



Creststreet 2008 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 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 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

Investment Performance

In February 2008, the Creststreet 2008 Limited Partnership completed its public offering of units, raising \$6.2 million for investment in flow-through shares of Canadian energy companies. The proceeds from this offering were invested by December 31, 2008, generating tax deductions applicable to the 2008 taxation year for limited partners. The Creststreet 2008 Limited Partnership was invested with the aim of benefiting from the recovery in valuations that is anticipated in equities of junior oil and natural gas issuers as the market bottoms and fundamentals begin to improve. This Partnership was scheduled to roll into the Creststreet Resource Fund in January 2010. On December 15, 2009, Creststreet 2008 General Partner Limited (the "General Partner" of the Partnership) gave notice to extend the date upon which the Mutual Fund Rollover Transaction (as described in the Partnership's prospectus) would occur to a date no later than May 28, 2010. May 28, 2010 is the date that unitholders of the Partnership would have become entitled to redeem their shares of the Creststreet Resource Fund (the "Fund") received on the Mutual Fund Rollover Transaction if it occurred as originally contemplated. The Partnership was not permitted to complete the Mutual Fund Rollover Transaction as at the time private energy securities comprised approximately 22.1% of the Partnership's net assets and approximately 21.7% of the Fund's net assets. In order to transfer the assets of the Partnership to the Fund, under applicable securities legislation, the percentage of the net assets of the Fund made up of private securities must, immediately after the transfer, be 10% or less. The Partnership and the Fund are making significant progress towards reducing their private investments and presently expect to complete the rollover transaction before May 28, 2010. Again, this was the date that unitholders of the Partnership would have become entitled to redeem their shares of the Creststreet Resource Fund received on the Mutual Fund Rollover Transaction if it occurred as originally contemplated. As of December 31, 2009 the Partnership had a net asset value of \$9.3612 per unit and posted an annual return of 44.4% for the year.

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.

In response to rebound in oil prices and in the broader markets, junior oil and gas equity valuations, which were extremely weak earlier in the year, have returned to more normal levels in the latter part of 2009. Creststreet expects that this trend will continue in 2010 and we still see a number of opportunities in undervalued companies. Nevertheless, we must remain cautious in our outlook on natural gas. In the longer-term, we continue to hold the view that the supply and demand fundamentals of energy commodities have not changed and that the long-term upward trend in commodity prices will continue.

Revenues and Expenses

As the Partnership commenced operations on February 28, 2008, the comparative results of operations are for a period less a year. Interest income of \$2,931 for 2009 was substantially less than \$131,251 in 2008 from interest earned by funds on deposit while awaiting investment in flow-through securities. The Partnership was fully invested in December 2008 and therefore held lower cash balances in 2009. In addition, interest rates were much lower in 2009 than 2008. Dividend income of \$45,283 was earned in 2009 as the Partnership disposed of certain flow-through securities and reinvested the funds in dividend paying securities.

The Partnership incurred expenses totalling \$201,523 in 2009 compared to \$187,466 in 2008. The Partnership's largest single expense item is partnership advisor fees which are calculated at 2.0 percent per annum of the Partnership's NAV, calculated monthly and paid in arrears. The increase in management fees from \$94,882 to \$96,480 reflects the higher average net asset value in 2009. The Partnership 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. Subsequent drawdowns occurred on March 27, 2008 and November 7, 2008 for \$226,006 and \$298,255 respectively. The balance of the loan was \$913,585 as at December 31, 2008, and represented approximately 23 percent of the Partnership's net assets as at that date. The loan was fully repaid on November 13, 2009. The decrease in interest expense from \$27,987 in 2008 to \$16,782 in 2009 was due very low interest rates in the weakened economy. The increase in operating expenses from \$16,479 in 2008 to \$46,017 was due to an increase in service provider costs. Other expenses were incurred in the normal operation of the Partnership.

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 - 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

Risk

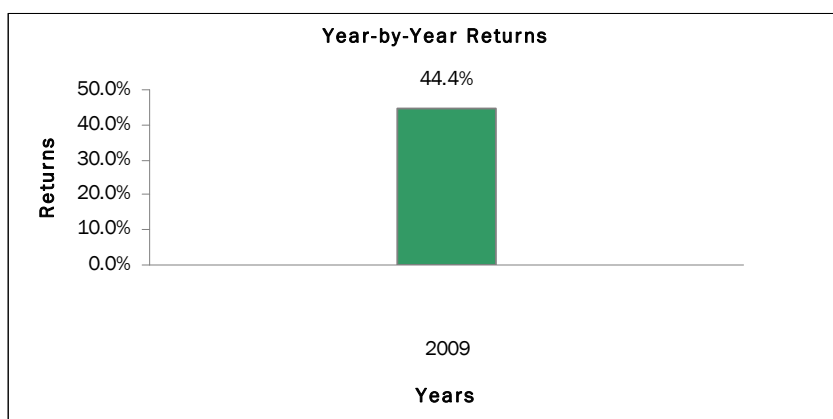
The General Partner believes that energy prices will continue to recover once global economic growth slowly begins to reassert itself. The investment philosophy, style, and method for the Partnership remain unchanged. The Partnership invests primarily in the equity securities of Canadian resource issuers 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 first complete financial period, 2009. 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 2008 Limited Partnership	S&P/TSX Composite Index	S&P/TSX CDN Capped Energy Index
1 Year	44.4%	30.7%	37.3%
Since Inception *	-3.5%	-6.0%	-4.8%

* The inception date of the Partnership is February 28, 2008

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. The Creststreet 2008 Limited Partnership increased 44.4% during the year.

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 year ended December 31, 2009 and since its inception on February 28 to December 31, 2008. This information is derived from the Partnership's audited annual financial statements.

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

		2009		2008
Net assets, beginning of period	\$	6.42	\$	10.00
Increase (decrease) from operations:				
Total revenue		0.08		0.22
Total expenses		(0.32)		(0.31)
Realized gains (losses) on investments		(0.90)		0.67
Unrealized gains (losses) on investments		4.08		(2.73)
Transaction costs		(0.03)		-
Total increase (decrease) from operations⁽¹⁾	\$	2.91	\$	(2.15)
Net assets, end of period⁽²⁾	\$	9.33	\$	6.42

(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 act as a continuity of the opening and closing net assets per unit.

Ratios and Supplemental Data

		2009		2008
Total net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	\$	5,791	\$	3,984
Number of units outstanding ⁽¹⁾		620,705		620,705
Management expense ratio (MER) ⁽²⁾		4.51%		4.22%
Trading expense ratio ⁽³⁾		0.33%		0.00%
Portfolio turnover rate ⁽⁴⁾		100.42%		81.52%
Net asset value per unit (Pricing NAV) (\$)	\$	9.36	\$	6.48

(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 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 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.

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

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 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. Access Person Trading

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

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 advisory fees. Partnership advisor fees totalled \$96,480 in 2009 and \$94,882 for the period from February 28 to December 31, 2008.

Summary of Investment Portfolio

As at December 31, 2009

Sector Mix	% of net assets
Natural gas	61.9%
Oil	31.9%
Energy services	0.0%
Total Investments	93.8%
Cash and cash equivalents	7.0%
Other net assets	-0.8%
	100.0%

Top Positions	% of net assets
Tourmaline Oil Corp.	15.0%
Crescent Point Energy Corp.	12.0%
Bankers Petroleum Ltd.	10.7%
Advantage Oil & Gas Ltd.	7.1%
Corridor Resources Inc.	7.0%
Progress Energy Resources Corp.	6.7%
Angle Energy Inc.	5.8%
Storm Exploration Ltd.	5.6%
Gran Tierra Energy Inc.	4.7%
TransGlobe Energy Corporation	4.5%
Fairborne Energy Ltd.	4.1%
Huron Energy Corporation	3.3%
Twin Butte Energy Ltd.	2.2%
Open Range Energy Corp.	1.8%
Crocotta Energy Inc.	1.8%
Sure Energy Inc.	1.6%
Total Net Asset Value	\$ 5,791,222

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 2008 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 2008 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 2008 General Partner Limited



Donna Shea
Vice-President, Finance
Chief Financial Officer
Creststreet 2008 General Partner Limited

February 26, 2010

Auditor's Report to the Partners

We have audited the statements of net assets of Creststreet 2008 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 for the period from February 28 (date of inception) to December 31, 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 the period from February 28 (date of inception) to December 31, 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 entire signature.

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	\$ 5,434,437	\$ 4,123,293
Cash and cash equivalents	403,487	823,603
Dividends receivable	6,789	-
Interest receivable	-	7,971
	<u>5,844,713</u>	<u>4,954,867</u>
Liabilities		
Accounts payable and accrued liabilities	53,491	57,003
Loan liability	-	913,585
	<u>53,491</u>	<u>970,588</u>
Net assets - GAAP NAV (note 2)	\$ 5,791,222	\$ 3,984,279
Adjustment from bid market prices to last traded market prices	19,327	40,215
Net asset value - Pricing NAV (note 2)	\$ 5,810,549	\$ 4,024,494
Units outstanding	620,705	620,705
Net assets per unit - GAAP NAV (note 2)	\$ 9.33	\$ 6.42
Adjustment from bid market prices to last traded market prices	0.03	0.06
Net asset value per unit - Pricing NAV (note 2)	\$ 9.36	\$ 6.48

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

Statements of Operations

For the year ended December 31, 2009

and the period from the date of inception on February 28 to December 31, 2008

2009

2008

Investment Income

Dividend revenue	\$	45,283	\$	-
Interest revenue		2,931		131,251
	\$	48,214	\$	131,251

Expenses

Partnership advisor fees (note 4)		96,480		94,882
Operating expenses		46,017		16,479
Audit fees		18,789		15,000
Legal and filing fees		17,976		140
Interest expense		16,782		27,987
Securityholder reporting costs		1,214		30,547
Independent Review Committee fees		4,265		2,431
	\$	201,523	\$	187,466

Loss from investment operations		(153,309)		(56,215)
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Net realized gain (loss) on sale of investments		(557,679)		407,500
Change in unrealized appreciation (depreciation) of investments		2,532,621		(1,660,441)
Transaction costs (note 2)		(14,690)		(30)

Net realized and unrealized gain (loss) on investments		1,960,252		(1,252,971)
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Increase (decrease) in net assets from operations	\$	1,806,943	\$	(1,309,186)
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Per unit

(based on average number of units outstanding)

Increase (decrease) in net assets from operations per unit	\$	2.91	\$	(2.15)
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See accompanying notes to financial statements

Statements of Changes in Net Assets

For the year ended December 31, 2009

and the period from the date of inception on February 28 to December 31, 2008

2009

2008

Net assets at the beginning of year	\$	3,984,279	\$	-
Operations:				
Increase (decrease) in net assets from operations		1,806,943		(1,309,186)
Capital transactions:				
Proceeds from the issue of units		-		6,207,050
Agents' fee and issue costs		-		(913,585)
Net assets at the end of year - GAAP NAV (note 2)	\$	5,791,222	\$	3,984,279
Adjustment from bid market prices to last traded market prices		19,327		40,215
Net asset value at the end of the year - Pricing NAV (note 2)	\$	5,810,549	\$	4,024,494

See accompanying notes to financial statements

Statements of Cash Flows

For the year ended December 31, 2009

and the period from the date of inception on February 28 to December 31, 2008

2009

2008

Cash flows from (used in) operating activities				
Loss from investment operations		(153,309)		(56,215)
Investments purchased		(4,377,128)		(6,206,264)
Proceeds on dispositions of investments		5,026,236		830,000
Net change in non-cash working capital		(2,330)		49,032
Cash flows from (used in) operating activities	\$	493,469	\$	(5,383,447)
Cash flows from (used in) financing activities				
Proceeds from issue of units		-		6,207,050
Proceeds from loan		(913,585)		913,585
Payment of agents' fee and issue costs				(913,585)
Cash flows from (used in) financing activities	\$	(913,585)	\$	6,207,050
Net increase (decrease) in cash and cash equivalents		(420,116)		823,603
Cash and cash equivalents, beginning of year		823,603		-
Cash and cash equivalents, end of year	\$	403,487	\$	823,603

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
Tourmaline Oil Corp.	57,999	Common shares	\$ 621,999	\$ 869,985
Crescent Point Energy Corp.	17,560	Common shares	531,200	692,742
Bankers Petroleum Ltd.	100,000	Common shares	214,000	621,000
Advantage Oil & Gas Ltd.	60,000	Common shares	199,515	411,000
Corridor Resources Inc.	75,000	Common shares	163,380	402,750
Progress Energy Resources Corporation	27,500	Common shares	446,875	387,750
Angle Energy Inc.	50,000	Common shares	265,000	335,000
Storm Exploration Inc.	25,000	Common shares	295,985	325,250
Gran Tierra Energy Inc.	45,000	Common shares	182,453	270,000
Transglobe Energy Corp.	75,000	Common shares	216,750	259,500
Fairborne Energy Ltd.	50,000	Common shares	186,370	237,000
Huron Energy Corporation	95,000	Class A common shares	380,000	190,000
Twin Butte Energy Ltd.	140,800	Common shares	190,080	129,536
Open Range Energy Corp.	50,000	Common shares	250,010	105,500
Crocotta Energy Inc.	100,000	Common shares	225,000	105,000
Sure Energy Inc.	151,515	Common shares	200,010	92,424
Transaction costs			(6,400)	-
Total investments			\$ 4,562,227	\$ 5,434,437

See accompanying notes to financial statements

Notes to Financial Statements

For the year ended December 31, 2009 and the period from inception on February 28 to December 31, 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:

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. The adoption of these recent amendments to Section 3862 did not have an impact on the financial statements. See Note 7 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 redemption 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 and dividend receivable 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 \$913,585 was due to mature 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. As of November 13, 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 \$96,480 for the year ended December 31, 2009 (2008 - \$94,882). 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 Creststreet Mutual Funds Limited, (the “Resource Fund”), in exchange for shares of the Resource Fund on January 22, 2010. 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 28, 2010 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. It is expected that the rollover transaction will be completed no later than May 28, 2010. This will result in the unit holders of the Partnership being entitled to redeem their shares of the Resource Fund as originally anticipated, had the rollover transaction been completed earlier in January.

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 one 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 periods then ended. 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 \$256,879 and \$0.41 per unit higher or lower, respectively (2008 - \$217,594 and \$0.35 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 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 is 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 for securities not traded on a public exchange during the periods ended December 31, 2008 and 2009. The table is arranged in alphabetical order by investment:

	Prior Fair Value	New Fair Value	Valuation Basis
<u>Huron Energy Corporation</u>			
December 2009	\$ 380,010	\$ 190,000	Write-down from cost based on Manager's valuation in view of the recent rights issue by the issuer.
<u>Tourmaline Oil Corp.</u>			
November 2009	\$ 622,020	\$ 869,985	Write-up from cost based on third party financing completed at higher value. Also, \$132,010 of the new fair value is from an investment Exshaw Oil Corporation which 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	\$ 4,374,452	\$ -	\$ 1,059,985	\$ 5,434,437
	\$ 4,374,452	\$ -	\$ 1,059,985	\$ 5,434,437

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

	Equities
Balance at December 31, 2008	\$ 1,244,500
Purchases	
Sales	
Transfer In	\$ 132,000
Transfer Out	\$ (374,500)
Gains (Losses)	
Realized	-
Unrealized	57,985
Balance at December 31, 2009	\$ 1,059,985

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 074112 and QAF-08-01256, 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 2008 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

Administrator

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** Chair of the Audit Committee and
Independent Review Committee