

2008 > Interim Report

Management's Report of Fund Performance

For the period from February 28, 2008 (date of inception) to June 30, 2008

THIS SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE SEMI-ANNUAL REPORT OF CRESTSTREET 2008 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 2008 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 first half of 2008 was characterized by media headlines and news flow regarding the global credit crisis, talk of a U.S. recession, and the climb of crude oil to record levels. During the first two quarters, capital flowed into commodities as a safe haven from sharp volatility in broader equity markets. By the end of the period, attention had turned to the impact of soaring commodity prices and their inflationary pressures on the global economy.

During the first half of 2008, NYMEX crude oil posted record gains, increasing 46 percent, to close at US\$140.00 per barrel. During this period, investors attempted to digest the rapid rise in crude prices, questioning whether it is based on constrained supply and demand fundamentals, financial speculators driving up the price, or investors seeking a hedge against inflation.

We continue to believe that long-term supply and demand fundamentals and geopolitical uncertainty will ultimately drive crude oil prices higher in the years ahead, however in the short term crude oil prices had appreciated faster than the underlying fundamentals warranted.

NYMEX natural gas prices increased 78 percent to close the period at US\$13.35 per million British thermal units ("mmbtu"). This strength in natural gas prices during the period was attributed to warm weather forecasts as well as a decrease in supply from lower drilling levels and reduction in imports of Liquefied Natural Gas ("LNG") to North America. As global prices for natural gas remain above North American prices, LNG shipments continue to head to continents with higher prices, contributing to constrained supply in North America.

Towards the end of the period, new resource plays in the U.S. pointed to a pending increase in domestic supply, which could have the impact on lowering domestic prices in the short-term. However, natural gas prices continue to provide an attractive long-term investment, and we continue to believe there is a strong upside in natural gas-weighted equities over the next several years.

As supply and demand fundamentals in the energy market continue to tighten in the years ahead, we will continue to be positioned to capitalize on attractive energy investment opportunities.

> Revenues and Expenses

As the Partnership commenced operations on February 28, 2008, there are no comparative results of operations. Interest income for 2008 amounted to \$59,172 and was earned by funds on deposit while awaiting investment in flow-through securities. As of June 30, 2008, the Partnership had invested \$672,520 in flow-through securities of Canadian resource issuers. Interest income for the remainder of the year will decrease as funds continue to be invested.

The Partnership incurred expenses totalling \$75,986 during the period. The Partnership's largest single expense item is partnership advisor fees of \$39,729, which are calculated at 2.0 percent per annum of the Partnership's NAV, calculated monthly and paid in arrears. The Partnership has negotiated a term loan facility which allows 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 28, 2008 for \$389,324. A subsequent drawdown occurred on March 27, 2008 for \$226,006. The balance of the loan was \$615,330 as at June 30, 2008, and represented approximately 11 percent of the Partnership's net assets as at that date. The loan facility matures on the earlier of February 28, 2010 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 June 30, 2008, nor at any time during the period. Interest expense for the period was \$13,157.

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 from its inception on February 28 to June 30, 2008. This information is derived from the Partnership's unaudited semi-annual financial statements.

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

	2008
Net asset value, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total revenue	0.12
Total expenses	(0.15)
Realized gain (loss) on investments	-
Unrealized gain on investments	0.70
Transaction costs	-
Total increase from operations⁽¹⁾	0.67
Net asset value, end of period (GAAP NAV)⁽²⁾	\$ 9.18

(1) Net asset value is based on the actual number of units outstanding at the relevant time. The increase 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 be a reconciliation between the opening and closing net asset value per unit.

Ratios and Supplemental Data

	2008
Net assets (000's) ⁽¹⁾	\$ 5,696
Number of units outstanding ⁽¹⁾	620,705
Management expense ratio (MER) ⁽²⁾	3.45%
Portfolio turnover rate ⁽³⁾	0.00%
Trading expense ratio ⁽⁴⁾	0.00%
Closing Pricing NAV per unit	\$ 9.18

(1) This information is provided as at June 30, 2008.

(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 percent 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 June 30, 2008

Description	% of total net assets
Natural gas	16.24%
Oil	1.68%
	17.92%
Cash and cash equivalents	93.66%
Other net assets	-11.58%
	100.00%

Investment	% of net assets
Duvernay Oil Corp.	10.93%
Open Range Energy Corp.	6.99%
	17.92%
Cash and cash equivalents	93.66%
Other net assets	-11.58%
Total Net Asset Value	100.00%

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 2008 Limited Partnership, Suite 1450, 70 University Avenue, Toronto ON M5J 2M4 or by visiting our website at www.creststreet.com.

Past Performance

The Fund has not presented its historical performance because it commenced operations on February 28, 2008, and has not been in operation for a full financial period.

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 percent of funds in flow-through securities of resource issuers that are listed on the TSX or on the TSX Venture Exchange.

> **Market Capitalization** – 50 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.

Recent Developments

New financial statement disclosure requirements

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, *Financial Instruments – Disclosures* (“Section 3862”) and Section 3863, *Financial Instruments – Presentation* (“Section 3863”). The new sections impact interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The introduction of Section 3863 will have no impact on the reporting of the Fund since the Fund is already in compliance with this section due to its adherence to reporting required by the Canadian Securities Administrators. Section 3862, however, will require significantly more disclosure with respect to the risks associated with the financial instruments held by the Fund. This section requires that the Fund provide specific qualitative and quantitative disclosures about the various types of risk the Fund is exposed to and also requires sensitivity analysis for some types of risk. The purpose of Section 3862 is to allow financial statement users to gain a more thorough understanding of the Fund's risk exposure, their potential impacts, and how the Fund manages those risks.

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 percent 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 percent 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 \$39,729 for the period from February 28 to June 30, 2008.

Risk

There have been no major or significant changes that have had an impact on the overall risk level of the Partnership since its inception. 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 2008 semi-annual financial statements.

Statement of Net Assets

	As at June 30, 2008 (unaudited)
Assets:	
Investments at market value	\$ 1,020,500
Cash and cash equivalents	5,334,923
Due from broker	-
Dividends receivable	-
Interest receivable	-
	6,355,423
Liabilities:	
Due to broker	-
Accounts payable and accrued liabilities	44,107
Loan payable (note 3)	615,330
	659,437
Net assets - GAAP NAV (note 2)	5,695,986
Adjustment from bid market prices to last traded market prices	2,000
Net assets - Pricing NAV (note 2)	5,697,986
Units outstanding	620,705
Net asset value per unit - GAAP NAV (note 2)	\$ 9.18
Adjustment from bid market prices to last traded market prices	0.00
Net asset value per unit - Pricing NAV (note 2)	\$ 9.18

See accompanying notes to financial statements.

Approved by Creststreet 2008 General Partner Limited on behalf of
Creststreet 2008 Limited Partnership



Robert J. Toole
Director



Stuart P. Hensman
Director

Statement of Operations

For the period from
February 28 to
June 30, 2008
(unaudited)

Investment income:	
Interest income	59,172
Expenses:	
Partnership advisor fees (note 4)	39,729
Interest expense	13,157
Operating expenses	2,013
Unitholder reporting	12,516
Directors' fees	2,431
Audit fees	6,000
Legal and filing fees	140
	75,986
Loss from investment operations	(16,814)
Net realized gain on sale of investments	-
Net change in unrealized appreciation/depreciation of investments	348,000
Transaction costs (note 2)	(20)
Net gain(loss) on investments	347,980
Increase(decrease) in net assets from operations	331,166
Per unit	
(based on the average number of units outstanding)	
Decrease in net assets from operations per unit	\$ 0.53

See accompanying notes to financial statements.

Statement of Changes in Net Assets

	For the period from February 28 to June 30, 2008 (unaudited)	
Net assets, beginning of period	\$	-
Operations		
Increase (decrease) in net assets from operations	\$	331,166
Share capital transactions:		
Proceeds from issue of units		6,207,050
Agents' fees		(418,976)
Issue costs		(423,254)
		5,364,820
Increase in net assets		5,695,986
Net assets, end of period - GAAP NAV (note 2)	\$	5,695,986
Adjustment from bid market prices to last traded market prices		2,000
Net assets, end of period - Pricing NAV (note 2)	\$	5,697,986

See accompanying notes to financial statements.

Statement of Cash Flows

For the period from
February 28 to
June 30, 2008
(unaudited)

Cash flows from (used in) operating activities	
Loss from investment operations	\$ (16,814)
Investments purchased	(672,520)
Proceeds on dispositions of investments	-
Net change in non-cash working capital	44,107
Cash flows used in operating activities	(645,227)
Cash flows from (used in) financing activities	
Proceeds from issue of units	6,207,050.00
Proceeds from loan	615,330.00
Payment of agents' fees	(418,976.00)
Payment of issue costs	(423,254.00)
Cash flows from financing activities	5,980,150
Net increase in cash and cash equivalents	5,334,923
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 5,334,923
Supplemental cash flow information	
Interest paid	\$ -

See accompanying notes to financial statements.

Statement of Investment Portfolio

As at June 30, 2008

Description	Number of securities	Type of security	Cost	Market Value
Duvernay Oil Corp.	422,510	Common shares	\$ 422,510	\$ 622,500
Open Range Energy Corp.	250,010	Common shares	250,010	398,000
Transaction costs			(20)	
Total investments at market value			\$ 672,500	\$ 1,020,500

See accompanying notes to financial statements.

Notes to Financial Statements

For the period from February 28 (date of inception) to June 30, 2008

1. Establishment of the Partnership

Creststreet 2008 Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on December 19, 2007 and commenced operations on February 28, 2008. 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 15, 2008, limited partners subscribed for 620,705 units of limited partnership interest. The general partner of the Partnership is Creststreet 2008 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, interest receivable, accounts payable and accrued liabilities, 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

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 that are not listed or traded on a public securities exchange or actively traded on an over-the-counter market will be valued by the Manager at the fair value thereof determined in such manner as the Manager may from time to time determine and 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. However, the Manager's policy is to, where possible, use evidence of arm's length third party transactions in determining fair value of unlisted securities. Any change in value is recorded in "Net change in unrealized appreciation/depreciation of investments" on the statements of operations.

Canadian GAAP requires that securities traded on a public exchange be valued at their last bid price for securities held long and the last ask price for securities sold short for calculating the net asset value ("NAV") for financial reporting purposes ("GAAP NAV"). The NAV calculated for pricing purposes for purchases and redemptions continues to use last traded market prices ("Pricing NAV"). This will generally result in a difference between Pricing NAV and GAAP NAV which is presented on the Statement of Net Assets.

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) Brokerage commissions

Brokerage commissions, if any, on purchases and sales of securities are expensed in the period incurred and are disclosed on the statements of operations.

e) 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.

f) 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 \$615,330 matures on the earlier of February 28, 2010 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. The loan is subject to certain financial covenants. The Partnership was not in violation of any covenants at June 30, 2008, nor at any time during the period.

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 \$39,729 for the period from February 28 to June 30, 2008. The General Partner has a 0.01 percent beneficial interest in the Partnership.

5. 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 simply 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 June 30, 2008, the Fund did not hold any securities denominated in foreign currency so there was no currency risk exposure to the Fund at June 30, 2008.

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 one year or more to maturity). The Partnership did not hold any such securities as at June 30, 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 Fund's NAV at June 30, 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 June 30, 2008 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 of the Fund may have been \$45,244 higher or lower (\$0.07 per share or 0.8 percent), respectively. This estimation is based on statistical tools that measure the relationships between each security in the Fund'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 a 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 fund'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.

6. Liquidity of Partnership units and termination of Partnership

On or about January 22, 2010, the Partnership is 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. Upon this transfer, the Partnership will be dissolved at which time the net assets will be allocated 99.99 percent to the limited partners and 0.01 percent to the General Partner. Upon dissolution, the limited partners will receive their pro-rata share of the shares of the Mutual Fund.

7. Tax shelter identification number

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 074112 and QAF-08-01256, respectively.

Creststreet 2008 General Partner Limited

Board of Directors

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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

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President and Chief Executive Officer

Donna Shea, C.A.

Vice-President, Finance

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