



Creststreet 2007 Limited Partnership

2009 > Annual Report

Management Report of Fund Performance

For the year ended December 31, 2009

THIS ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE ANNUAL REPORT OF CRESTSTREET 2007 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 2007 GENERAL PARTNER LIMITED, 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

Liquidity of Partnership Units

The Partnership was originally scheduled to transfer all of its assets to Creststreet Resource Fund, a class of shares of Creststreet Mutual Funds Limited, (the "Resource Fund"), in exchange for shares of the Resource Fund on January 23, 2009. Unitholders of the Partnership would have become entitled to redeem their shares of the Resource Fund on May 29, 2009 if the transfer had occurred as originally planned.

The Partnership was unable to transfer its assets to the Resource Fund since the total private securities held after the transfer would have been in excess of 10% of the net assets of the Resource Fund as required by applicable securities legislation. An alternative liquidity transaction was approved by the unitholders where the Partnership transferred substantially all of the public securities component of its portfolio, along with cash and certain private securities, to Creststreet Energy Opportunities Fund ("CEOF") in exchange for shares of CEOF of equal value. The transfer of 70% of the value of a unitholder's units of the Partnership was completed on May 27, 2009 and unitholders of the Partnership received 0.20786714666 Series 2009 shares for each Partnership unit held as a return of capital. At the time of the transfer the Net Asset Value of the Partnership was \$2.8588 and the Net Asset Value of the Series 2009 shares was \$9.5883. Unitholders continue to hold the same number of Partnership units, the value of which is reduced by the value of the distribution paid.

The Partnership intends to sell the remaining private securities and will reinvest the net proceeds therefrom on a basis substantially similar to CEOF's investment objectives, except that no additional private securities will be purchased. The Partnership will then complete a second transfer of all of its assets to CEOF on a tax-deferred basis in exchange for shares of CEOF of equal value as soon as it has achieved sufficient liquidity on its private investments to allow the transfer to proceed and, in any event, no later than May 29, 2011. Upon completion of the second transfer, the Partnership will be dissolved and the CEOF shares received will be distributed to unitholders of the Partnership on a tax-deferred basis.

CEOF is a class of shares of Creststreet Opportunities Fund Inc. (the "Corporation"), a mutual fund corporation. The manager of CEOF is Creststreet Asset Management Limited. The investment objective of CEOF is to provide its shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. CEOF's portfolio consists primarily of securities of issuers engaged in the global energy sector. CEOF has no geographic, asset class or market capitalization restrictions. CEOF is not a reporting issuer. The shares of CEOF received by unitholders of the Partnership may be redeemed on a monthly basis.

Investment Performance

The Creststreet 2007 Limited Partnership increased 8.6% in the period from December 31, 2008 to the transfer on May 27, 2009. Subsequent to this transfer, Series 2009 shares of CEOF increased 59.1% in the period from May 27, 2009 to December 31, 2009 while the remaining investment in the Creststreet 2007 Limited Partnership increased by 65.6% during the same period. The combined annual return for the Partnership and the Series 2009 shares of CEOF was 75.0%.

For the first two months of the year global equity markets steadily declined, reaching multi-year lows near the beginning of March out of fears that the magnitude of the current economic downturn would rival the Great Depression and lead to the nationalization of the U.S. banking system. This sentiment began to shift in March as national governments across the globe responded to such fears by implementing substantial fiscal stimulus packages and central banks shifted to a monetary policy of quantitative easing. The combined efforts of governments and central banks led the global rate of economic contraction to subside. As the softening of this contraction became increasingly visible and credit markets began to loosen, an appetite for risk returned amongst investors resulting in a substantial equity market rebound from March through to the end of the year.

Volatility in energy commodities continued during 2009. West Texas Intermediate (“WTI”) light sweet crude oil on the New York Mercantile Exchange (“NYMEX”) finished up 77.9% during the year, closing at US\$79.36 per barrel after reaching an intraday low of US\$33.20 on January 15, 2009. In comparison, NYMEX natural gas prices declined by 0.9% during the year, closing at US\$5.57 per mmbtu after reaching an intraday low of US\$2.41 on September 4, 2009.

After hitting multi-year lows in the early part of the year, the price of crude oil strengthened significantly in 2009 as the market began to look past the current supply overhang in the form of increased OPEC spare capacity and record storage levels, to a period of renewed tightness in supply. The crude complex has also been supported by speculation and funds flows, worries about inflation, and a declining U.S. dollar.

In contrast, the North American natural gas market remains oversupplied as storage levels reached record levels in the fourth quarter of 2009. There are two primary reasons for this. Firstly, natural gas production volumes remain robust in spite a rapid collapse in the rig count as new technologies have opened up shale gas and other drilling opportunities previously thought to be uneconomic. Second, the global economic downturn has resulted in declines in demand for natural gas in both the power generation and industrial sectors. However, with extremely cold North American weather in late 2009 and early 2010, storage levels have recently begun to decrease relative to historical averages resulting in rally in spot natural gas prices. Although we believe it is only a matter of time before the supply response from falling rig counts starts to impact natural gas prices, we expect that robust production volumes, increased LNG flows and producer hedging will result in soft natural gas prices for most of 2010 before natural gas storage levels rebalance and natural gas prices improve.

The Partnership continues to hold its private securities. These investments, which are principally oil sands developers, have been highly successful investments for the Partnership. Recently we have seen increased activity in the market for these securities as well as a corresponding up-tick in valuations. However, we believe that the net realizable value of these investments could be substantially higher still as oil prices continue to recover and stabilize.

Revenues and Expenses

Interest income decreased from \$108,764 in 2008 to \$28,233 in 2009. The decrease is due to lower cash balances following the transfer of assets to CEOF and lower interest rates in 2009. Dividend income was \$12,500 in 2009 compared to \$101,618 in 2008 as the Partnership held fewer dividend paying securities in 2009 and the fact that only private securities were left in the portfolio of the Partnership after the CEOF asset transfer.

The Partnership incurred expenses totalling \$600,727 in 2009 compared to \$1,294,323 during 2008. Partnership advisor fees of \$224,682, which are calculated at 2.0% per annum of the Partnership’s NAV, calculated monthly and paid in arrears, were lower in 2009 due to the lower net asset value of the Partnership. The Partnership had 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. Interest expense was significantly lower in 2009 due to lower interest rates and the loan was fully repaid on February 6, 2009. Legal and filing fees increase significantly from \$24,877 in 2008 to \$188,904 in 2009 due to legal costs related to the transfer of assets to CEOF on May 27, 2009. Other expense increased slightly from \$170,319 to 183,187 due to normal cost of operations and increase in service provider fees.

Investment Objectives and Strategies

The investment objective of the Partnership was 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 aim of preserving the Partnership's capital and capital appreciation on the Partnership's investments. The Partnership originally invested in flow-through securities that represented 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 percent of funds in flow-through securities of resource issuers that are listed on the TSX or on the TSX Venture Exchange.

Market Capitalization - Fifty percent 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 percent 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 percent of the Partnership's net asset value at the time of purchase, however, the Partnership may invest up to 20 percent 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 percent 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 percent of the voting securities of any issuer.

Since the transfer of the majority of public securities and a portion of the private securities to Creststreet Energy Opportunities Fund on May 27, 2009, the Partnership is managing the portfolio to achieve liquidity in the remaining investments and will reinvest the proceeds in a manner substantially similar to the above objectives except that no additional private securities will be purchased.

Risk

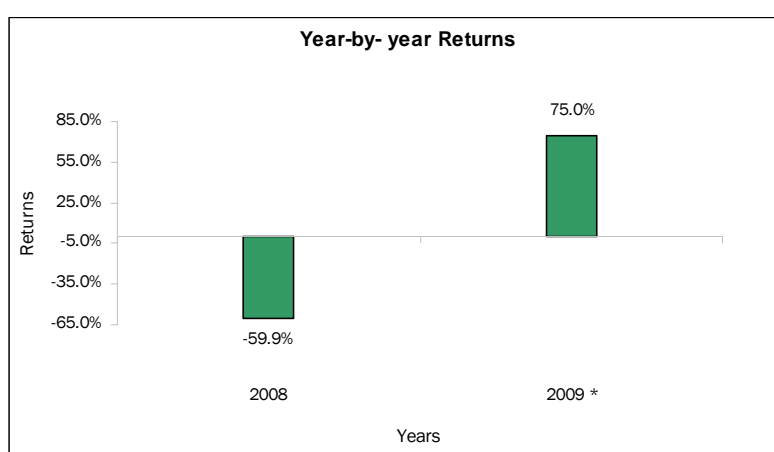
The General Partner believes that energy prices will continue to recover once global economic growth slowly begins to reassert itself. The investment philosophy, style, and method for the Partnership remain unchanged. The Partnership invests primarily in the equity securities of Canadian resource issuers and investors are exposed to the risks and rewards of the Canadian resource sector. The Partnership focuses on small and middle market capitalization companies as these companies have historically generated higher per share returns, however, these companies can be more volatile than some of the larger capitalization oil and gas companies. A more detailed discussion of the Partnership's risk exposures can be found in the Partnership's prospectus and in the notes of the 2009 semi-annual and annual financial statements.

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. Performance is calculated net of all fees and expenses. 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 the Partnership's two complete financial periods, 2009 & 2008. 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.



*The return for 2009 includes the results of the investments transferred to CEOF.

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 Composite Index and the S&P/TSX Capped Energy Index.

	Creststreet 2007 Limited Partnership	S&P/TSX Composite Index	S&P/TSX CDN Capped Energy Index
1 Year	75.0%	30.7%	37.3%
Since Inception ⁽¹⁾	-23.7%	-4.3%	-2.9%

(1) The inception date of the Partnership is February 16, 2007

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") increased 37.3% during the year to close at 297.38. The Energy Index exhibited a high degree of volatility during the year and rallied off its March lows in sympathy with energy commodities and broad equity markets across all sectors.

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 for the years ended December 31, 2009 and 2008 and the period from inception on February 16, 2007 to December 31, 2007. This information is derived from the Partnership's audited annual financial statements of preceding years.

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

	2009	2008	2007
Net assets, beginning of period	\$ 2.61	\$ 6.47	\$ 10.00
Increase (decrease) from operations:			
Total revenue	0.01	0.04	0.19
Total expenses	(0.10)	(0.22)	(0.22)
Realized gains (losses) on investments	(1.31)	(3.47)	(0.37)
Unrealized gains (losses) on investments	2.20	(0.06)	(2.63)
Transaction costs	(0.01)	(0.16)	-
Total increase (decrease) from operations⁽¹⁾	\$ 0.79	\$ (3.87)	\$ (3.03)
Distributions:			
Return of capital	1.99	-	-
Net assets, end of period⁽²⁾	\$ 1.40	\$ 2.61	\$ 6.47

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

(2) These calculations are prescribed by securities regulators and are not intended to act as a continuity of the opening and closing net assets per unit.

Ratios and Supplemental Data

	2009	2008	2007
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	8,229	15,283	37,922
Number of units outstanding ⁽¹⁾	5,857,061	5,857,061	5,857,061
Management expense ratio (MER) ⁽²⁾	5.77%	3.15%	3.21%
Trading expense ratio ⁽³⁾	0.40%	2.25%	0.03%
Portfolio turnover rate ⁽⁴⁾	127.82%	353.60%	7.22%
Net asset value per unit (Pricing NAV) (\$)	1.43	2.63	6.57

(1) This information is provided as at December 31 for 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 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.

(4) 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.

Recent Developments

Adoption of New Accounting Standards

Effective January 1, 2009, the Partnership adopted CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of the Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on the determination of the fair value of financial assets and liabilities under Section 3855, Financial Instruments – Recognition and Measurement. It states that the entity's own credit risk and the credit risk of the counterparty should be considered in determining the value of financial instruments. The Partnership adopted EIC-173 retrospectively without restatement of prior periods to all financial assets and liabilities. The adoption of the EIC-173 did not have an impact on the financial statements.

The Partnership has also adopted the recent amendments to Section 3862, Financial Instruments – Disclosures, which became effective for fiscal years ending after September 30, 2009. The purpose of the amendments is to provide users of the financial statement additional information as to how an entity determined the fair values of its financial instruments and how much of the fair values were based on estimations versus readily observable data. As a result, the Partnership is to use a three-tiered hierarchy for disclosing fair value of its financial instruments based on the inputs used to value these financial instruments in its notes to financial statements.

Changeover to International Financial Reporting Standards ("IFRS")

For the period beginning January 1, 2011, the Partnership will have to adopt IFRS. The General Partner of the Partnership has developed a changeover plan and continues to assess the impact of the implementation as new IFRS guidance become available. The key elements of the plan include disclosures of the qualitative impact on the December 31, 2008, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the December 31, 2011 financial statements in accordance with IFRS.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the General Partner does not expect that net assets attributable to shareholders or net asset value per share will be impacted by the changeover to IFRS. Currently, the General Partner expects that the impact of IFRS on the Partnership's financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

Harmonized Sales Tax

Effective July 1, 2010, Ontario will replace their Provincial Sales Tax ('PST') and Federal Goods and Service Tax ('GST') with a single Harmonized Sales Tax ("HST") of 13 percent. Partnership Advisor fees and other certain other expenses charged to the Partnership are expected to increase as they will be subject to HST of 13 percent compared to currently being subject only to GST of 5%. This change is expected to have a negative impact to the Partnership.

Related Party Transactions

Creststreet 2007 General Partner Limited (the 'General Partner') is responsible for the ongoing business, investment and administrative affairs of the Partnership. The General Partner is a wholly owned subsidiary of Creststreet Asset Management Limited. Creststreet Asset Management Limited, a corporation registered as an investment counsel and portfolio management company in Ontario and Alberta, is the Partnership Advisor of the Partnership. The Partnership Advisor provides investment, management, administrative and other services to the Partnership.

Independent Review Committee

Further to the requirements in National Instruments 81-107 – Independent Review Committee for Investment Funds, which came into effect as of November 1, 2007, the General Partner, has appointed an Independent Review Committee ("IRC") with a mandate to provide impartial recommendation or judgement on conflict of interest matters with regard to the operations of the Partnership and its respective portfolio. The IRC is composed of three members, all of whom are independent of the General Partner and its affiliates. The compensation and other reasonable expenses of the IRC is paid pro-rata amongst the investment funds for which the IRC has been appointed as the independent review committee, based on assets of each investment fund at the time the expenses are paid, and is paid as an expense of the Partnership.

The General Partner received the following approvals and standing instructions from the IRC for the fiscal year ending December 31, 2009:

1. Expense Allocation
2. Fee Allocation
3. Standards of Fairness
4. Trade Errors and Trade Modifications
5. Trade Management and Best Execution
6. Investment Suitability
7. Proxy Voting
8. Fundamental Changes to a Fund
9. Matters requiring Shareholder Approval
10. Access Person Trading
11. Rollover of Limited Partnership to Mutual Fund

In each case, the standing instructions require the General Partner to comply with its related policies and procedures and to report periodically to the IRC.

IRC is required to issue an annual report detailing its activities for the year, which is available to the shareholders on the website at www.creststreet.com or at their request and at no cost by calling toll-free 1.866.864.6330.

Partnership Advisor Fees

In consideration for the services provided by the Partnership, Partnership Advisor is a paid 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 advisory fees totalled \$224,682 and \$866,091 for the years ended December 31, 2009 and 2008 respectively.

Summary of Investment Portfolio

As at December 31, 2009

Sector Mix	% of net assets
Oil	77.4%
Natural gas	22.5%
Total Investments	99.9%
Cash and cash equivalents	0.9%
Other net assets	-0.8%
	100.0%

Top Positions	% of net assets
Athabasca Oil Sands Corp.	51.5%
Laricina Energy Ltd.	15.2%
Tourmaline Oil Corp.	11.3%
Seaview Energy Inc. Class B	11.2%
OSUM Oil Sands Corp.	10.7%
Total Net Asset Value	\$ 8,228,707

The summary of investment portfolio may change due to ongoing portfolio transactions of the Partnership. A quarterly portfolio update is available to the investor at no cost by calling 1-866-864-6330, by writing to Creststreet 2007 Limited Partnership, Suite 1450, 70 University Avenue, Toronto ON M5J 2M4 or by visiting the website at www.creststreet.com.

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 2007 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 2007 General Partner Limited



Donna Shea

Vice-President, Finance
Chief Financial Officer
Creststreet 2007 General Partner Limited

February 26, 2010

Auditor's Report to the Partners

We have audited the statements of net assets of Creststreet 2007 Limited Partnership as at December 31, 2009 and 2008, the statement of investment portfolio as at December 31, 2009, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2009 and 2008. 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 audits 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, 2009 and 2008, the investments held as at December 31, 2009, and the results of its operations, changes in net assets and cash flows for the year ended December 31, 2009 and 2008 in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The letters are slanted and connected, with a long horizontal stroke underneath the "P" and "M".

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
February 26, 2010

Statements of Net Assets

As at December 31	2009	2008
Assets		
Investments at market value	\$ 8,223,255	\$ 8,207,058
Cash and cash equivalents	75,275	11,285,840
Due from broker	-	560,704
Interest receivable	-	13,436
Dividends receivable	-	10,805
	8,298,530	20,077,843
Liabilities		
Accounts payable and accrued liabilities	69,823	88,825
Loan liability	-	4,706,072
	69,823	4,794,897
Net assets - GAAP NAV (note 2)	\$ 8,228,707	\$ 15,282,946
Adjustment from bid market prices to last traded market prices	170,100	130,122
Net asset value - Pricing NAV (note 2)	\$ 8,398,807	\$ 15,413,068
Units outstanding	5,857,061	5,857,061
Net assets per unit - GAAP NAV (note 2)	\$ 1.40	\$ 2.61
Adjustment from bid market prices to last traded market prices	0.03	0.02
Net asset value per unit - Pricing NAV (note 2)	\$ 1.43	\$ 2.63

See accompanying notes to financial statements

Approved by Creststreet 2007 General Partner Limited on behalf of
Creststreet 2007 Limited Partnership



Robert J. Toole
Director



Stuart P. Hensman
Director

Statements of Operations

For the years ended December 31	2009	2008
Investment Income		
Interest revenue	\$ 28,233	\$ 108,764
Dividend revenue	12,500	101,618
	\$ 40,733	\$ 210,382
Expenses		
Partnership advisor fees (note 4)	224,682	866,091
Legal and filing fees	188,904	24,877
Operating expenses	92,323	94,078
Securityholder reporting costs	51,213	34,975
Audit fees	21,390	18,090
Interest expense	3,954	233,036
Independent Review Committee fees	18,261	23,176
	\$ 600,727	\$ 1,294,323
Loss from investment operations	(559,994)	(1,083,941)
Net realized loss on sale of investments	(7,644,906)	(20,332,622)
Change in unrealized appreciation (depreciation) of investments	12,865,611	(296,906)
Transaction costs (note 2)	(41,227)	(925,783)
Net realized and unrealized gain (loss) on investments	5,179,478	(21,555,311)
Increase (decrease) in net assets from operations	\$ 4,619,484	\$ (22,639,252)
Per unit		
(based on average number of units outstanding)		
Increase (decrease) in net assets from operations per unit	\$ 0.79	\$ (3.87)

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the Years Ended December 31	2009	2008
Net assets at the beginning of year	\$ 15,282,946	\$ 37,922,198
Operations:		
Increase (decrease) in net assets from operations	4,619,484	(22,639,252)
Capital transactions:		
Return of Capital (note 5)	(11,673,723)	-
Net assets at the end of year - GAAP NAV (note 2)	\$ 8,228,707	\$ 15,282,946
Adjustment from bid market prices to last traded market prices	170,100	130,122
Net asset value at the end of the period - Pricing NAV (note 2)	\$ 8,398,807	\$ 15,413,068

See accompanying notes to financial statements

Statements of Cash Flows

For the years ended December 31	2009	2008
Cash flows from (used in) operating activities		
Loss from investment operations	(559,994)	(1,083,941)
Investments purchased	(9,346,400)	(146,347,114)
Proceeds on dispositions of investments	14,509,681	156,967,516
Net change in non-cash working capital	565,943	(598,518)
Cash flows used in operating activities	\$ 5,169,230	\$ 8,937,943
Cash flows from (used in) financing activities		
Return of capital	(11,673,723)	-
Payment of loan liability	(4,706,072)	-
Cash flows from financing activities	\$ (16,379,795)	\$ -
Net increase (decrease) in cash and cash equivalents	(11,210,565)	8,937,943
Cash and cash equivalents, beginning of period	11,285,840	2,347,897
Cash and cash equivalents, end of period	\$ 75,275	\$ 11,285,840

See accompanying notes to financial statements

Statement of Investment Portfolio

As at December 31, 2009

Issuer	Number of Securities	Type of Security	Cost	Fair Value
Athabasca Oil Sands Corp.	257,300	Common shares	\$ 2,087,873	\$ 4,245,450
Laricina Ene Ltd.	83,500	Common shares	2,383,268	1,252,500
Tourmaline Oil Corp.	61,867	Common shares	1,193,760	928,005
Seaview Energy Inc.	180,000	Class B common shares	1,800,000	919,800
OSUM Oil Sands Corp.	195,000	Common shares	2,018,250	877,500
Total investments			\$ 9,483,151	\$ 8,223,255

See accompanying notes to financial statements

Notes to Financial Statements

For the years ended December 31, 2009 and 2008

1. Establishment of the Partnership

Creststreet 2007 Limited Partnership (the “Partnership”) was formed as a limited partnership under the laws of the Province of Ontario on November 20, 2006 and commenced operations on February 16, 2007. 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 January 30, 2007, limited partners subscribed for 5,857,061 units of limited partnership interest.

The General Partner of the Partnership is Creststreet 2007 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:

Adoption of New Accounting Standards

On January 1, 2008, the Partnership adopted CICA Handbook Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation. The new standards replaced CICA Handbook Section 3861, Financial Instruments – Disclosures and Presentation. The section required enhanced disclosure and presentation of the nature and the extent of the risks arising from financial instruments. These standards impacted the Partnership’s disclosures but do not affect the Partnership’s net assets. Refer to Note 6 for the disclosure relating to this requirement.

Effective January 1, 2009, the Partnership adopted CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 provides guidance on the determination of the fair value of financial assets and liabilities under Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”). It states that the entity’s own credit risk and the credit risk of the counterparty should be considered in determining the value of financial instruments. The Partnership adopted EIC-173 retrospectively without restatement of prior periods to all financial assets and liabilities. The adoption of the EIC-173 did not have an impact on the financial statements.

The Partnership has also adopted the recent amendments to Section 3862, Financial Instruments – Disclosures (“Section 3862”), which became effective for fiscal years ending after September 30, 2009. The purpose of the amendments is to provide users of the financial statement additional information as to how an entity determined the fair values of its financial instruments and how much of the fair values were based on estimations versus readily observable data. As a result, the Partnership is to use a three-tiered hierarchy for disclosing fair value of its financial instruments based on the inputs used to value these financial instruments. See Note 8 for the details of this disclosure.

(a) Valuation of investments

Investments are deemed to be held for trading in accordance with Section 3855 and are therefore recorded at fair value.

Fair Value of securities held by the Partnership 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 that are not listed or traded on a public securities exchange or actively traded on an over-the-counter market, will be valued at its fair value determined Manager pursuant to the Manager’s established pricing policies. Acquisition cost may be used as a fair value proxy, particularly if the acquisition date of the investment was within the current fiscal year. For unlisted securities, the Manager’s policy is to use evidence of arm’s length third party transactions, where possible, in determining the fair value.

The adoption of Section 3855 impacts the valuation and the disclosure of the net assets of an investment fund for financial reporting purposes (“GAAP NAV” or “Net Assets”) as the Canadian GAAP requires securities traded on a public exchange be valued at bid price for long positions and ask price for securities sold short. The value used to determine the Partnership’s daily price for purchases and redemptions of units (“Pricing NAV” or “Net Asset Value”) is, however, not affected by the Section 3855 accounting policy change, as

permitted by the recent amendment to NI 81-106. This will result in a difference between the Net Assets Value (Pricing NAV) and Net Assets (GAAP NAV), which is presented in the Statements of Net Assets.

(b) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on deposit. This is deemed to be held for trading and is therefore carried at fair value.

(c) **Other assets and liabilities**

Interest receivable, dividend receivable, and due from broker are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, accounts payables and accrued liabilities and loan liability are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short term nature.

(d) **Brokerage commissions**

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction Costs" in the Statements of Operations.

(e) **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.

(f) **Allocation of partnership income or loss**

The net income of the Partnership is allocated 0.01 percent to the General Partner and the balance, along with the 100 percent 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.

(g) **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 \$4,706,072 was due to mature on the earlier of March 30, 2009 or 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. As of February 6, 2009 the loan was fully re-paid.

4. Partnership Advisor Fees

The Partnership Advisor is entitled to receive a partnership advisor fee equal to 2.0 percent 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. The partnership advisor fee amounted to \$224,682 for the year ended December 31, 2009 (2008 - \$866,091). The General Partner has a 0.01 percent beneficial interest in the Partnership.

5. Liquidity of Partnership Units and Termination of Partnership

The Partnership was originally scheduled to transfer 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 on January 23, 2009. Upon this transfer, the Partnership would have been dissolved and the net assets allocated 99.99% to the limited partners and 0.01% to the General Partner. Unit holders of the Partnership would have become entitled to redeem their shares of the Resource Fund on May 29, 2009 if the transfer had occurred as originally planned.

The Partnership was unable to transfer its assets to the Resource Fund since the total private securities held after the transfer would have been in excess of 10% of the net assets of the Resource Fund which is not allowed under applicable securities legislation. The Partnership proposed an alternative liquidity transaction to its unit holders where the Partnership would transfer substantially all of the public securities component of its portfolio, along with cash and certain private securities, to Creststreet Energy Opportunities Fund (“CEOF”) in exchange for shares of CEOF of equal value. Upon completion of the transfer, the Partnership would distribute the CEOF shares received to unit holders of the Partnership as a return of capital. This transaction was approved by the Board of Directors and the Independent Review Committee and then was proposed and approved by the unit holders as at a special meeting on May 14, 2009. The transfer of 70% of the value of a unit holder’s units of Partnership was completed on May 27, 2009 and unit holders of the Partnership received 0.20786714666 Series 2009 shares for each Partnership unit held. At the time of the transfer the Net Asset Value of the Partnership was \$2.8588 and the Net Asset Value of the Series 2009 shares was \$9.5833. Unit holders continue to hold the same number of Partnership units, the value of which is reduced by the value of the distribution paid.

The Partnership will endeavour to sell the remaining private securities and will reinvest the net proceeds thereof on a basis substantially similar to CEOF’s investment objectives, except that no additional private securities will be purchased. The Partnership will then complete a second transfer of all of its assets to CEOF on a tax-deferred basis in exchange for shares of CEOF of equal value as soon as it has achieved sufficient liquidity on its private investments to allow the transfer to proceed and, in any event, no later than May 29, 2011. Upon completion of the second transfer, the Partnership will be dissolved and the CEOF shares received will be distributed to unit holders of the Partnership on a tax-deferred basis.

6. Financial Instrument Risk

The Partnership’s objective is to invest in the flow-through securities of resource issuers engaged in oil and gas, mining, or renewable energy exploration in Canada. Accordingly, the Partnership is exposed to all of the risks associated with investments in such securities. The Partnership’s use of financial instruments gives rise to a number of risk factors.

Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of volatility of market prices. Market risk is comprised of three types of risk: *currency risk*, *interest rate risk*, and *other price risk*.

Currency Risk

Currency risk is the risk that the fair value of a financial instrument could fluctuate due to changes in foreign currency exchange rates. The Partnership’s functional currency is Canadian dollars, and the Partnership is exposed to foreign currency risk when it invests in securities denominated in another currency since the fair value of those securities is determined by converting the price of the security into Canadian dollars. As at December 31, 2009 and 2008, the Partnership did not hold any securities denominated in foreign currencies, hence there was no currency risk exposure to the Partnership.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market interest rates. The immediate impact of interest rate risk is greatest on debt and fixed income securities that have a relatively long duration (generally a year or more to maturity). The Partnership did not hold any such securities as at December 31, 2009 and 2008, or at any time during the period. The Partnership holds its cash balances in a high-interest bank account and changes in interest rates would only increase or decrease future interest income and would have little, if any, impact on the Partnership’s NAV at December 31, 2009 and 2008.

Other Price Risk

Other price risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market conditions other than currency or interest rate risk. These changes could be due to a number of factors including, but not limited to; changes in relation to a specific security or the issuer of a security, changes in the prices of a market sector’s underlying commodity, or changes due to shifts in overall market sentiment. The General Partner mitigates other price risk by managing and allocating the investment portfolio within the parameters of the Partnership’s investment objectives. As at December 31, 2009 and assuming all other variables were held constant, had the general price level of the equities markets been 5 percent higher or lower, the NAV and the NAV per unit of the Partnership may have been \$10,578 and \$0.002 per unit higher or lower, respectively (2008 -

\$162,207 and \$0.03 per unit respectively.) This estimation is based on statistical tools that measure the relationships between each security in the Partnership's portfolio and how their returns relate to the return of the overall equities markets. In reality, results could differ from this estimate and the difference could be material.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligations or commitments that it has entered into with the Partnership. The Partnership does not typically invest in debt securities, thereby minimizing the Partnership's exposure to credit risk. The Partnership is exposed to credit risk to the extent that the Partnership's custodian may not be able to settle trades for cash. Canadian securities regulations require that the Partnership employs a custodian that meets certain capital requirements. These regulations state that, among other things, a Partnership's custodian be either a bank listed in Schedule I, II, or III of the *Bank Act (Canada)*, or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. The Partnership's custodian, Scotia Capital Inc., meets all Canadian Securities Administrators' requirements to act as custodian.

7. 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 years ended December 31, 2009 and 2008. The table is arranged in alphabetical order by investment.

	Prior Fair Value	New Fair Value	Valuation basis
<u>Athabasca Oil Sands Corp.</u>			
May 2008	\$ 4,284,170	\$ 5,423,000	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
June 2008	\$ 5,423,000	\$ 5,916,000	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
June 2008	\$ 5,916,000	\$ 6,359,700	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
July 2008	\$ 6,359,700	\$ 6,655,500	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
October 2008	\$ 6,655,500	\$ 4,437,000	Write-down from previous value due to market conditions based on the General Partner's valuation.
November 2008	\$ 4,437,000	\$ 3,451,000	Write-down from previous value due to market conditions based on the General Partner's valuation.
December 2008	\$ 3,451,000	\$ 1,232,500	Write-down from previous value as arm's-length third party transaction provided new valuation basis.
January 2009	\$ 1,232,500	\$ 1,479,000	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
March 2009	\$ 1,479,000	\$ 1,762,475	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
April 2009	\$ 1,762,475	\$ 2,575,925	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
May 2009	\$ 2,575,925	\$ 2,711,500	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
May 2009	\$ 1,286,500 (1)	\$ 1,479,475	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
June 2009	\$ 1,479,475	\$ 1,801,100	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
July 2009	\$ 1,801,100	\$ 2,058,400	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
August 2009	\$ 2,058,400	\$ 2,573,000	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.

Private Valuations Table (cont...)

	Prior Fair Value	New Fair Value	Valuation basis
<u>Athabasca Oil Sands Corp.</u>			
September 2009	\$ 2,573,000	\$ 3,434,955	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
September 2009	\$ 3,434,955	\$ 3,666,525	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
December 2009	\$ 3,666,525	\$ 3,988,150	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
December 2009	\$ 3,988,150	\$ 4,245,450	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
<u>Laricina Energy Ltd.</u>			
July 2008	\$ 3,363,750	\$ 4,140,000	Write-up from previous value as arm's length third party financing provided new valuation basis.
December 2008	\$ 4,140,000	\$ 1,138,500	Write-down from previous value due to market conditions based on the General Partner's valuation.
August 2009	\$ 1,138,500	\$ 1,252,500	Write-up from previous value based on third party financing completed at higher value.
<u>OSUM Oil Sands Corp.</u>			
August 2008	\$ 1,755,000	\$ 2,047,500	Write-up from previous value as arm's length third party financing provided new valuation basis.
December 2008	\$ 2,047,500	\$ 877,500	Write-down from previous value due to market conditions based on the General Partner's valuation
<u>Tourmaline Oil Corp</u> ⁽²⁾			
November 2009	\$ 907,500	\$ 928,005	Write-up from previous value as arm's length third party financing provided new valuation basis.

Notes:

- (1) Difference in this Prior Value versus the New Fair Value in the above line is due to a sale transaction.
- (2) Exshaw Oil Corporation merged with Tourmaline Oil Corp during 2009.

8. Fair Value Measurement

The Partnership's assets recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendments to Section 3862. See Note 2 for a discussion of the Partnership's policies regarding this hierarchy. The three levels of the hierarchy are:

- Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that are easily accessible.
- Level 2:* Inputs other than quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3:* Inputs for assets or liabilities that are not based on observable data. There is little, if any, market activity and hence the requires significant management judgment or estimation.

The following fair value hierarchy table presents information about the Partnership's assets measured at fair value on a recurring basis as of December 31, 2009.

	Level 1	Level 2	Level 3	Total
Equities	\$ 919,800	\$ -	\$ 7,303,455	\$ 8,223,255
	\$ 919,800	\$ -	\$ 7,303,455	\$ 8,223,255

The following table is a reconciliation of Level 3 financial instruments from December 31, 2008 to December 31, 2009:

	Equities - Long
Balance at December 31, 2008	\$ 4,156,000
Purchases	-
Sales	(1,858,750)
Gains (Losses)	
Realized	(1,024,739)
Unrealized	6,030,944
Balance at December 31, 2009	\$ 7,303,455

9. 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 072470 and QAF-06-01168 respectively.

10. Changeover to International Financial Reporting Standards ("IFRS")

As at December 31, 2009 the General Partner has developed a changeover plan to meet the timetable published by the CICA for changeover to IFRS. The key elements of the plan include disclosures of the qualitative impact on the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the General Partner does not expect that net assets or net assets per share will be impacted by the changeover to IFRS. Currently, the General Partner expects that the impact of IFRS on the Partnership's financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

Creststreet 2007 General Partner Limited

Board of Directors

Jeffrey S. Boyce*

President and Chief Executive Officer
SURE Energy Inc.

Stuart P. Hensman**

Corporate Director

John E. Thompson*

President and Chief Executive Officer
Sirius Energy Inc.

Robert J. Toole, C.A.

Managing Director
Creststreet Asset Management Limited

Officers

Robert J. Toole, C.A.

President and Chief Executive Officer

Donna E. Shea, C.A.

Vice-President, Finance and
Chief Financial Officer

Michael D. Clare, C.A., C.F.A.

Vice-President

Sheryl J. Chiddenton

Vice-President, Compliance and
Investment Services

* Member of the Audit Committee and
Independent Review Committee

** Chair of the Audit Committee and
Independent Review Committee

Administrator

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