of these Partnerships were adversely affected by falling natural gas prices, rising exploration and operating costs, reduced valuations of energy royalty trusts as a result of tax changes announced by the Canadian Federal Government and more recently, by adverse affects of the new Alberta Royalty Regime for conventional oil and gas producers.





Weakness in the equities of Canadian natural gas producers persisted through much of 2007; however, the market is now showing encouraging signs of a recovery. Natural gas storage levels have now fallen into more normalized ranges and natural gas prices have strengthened significantly.

The Creststreet Resource Fund maintains a diversified portfolio of assets exposed to both international and domestic oil and gas opportunities, high-growth alternative energy sectors, as well as selective positions in high-quality Canadian natural gas producers and companies with exposure to Canada's world class oilsands resources.

We continue to recommend that investors retain their shares of the Creststreet Resource Fund to benefit from the continued recovery of natural gas prices and the energy sector generally, over the next several years.

In December 2007, Creststreet filed a prospectus for the Creststreet 2008 Limited Partnership which proposes to raise up to \$50 million for investment in flow-through shares of Canadian energy companies. This fund is targeting an equal balance between natural gas and oil weighted producers, and may also include some mining and renewable energy investments.



Board of Directors

Jeffrey S. Boyce

President and Chief Executive Officer
SURE Energy Inc.

Stuart P. Hensman¹

Corporate Director

John E. Thompson²

President and Chief Executive Officer
Sirus Energy Inc.

Robert J. Toole

Managing Director
Creststreet Capital Corporation

Officers

Robert J. Toole, C.A.

President and Chief Executive Officer

Donna Shea, C.A.

Vice-President, Finance and
Chief Financial Officer

Aaron C.B. Maybin

Vice-President

Sheryl Chiddenton

Secretary and Treasurer

Fund Symbols

CAM 100, CAM 107, CAM 108,
CAM 200, CAM 300, CAM 400

Legal Counsel

McCarthy Tétrault LLP
Toronto, Ontario

Auditors

KPMG LLP
Toronto, Ontario

Legend

¹ Member of audit committee

² Chair of audit committee



CRESTSTREET



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Management's Report of Fund Performance

For the year ended December 31, 2007

THIS ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE ANNUAL REPORT OF CRESTSTREET 2006 LIMITED PARTNERSHIP (THE "PARTNERSHIP").

UNITHOLDERS MAY OBTAIN A COPY OF THE INTERIM OR ANNUAL FINANCIAL STATEMENTS AT NO COST BY CALLING 1 866 864-6330, BY WRITING TO CRESTSTREET 2006 LIMITED PARTNERSHIP, 70 UNIVERSITY AVE., SUITE 1450, TORONTO, ON, M5J 2M4, OR BY VISITING OUR WEBSITE AT WWW.CRESTSTREET.COM. UNITHOLDERS MAY ALSO CONTACT CRESTSTREET USING ONE OF THESE METHODS TO REQUEST A COPY OF THE PARTNERSHIP'S PROXY VOTING POLICIES, PROXY VOTING DISCLOSURE RECORD, OR QUARTERLY PORTFOLIO DISCLOSURE.

Results of Operations

> Investment Performance

The Creststreet 2006 Limited Partnership experienced difficult market conditions during its investment cycle as the portfolio was invested with a strong focus on natural gas weighted issuers. This investment occurred in 2006 while commodity prices and equity valuations were higher. The investment portfolio of the Partnership was adversely effected by falling natural gas prices, rising exploration and operating costs, reduced valuations of energy royalty trusts as a result of tax changes announced by the Canadian Federal Government and more recently, by adverse affects of the new Alberta Royalty Regime for conventional oil and gas producers.

2007 was generally a positive year for oil and natural gas commodity prices. Crude oil posted strong gains and North American natural gas began to show signs of recovery from the weakness experienced in 2006. New York Mercantile Exchange ("NYMEX") light sweet crude oil rose 57.2% to close the year at US\$95.98, before touching US\$100 per barrel subsequent to the end of the year. In comparison, NYMEX natural gas prices increased only 18.8% to close the year at US\$7.48/mmbtu.

Crude oil was strong throughout the year as markets continued to recognize the tight balance of supply and demand across the globe. Surplus productive capacity for crude oil has declined significantly over the last five years, causing increased market focus on the prospect of supply disruptions due to geopolitical instability. OPEC (Organization of Petroleum Exporting Countries) has declined to increase quotas, stating that the market is well-supplied which has also lent support to the commodity.

Natural gas prices continued to be moderate throughout 2007 as storage levels continued to be high throughout the year. North American natural gas storage levels have now begun to fall back to near historical levels, which has served to strengthen prices and has improved drilling economics in Western

Canada. As anticipated, a supply response from low natural gas prices is now taking place with drilling activity falling and imports of Liquefied Natural Gas (LNG) being attracted away from North America in favour of higher prices elsewhere. This limited supply growth in natural gas, which is expected to continue through 2008, will set the stage for a very positive operating environment for junior energy companies.

Junior natural gas equity valuations, which have been weak since 2006, are now responding to the improved natural gas fundamentals currently being seen in the market. Creststreet is now seeing evidence of a recovery in the junior natural gas space. Industry consolidation is now taking place and the economics of drilling in Western Canada are improving as the commodity price strengthens. As a result, these improved fundamentals are now starting to be recognized in the valuations of junior energy stocks. We remain confident in the long-term prospects of the energy industry and view the current environment as a great investment opportunity.

> Revenues and Expenses

The results of operations for 2006 cover the period from the commencement of operations on February 24 to December 31, while the 2007 results cover a full year. Interest income for 2007 is marginal as the Partnership's funds were fully invested.

The Partnership incurred expenses totalling \$718,331 during 2007 compared to \$811,118 for the period from February 24 to December 31, 2006. The Partnership's largest single expense item is partnership advisor fees, which are calculated at 2.0% per annum of the Partnership's NAV, calculated monthly and paid in arrears. The Partnership has negotiated a term loan facility which allowed it to borrow an amount to pay agents' fees and other issue costs thereby maximizing its investment in flow-through securities. The initial drawdown of the loan took place on February 24, 2006 for \$2,977,115, and a subsequent and final drawdown for \$175,839 took place on May 23, 2006. The balance of the loan was \$3,152,954 as at December 31, 2007, and represented approximately 20% of the Partnership's net assets as at that date. The loan facility matures on the earlier of March 30, 2008 and the dissolution date of the Partnership. The facility is secured by a general security agreement and interest is calculated at the bank's prime rate. The loan is subject to certain financial covenants. The Partnership was not in violation of any covenants at December 31, 2007, nor at any time during the period. Interest expense for the period was \$199,641.

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance since its inception on February 24, 2006. This information is derived from the Partnership's annual financial statements.

The Partnership's Net Asset Value (NAV) per Unit:

	2007	2006
Net asset value, beginning of period	\$ 5.99	\$ 10.00
Initial adoption of new accounting policy ⁽¹⁾	(0.05)	
Increase (decrease) from operations:		
Total revenue	0.01	0.13
Total expenses	(0.18)	(0.20)
Realized loss on investments	(3.17)	(0.26)
Unrealized gain (loss) on investments	1.33	(2.89)
Transaction costs	(0.04)	-
Total decrease from operations ⁽²⁾	(2.05)	(3.22)
Net asset value, end of period (GAAP NAV)⁽³⁾	\$ 3.89	\$ 5.99

(1) This line shows the impact of a new accounting policy adopted on January 1, 2007. The implementation of this new policy impacts the way the Partnership values the securities it holds and is discussed in greater detail under in the "Recent Developments" section of this report. The closing Pricing NAV is disclosed in the "Ratios and Supplemental Data" table that follows.

(2) Net asset value is based on the actual number of units outstanding at the relevant time. The decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net asset value per unit.

Ratios and Supplemental Data

	2007	2006
Net assets (000's) ⁽¹⁾	\$ 15,568	\$ 23,961
Number of units outstanding ⁽¹⁾	4,000,000	4,000,000
Management expense ratio (MER) ⁽²⁾	3.78%	3.23%
Portfolio turnover rate ⁽³⁾	91.72%	11.14%
Trading expense ratio ⁽⁴⁾	0.86%	0.04%
Closing Pricing NAV per unit	\$ 3.95	\$ 5.99

(1) This information is provided as at December 31 of the years shown.

(2) The management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all of the securities in its portfolio once in the course of a year. The higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Summary of Investment Portfolio

As at December 31, 2007

Description	Total % of net assets
Natural gas	57.73%
Oil	43.65%
Alternative energy	12.39%
	113.77%
Cash and cash equivalents	11.33%
Other net assets	-25.10%
	100.00%

Top 25 Positions

Description	% of net assets
TriStar Oil & Gas Ltd.	12.92%
Mahalo Energy Ltd.	7.61%
Petro Andina Resources Inc.	7.89%
Solana Resources Limited	7.04%
Crew Energy Inc.	7.07%
OPEL International Inc.	6.82%
Sabretooth Energy Ltd.	6.35%
Duvernay Oil Corp.	5.58%
Serica Energy plc	5.35%
Kereco Energy Ltd.	5.01%
Storm Exploration Inc.	4.53%
ARISE Technologies Corporation	4.06%
Pacific Stratus Energy Ltd.	3.93%
Vero Energy Inc.	3.16%
Angle Energy Inc.	3.08%
Antrim Energy Inc.	3.08%
Cirrus Energy Corporation	2.88%
Huron Energy Corporation	2.89%
Open Range Energy Corp.	2.12%
Cyries Energy Inc.	2.07%
Orleans Energy Ltd.	1.92%
Pienza Petroleum Inc.	1.89%
Stonefire Energy Corp.	1.54%
Zongshen PEM Power Systems Inc.	1.51%
Celtic Exploration Ltd.	1.39%
Other resource issuers	2.08%
	113.77%

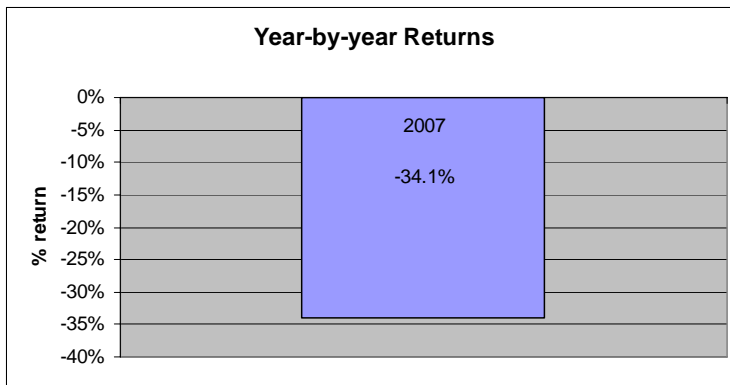
The summary of investment portfolio may change due to ongoing portfolio transactions of the Partnership. The most recent annual report, semi-annual report or quarterly portfolio disclosure is available at no cost by calling 1-866-864-6330, by writing to us at Creststreet 2006 Limited Partnership, Suite 1450, 70 University Avenue, Toronto ON M5J 2M4 or by visiting our website at www.creststreet.com.

Past Performance

The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance, nor does it take into account any tax benefits realized by investors. How the Partnership has performed in the past does not necessarily indicate how it will perform in the future. These performance numbers are provided on a nominal basis to conform with securities regulations and do not account for any income tax benefits an investor would have received as a result of an investment in the Partnership. The performance data presented here should not be compared to performance data provided in the Partnership's sales and marketing materials, as these publications provide returns on an after-tax basis assuming an investor is an Ontario resident in the highest marginal tax bracket.

Year-by-Year Returns

The following bar chart shows the Partnership's annual performance for 2007, the Partnership's first complete financial period. In percentage terms, the bar chart shows how much an investment made on the first day of the financial year would have grown or decreased by the last day of the financial year.



Annual Compound Returns

The following table shows the Partnership's historical annual compound total returns for the periods indicated, compared with the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index.

	Creststreet 2006 LP	S&P/TSX CDN Capped Energy Index	S&P/TSX Composite Index
1 year	-34.1%	7.9%	7.2%
Since inception	-39.5%	2.2%	8.9%

About the Indices and Fund Performance

The S&P/TSX Capped Energy Index is comprised of shares of Canadian companies involved in exploration and/or production of energy resources and is designed to track the performance of the entire energy sector. The S&P/TSX Composite Index covers approximately 95% of the Canadian-based Toronto Stock Exchange-listed companies and is designed to track the performance of the Canadian equities market as a whole.

The S&P/TSX Capped Energy Index (the "Energy Index") rose 7.9% during 2007 to close the year at 350.24. The Energy Index exhibited a high degree of volatility during the year in sympathy with broad equity markets across all sectors.

In 2007, the Partnership returned -34.1%. The partnership was weighted heavily to small and mid-capitalization companies engaged in the exploration for and production of natural gas in Canada. Due to a period of high capital costs and low commodity prices, junior natural gas equity valuations fell in 2007 and the Partnership did not experience the high returns that have been characteristic of past years.

Investment Objectives and Strategies

The investment objective of the Partnership is to invest in the flow-through securities of companies engaged in oil and gas, mining, or renewable energy exploration and development in Canada.

The Partnership's portfolio is managed with the aims of preserving the Partnership's capital and capital appreciation on the Partnership's investments. The Partnership looks to invest in flow-through securities that represent good value in relation to their market price and the intrinsic value of the issuer's shares, and in companies that have experienced and proven management teams. Such companies should have a strong exploration program or renewable energy project in place that offer the potential for future growth. The Partnership has the following investment guidelines in place that govern investing activities:

> **Resource Issuers** – The Partnership invests substantially all of its funds in the flow-through securities of companies engaged in oil and gas, mining, or renewable energy exploration and development in Canada. To the extent that the Partnership disposes of these securities (for example, if a take-over bid is made for such securities), the Partnership may reinvest the net proceeds in securities of other resource issuers, including flow-through securities, or to exercise warrants.

> **Exchange Listing** – The Partnership invests a minimum of 80% of funds in flow-through securities of resource issuers that are listed on the TSX or on the TSX Venture Exchange.

> **Market Capitalization** – 50% of the Partnership's investments must be in flow-through shares in resource issuers whose market capitalization is at least \$50 million at the time of purchase.

> **Private Companies** – The Partnership may invest 20% of its funds in resource issuers that are not publicly traded.

> **Diversification** – The Partnership may not purchase securities of any one issuer if that purchase would result in a position that is greater than 10% of the Partnership's net asset value at the time of purchase, however, the Partnership may invest up to 20% of its net asset value (determined at the time of purchase)

in resource issuers with a market capitalization of more than \$50 million per issuer, and may invest up to 30% of its net asset value in resource issuers with a market capitalization of more than \$100 million.

> No Control – The Partnership may not purchase securities of a reporting issuer for the purposes of exercising control or management of such issuer. The Partnership may not purchase more than 10% of the voting securities of any issuer.

Recent Developments

Rollover of Partnership Assets to Creststreet Resource Fund

On January 18, 2008, the Partnership's assets were transferred to Creststreet Resource Fund (the "Fund") and limited partners received 0.490004 Series 2008 shares of the Fund in exchange for each partnership unit held.

Change in accounting policies

The Canadian Institute of Chartered Accountants ("CICA") has introduced new accounting standards which impact the way financial information is reported. The following explains the relevant new CICA Handbook section and how it impacts the financial reporting of the Partnership.

Section 3855 "Financial Instruments – Recognition and Measurement"

This section covers the accounting treatment of financial assets and liabilities. Prior to this new standard, Canadian Generally Accepted Accounting Principles ("GAAP") required actively traded securities to be valued at the price at which it last traded. This applied to securities held long and sold short. Section 3855 requires actively traded securities to be valued at the last available bid price for securities held long and at the last available ask price for securities sold short.

Broker commissions paid on the purchase of securities were previously included in the cost of the investment while commissions paid on the sale of securities reduced the amount of proceeds reported which in turn impacted the related gain or loss on the transaction. Disclosure of total brokerage commissions paid during a period was disclosed in the notes to the financial statements. Section 3855 requires that all commissions paid to brokers be disclosed separately on the Statement of Operations in the period they are incurred.

These new accounting standards impact financial reporting but do not impact the NAV calculated for weekly pricing updates or for partnership advisor fee calculations. The use of last traded market prices for the calculation of the NAV for pricing purposes (the "Pricing NAV") versus the use of last bid or ask prices for the calculation of the NAV for financial reporting purposes (the "GAAP NAV") will generally result in a difference between Pricing NAV and GAAP NAV. This difference is presented on the Statements of Net Assets. The adoption of these new accounting policies is applied prospectively and prior periods are not restated, however, an adjustment is made to the opening balances for 2007.

Related Party Transactions

Partnership advisor fees are paid to Creststreet Asset Management Limited (the "Partnership Advisor") for the management of the Partnership's day-to-day operations. The advisor fee is 2.0% of the Partnership's NAV calculated and paid monthly in arrears.

Management Fees

The Partnership Advisor provides investment and administrative services to the Partnership. In consideration for these services, the Partnership pays the Partnership Advisor a partnership advisor fee equal to 2.0% per annum of the net asset value of the Partnership, calculated and payable monthly in arrears. Goods and services tax (GST) is paid on all partnership advisor fees. Partnership advisor fees totalled \$403,802 for the period ended December 31, 2007.

Risk

There have been no major or significant changes that have had an impact on the overall risk level of any investments in the Partnership. The Partnership's investment philosophy, style and method remain unchanged.

Management's Responsibility for Financial Reporting

These financial statements form the basis for all of the financial information that appears in this annual report. The financial statements and all of the information in this annual report are the responsibility of the management of Creststreet 2006 General Partner Limited and have been reviewed and approved by its board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities.

Management has prepared the financial statements according to Canadian generally accepted accounting principles ("GAAP"). Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present the entity's financial position, results of operations and changes in net assets. Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. Management believes that the internal controls provide reasonable assurance that our financial records are reliable and form a proper basis for preparing the financial statements, and that our assets are properly accounted for and safeguarded.

KPMG LLP, the unitholders' external auditors, have audited the financial statements in accordance with Canadian generally accepted auditing standards and their report follows. KPMG LLP has free and full access to the board's audit committee.



Robert J. Toole
President
Chief Executive Officer
Creststreet 2006 General Partner Limited



Donna Shea
Vice-President, Finance
Chief Financial Officer
Creststreet 2006 General Partner Limited

February 28, 2008

Auditor's Report to the Partners

We have audited the statement of net assets and investment portfolio of Creststreet 2006 Limited Partnership as at December 31, 2007 and 2006, the statement of investment portfolio as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2007 and for the period from February 24 (date of inception) to December 31, 2006. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Partnership as at December 31, 2007 and 2006, the investments held as at December 31, 2007, and the results of its operations, changes in net assets and its cash flows for the year ended December 31, 2007 and for the period from February 24 (date of inception) to December 31, 2006 in accordance with Canadian generally accepted accounting principles.

Handwritten signature of KPMG LLP in black ink, with a horizontal line underneath.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

February 28, 2008

Statements of Net Assets

As at December 31	2007		2006	
Assets:				
Investments at market value	\$	17,711,369	\$	26,452,022
Cash and cash equivalents		1,764,575		137,597
Due from broker		-		1,255,527
Interest receivable		4,624		-
Accounts receivable		65		31
		19,480,633		27,845,177
Liabilities:				
Due to broker		685,711		625,434
Accounts payable and accrued liabilities		74,166		105,409
Loan payable (note 3)		3,152,954		3,152,954
		3,912,831		3,883,797
Net assets - GAAP NAV (note 2)	\$	15,567,802	\$	23,961,380
Adjustment from bid market prices to last traded market prices		229,572		
Net assets - Pricing NAV (note 2)	\$	15,797,374	\$	23,961,380
Units outstanding		4,000,000		4,000,000
Net asset value per unit - GAAP NAV (note 2)	\$	3.89	\$	5.99
Adjustment from bid market prices to last traded market prices		0.06		-
Net asset value per unit - Pricing NAV (note 2)	\$	3.95	\$	5.99

See accompanying notes to financial statements.

Approved by Creststreet 2006 General Partner Limited on behalf of
Creststreet 2006 Limited Partnership



Robert J. Toole
Director



Stuart P. Hensman
Director

Statements of Operations

	For the year ended December 31, 2007	For the period from February 24 (date of inception) to December 31, 2006
Investment income:		
Interest income	\$ 57,986	\$ 505,152
Dividend income	1,000	-
	58,986	505,152
Expenses:		
Partnership advisor fees (note 5)	403,802	533,032
Interest expense	199,641	154,073
Unitholder reporting	44,130	36,740
Operating expenses	21,803	48,147
Directors' fees	18,890	21,591
Legal and filing fees	15,541	3,535
Audit fees	14,524	14,000
	718,331	811,118
Loss from investment operations	(659,345)	(305,966)
Net realized loss on sale of investments	(12,680,994)	(1,059,723)
Net change in unrealized appreciation/depreciation of investments	5,305,379	(11,519,977)
Transaction costs (note 4)	(162,945)	-
Net loss on investments	(7,538,560)	(12,579,700)
Decrease in net assets from operations	\$ (8,197,905)	\$ (12,885,666)
Per unit		
(based on the average number of units outstanding)		
Decrease in net assets from operations per unit	\$ (2.05)	\$ (3.22)

See accompanying notes to financial statements.

Statements of Changes in Net Assets

	For the year ended December 31, 2007	For the period from February 24 (date of inception) to December 31, 2006
Net assets, beginning of period	\$ 23,961,380	\$ -
Initial adoption of new accounting policy (note 2)	(195,673)	-
Operations		
Decrease in net assets from operations	(8,197,905)	(12,885,666)
Share capital transactions:		
Proceeds from issue of units	-	40,000,000
Agents' fees	-	(2,700,000)
Issue costs	-	(452,954)
	-	36,847,046
(Decrease) increase in net assets	(8,393,578)	23,961,380
Net assets, end of period - GAAP NAV (note 2)	\$ 15,567,802	\$ 23,961,380
Adjustment from bid market prices to last traded market prices	229,572	-
Net assets - Pricing NAV (note 2)	\$ 15,797,374	\$ 23,961,380

See accompanying notes to financial statements.

Statements of Cash Flows

	For the year ended December 31, 2007	For the period from February 24 (date of inception) to December 31, 2006
Cash flows from (used in) operating activities		
Loss from investment operations	\$ (659,345)	\$ (305,966)
Investments purchased	(19,657,212)	(40,287,249)
Proceeds on dispositions of investments	20,663,632	1,255,527
Net change in non-cash working capital	1,279,903	(524,715)
Cash flows from (used in) operating activities	1,626,978	(39,862,403)
Cash flows from (used in) financing activities		
Proceeds from issue of units	-	40,000,000
Proceeds from loan	-	3,152,954
Payment of agents' fees	-	(2,700,000)
Payment of issue costs	-	(452,954)
Cash flows from financing activities	-	40,000,000
Net increase in cash and cash equivalents	1,626,978	137,597
Cash and cash equivalents, beginning of period	137,597	-
Cash and cash equivalents, end of period	\$ 1,764,575	\$ 137,597
Supplemental cash flow information		
Interest paid	\$ 199,141	\$ 150,573

See accompanying notes to financial statements.

Statement of Investment Portfolio

As at December 31, 2007

Description	Number of securities	Type of security	Cost	Market Value
TriStar Oil & Gas Ltd.	160,527	Common Shares	\$ 1,428,690	\$ 2,009,798
Mahalo Energy Ltd.	500,000	Common Shares	1,725,000	1,185,000
Petro Andina Resources Inc.	100,000	Common Shares	1,395,980	1,228,000
Solana Resources Limited	472,575	Common Shares	1,131,891	1,096,374
Crew Energy Inc.	153,000	Common Shares	3,021,750	1,100,070
OPEL International Inc.	600,000	Common Shares	1,054,962	1,062,000
Sabretooth Energy Ltd.	482,236	Common Shares	914,626	988,584
Duvernay Oil Corp.	30,000	Common Shares	1,680,000	869,400
Serica Energy plc	447,650	Common Shares	923,585	832,629
Kereco Energy Ltd.	200,000	Common Shares	1,879,500	780,000
Storm Exploration Inc.	80,000	Common Shares	656,000	704,800
ARISE Technologies Corporation	250,000	Common Shares	395,000	632,500
Pacific Stratus Energy Ltd.	50,000	Common Shares	689,010	612,000
Vero Energy Inc.	85,000	Common Shares	502,964	491,300
Angle Energy Inc.	120,000	Common Shares	540,000	480,000
Antrim Energy Inc.	100,000	Common Shares	494,750	480,000
Cirrus Energy Corporation	162,650	Common Shares	558,686	448,914
Huron Energy Corporation	300,000	Class A common voting shares	450,000	450,000
Open Range Energy Corp.	125,000	Common Shares	712,500	330,000
Cyries Energy Inc.	47,776	Common Shares	646,940	322,010
Orleans Energy Ltd.	135,000	Common Shares	1,012,500	298,350
Pienza Petroleum Inc.	210,000	Common Shares	357,000	294,000
Stonefire Energy Corp.	300,000	Class A shares	60,000	240,000
Zongshen PEM Power Systems Inc.	75,000	Common Shares	229,510	234,750
Celtic Exploration Ltd.	20,000	Common Shares	345,000	216,400
Stonefire Energy Corp.	69,000	Class B shares	690,000	221,490
Flagship Energy Inc.	100,000	Class B shares	690,000	103,000
Transaction costs (note 4)			(64,201)	
Total investments at market value			\$ 24,121,643	\$ 17,711,369

See accompanying notes to financial statements.

Notes to Financial Statements

For the year ended December 31, 2007 and the period from February 24 (date of inception), to December 31, 2006

1. Establishment of the Partnership

Creststreet 2006 Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on December 22, 2005 and commenced operations on February 24, 2006. The principal purpose of the Partnership is to invest in flow-through shares of resource companies involved in oil and gas, mining or renewable energy exploration and development in Canada. Pursuant to a prospectus dated February 10, 2006, limited partners subscribed for 4,000,000 units of limited partnership interest. The general partner of the Partnership is Creststreet 2006 General Partner Limited (the "General Partner").

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the following is a summary of significant account policies followed by the Partnership:

a) Cash and Cash Equivalents, and Other Monetary Balances

Cash and cash equivalents, due from broker, interest receivable, accounts receivable, interest receivable, accounts payable and accrued liabilities, due to broker, and loan payable approximate their fair value due to the relatively short periods to maturity of the instruments.

b) Valuation of investments in resource companies

The Canadian Institute of Chartered Accountants has introduced new accounting standards that govern the reporting of financial assets and liabilities (CICA Handbook Section 3855 – "Financial Instruments – Recognition and Measurement"). The new standards are applicable to annual and semi-annual financial statements relating to fiscal years beginning on or after October 1, 2006. Prior to this change in policy, GAAP required actively traded securities to be valued at the price at which it last traded. This applied to securities held long and sold short. Section 3855 requires actively traded securities to be valued at the last available bid price for securities held long and at the last available ask price for securities sold short.

This accounting policy change impacts financial reporting ("GAAP NAV") but does not impact the NAV calculated for purchases and redemptions ("Pricing NAV"). The net difference between valuations using last bid/ask prices and closing price is presented as "Adjustment from bid market prices to last traded market prices" on the Statements of Net Assets and is used to reconcile the GAAP NAV per share to the Pricing NAV per share.

This change in accounting policy has been applied prospectively. Prior period balances have not been restated, however, an adjustment has been made to the opening net asset value for the difference at January 1, 2007 on the Statements of Changes in Net Assets.

The complete, amended policy is as follows:

Securities held by the Fund that are listed on a recognized public securities exchange are valued at their closing bid price or the closing ask price for securities sold short. Securities for which no published market price exists are valued at cost until a third party transaction establishes a different value or unless a different fair market value is determined by the General Partner. Any change in value is recorded in "Net change in unrealized appreciation (depreciation) of investments" on the statements of operations.

Since the resource company securities benefited from an exemption from prospectus requirements, they are generally subject to resale restrictions for four months from the date of purchase.

c) Investment transactions and income recognition

Investment transactions are accounted for as of the trade date, and any related gains or losses from such transactions are calculated on an average cost basis. Dividend income is recognized on the record date and interest income is accrued as earned.

d) Allocation of partnership income or loss

The net income of the Partnership is allocated 0.01% to the General Partner and the balance, along with the 100% of the net loss of the Partnership, among the limited partners in proportion to the number of units held by each of them at the end of each period. The Partnership is not itself a taxable entity, and therefore no provision for income tax is required.

e) Use of estimates

The preparation of the financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and loss for the reporting period. Actual results could differ from those estimates.

3. Loan payable

A term facility in the amount of \$3,152,954 matures on the earlier of March 30, 2008 and the dissolution date of the Partnership. The facility is secured by a general security agreement and interest is calculated at the bank's prime rate. The loan was paid in full and discharged in January, 2008. The loan was subject to certain financial covenants. The Partnership was not in violation of any covenants as at December 31, 2007 or 2006, nor at any time during the periods.

4. Brokerage Commissions

The Partnership paid broker fees of \$162,945 for the year ended December 31, 2007 (2006 – \$9,204).

CICA Handbook Section 3855 requires transaction costs to be disclosed separately on the Statements of Operations. Prior to this change, commissions paid on purchases were included in the cost of securities, commissions paid on sales reduced the net proceeds reported by the Fund, and total brokers' commissions were disclosed in the notes to the financial statements.

5. Partnership Advisor Fees

The Partnership Advisor is entitled to receive a partnership advisor fee equal to 2.0% per annum of the net asset value of the Partnership, calculated and payable monthly in arrears as consideration for providing investment, management, and other services to the Partnership. For the year ended December 31, 2007, the partnership advisor fee amounted to \$403,802 (2006 – \$533,032). The General Partner has a 0.01% beneficial interest in the Partnership.

6. Valuation of Private Investments

The following table details the Partnership's changes in the valuations of securities not traded on a public exchange during the year ended December 31, 2007 and for the period from February 24 (date of inception) to December 31, 2006. The table is arranged in alphabetical order by investment.

	Prior fair value	New fair value	Valuation basis
Angle Energy Inc.			
November, 2006	\$ 540,000	\$ 600,000	Write-up from cost based on a bid from a third party.
December, 2007	600,000	480,000	Write-down from prior fair value based on a bid from a third party. Subsequent to year end, the Partnership's holdings were disposed of for \$360,000
Pienza Petroleum Inc.			
November, 2007	357,000	294,000	Write-down from cost based on a bid from a third party.

7. Tax shelter identification number

The identification number issued for the Partnership should be included on any income tax return filed by a Limited Partner. 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. The Partnership's federal and Quebec provincial tax shelter identification numbers are TS 071522 and QAF-06-01120 respectively.

8. Subsequent Event

On January 18, 2008, the Partnership transferred all of its assets to Creststreet Resource Fund, a class of shares of Creststreet Mutual Funds Limited, an open-ended mutual fund (the "Mutual Fund"), in exchange for shares of the Mutual Fund. Upon this transfer, the Partnership was dissolved, at which time the net assets was allocated 99.99% to the limited partners and 0.01% to the General Partner. The limited partners received 0.490004 Creststreet Resource Fund – 2008 Series shares for each Partnership unit held.

Creststreet 2006 General Partner Limited

Board of Directors

Jeffrey S. Boyce*

President and Chief Executive Officer
SURE Energy Inc.

Stuart P. Hensman**

Corporate Director

John Thompson*

President and Chief Executive Officer
Sirius Energy Inc.

Robert J. Toole, C.A.

Managing Director
Creststreet Capital Corporation

Officers

Robert J. Toole, C.A.

President and Chief Executive Officer

Donna Shea, C.A.

Vice-President, Finance

Aaron C.B. Maybin

Vice-President

Sheryl Chiddenton

Secretary and Treasurer

Legal Counsel

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Toronto, Ontario

Auditors

KPMG LLP
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** Chair of audit committee