



Creststreet 2009 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 2009 LIMITED PARTNERSHIP (THE "PARTNERSHIP").

UNITHOLDERS MAY OBTAIN A COPY OF THE ANNUAL FINANCIAL STATEMENTS AT NO COST BY CALLING 1-866-864-6330, BY WRITING TO CRESTSTREET 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 November 2009, the Creststreet 2009 Limited Partnership completed its public offering of units, raising \$8.4 million for investment in flow-through shares of Canadian energy companies. As of December 31, 2009, the Partnership was successful in investing approximately 42% of the Partnership's capital, resulting in a tax deduction of approximately \$4.27 per \$10.00 unit for 2009. The balance of the uninvested capital, along with a refund from the General Partner of the Partnership of the full issue costs related to the refunded capital which totalled \$4.89 per unit was returned to investors on January 26, 2010.

The flow-through investments made by the Partnership were acquired at a very attractive average premium to market at the time of investment of 15%. The remaining proceeds were not fully invested as a number of flow-through investment opportunities that were expected to be available to the Partnership late in the year did not materialize. While the Manager subsequently reviewed a number of alternative flow-through investment opportunities in order to complete the investment program, they did not meet the Partnership's quality and pricing criteria. As a result, the Partnership determined that it was in the best interest of limited partners to return a portion of the capital to investors.

As a result of the refund by the General Partner of the issue costs related to the refunded capital, investors will not suffer any loss as a result of issue costs on the capital refunded by the Partnership.

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 a 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

The Partnership commenced operations on November 9, 2009 and for the period ended December 31, 2009, the Partnership incurred expenses totalling \$85,508. One of the largest expenses is partnership advisor fees of \$25,151, which are calculated at 2.0 percent per annum of the Partnership's NAV, calculated monthly and paid in arrears. 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 loan balance was \$845,449 as at December 31, 2009, and represented approximately 12 percent of the Partnership's net assets as at that date. Subsequent to the year end, on January 21, 2010, the loan was fully repaid. However, for the period the loan was outstanding in 2009, the Partnership paid \$10,749 in interest expense. The other expenses of \$49,608 were incurred in the normal operation of the Partnership.

Investment Objectives and Strategies

The investment objective of the Partnership is to invest in 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 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.

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 annual financial statements.

Past Performance

The Partnership has not presented its historical performance because it commenced operations on November 9, 2009, and has not been in operation for a full financial fiscal 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 period since its inception on November 9, 2009 to December 31, 2009. This information is derived from the Partnership's annual financial statements.

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

	2009
Net assets, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total revenue	-
Total expenses	(0.12)
Realized gains (losses) on investments	-
Unrealized gains (losses) on investments	(0.18)
Transaction costs	-
Total increase (decrease) from operations⁽¹⁾	\$ (0.30)
Net assets, end of period⁽²⁾	\$ 8.49

(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
Total net assets (GAAP Nav) (\$) (000's) ⁽¹⁾	7,119
Number of units outstanding ⁽¹⁾	838,780
Management expense ratio (MER) ⁽²⁾	13.48%
Portfolio turnover rate ⁽³⁾	nil
Trading expense ratio ⁽⁴⁾	nil
Net asset value per unit (Pricing NAV) (\$)	8.47

- (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

New Accounting Standards

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"), that became effective January 1, 2009. 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 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, 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. Although the federal government has not finalized all the rules and details, 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 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, is the Portfolio Manager of the Partnership. The Portfolio Manager 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. Start-up/Organizational Expenses
4. Standards of Fairness
5. Trade Management and Best Execution
6. Investment Suitability
7. 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 Fee

The Portfolio Manager provides investment and administrative services to the Partnership. In consideration for these services, the Partnership pays out 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 advisory fees. Partnership advisor fees totalled \$25,151 for the period ended December 31, 2009.

Summary of Investment Portfolio

As at December 31, 2009

Sector Mix	% of net assets
Oil	18.8%
Natural Gas	16.9%
Mining	11.7%
Total Investments	47.4%
Cash and cash equivalents	67.4%
Other net assets	-14.8%
	100.0%

Top Positions	% of net assets
Reliable Energy Ltd.	12.5%
Selwyn Resources Ltd.	11.7%
Tourmaline Oil Corp.	7.0%
Base Oil & Gas Ltd.	5.2%
Strategic Oil & Gas Ltd.	4.2%
Orleans Energy Ltd.	3.6%
Bernum Petroleum Ltd.	3.2%
Total Net Assets Value	\$ 7,119,030

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 2009 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 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 General Partner Limited



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

February 26, 2010

Auditor's Report to the Partners

We have audited the statements of net assets and investment portfolio of Creststreet 2009 Limited Partnership as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the period from November 9 (date of inception) to December 31, 2009. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Partnership, and its investments held as at December 31, 2009, and the results of its operations, changes in net assets and cash flows for the period from November 9 (date of inception) to December 31, 2009 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

Statement of Net Assets

As at December 31

2009

Assets

Investments at market value	\$	3,374,049
Cash and cash equivalents		4,799,515
		<u>8,173,564</u>

Liabilities

Accounts payable and accrued liabilities		209,085
Loan liability		845,449
		<u>1,054,534</u>

Net assets - GAAP NAV (note 2)	\$	7,119,030
Adjustment from bid market prices to last traded market prices		(11,106)
Net asset value - Pricing NAV (note 2)	\$	7,107,924

Units outstanding		838,780
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Net assets per unit - GAAP NAV (note 2)	\$	8.49
Adjustment from bid market prices to last traded market prices		(0.02)
Net asset value per unit - Pricing NAV (note 2)	\$	8.47

See accompanying notes to financial statements

Approved by Creststreet General Partner Limited on behalf of
Creststreet 2009 Limited Partnership



Robert J. Toole
Director



Stuart P. Hensman
Director

Statement of Operations

For the period from the date of inception on November 9th to December 31

2009

Expenses

Partnership advisor fees (note 4)	25,151
Securityholder reporting costs	20,675
Audit fees	17,000
Operating expenses	11,933
Interest expense	10,749
Loss from investment operations	\$ (85,508)
Change in unrealized depreciation of investments	(126,501)
Net unrealized loss on investments	\$ (126,501)
Decrease in net assets from operations	\$ (212,009)

Per unit

(based on average number of units outstanding)

Decrease in net assets from operations per unit	\$ (0.30)
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See accompanying notes to financial statements

Statement of Changes in Net Assets

For the period from the date of inception on November 9th to December 31

2009

Net assets at the beginning of period	\$ -
Operations	
Decrease in net assets from operations	(212,009)
Capital transactions	
Proceeds from the issue of units	8,387,800
Agents' fee and issue costs	(1,056,761)
Net assets at the end of period - GAAP NAV (note 2)	\$ 7,119,030
Adjustment from bid market prices to last traded market prices	(11,106)
Net asset value at the end of periodt - Pricing NAV (note 2)	\$ 7,107,924

See accompanying notes to financial statements

Statement of Cash Flows

For the period from the date of inception on November 9th to December 31

2009

Cash flows from (used in) operating activities

Loss from investment operations	(85,508)
Investments purchased	(3,500,550)
Net change in non-cash working capital	209,085
Cash flows used in operating activities	(3,376,973)

Cash flows from (used in) financing activities

Proceeds from issue of units	8,387,800
Proceeds from loan	845,449
Payment of agents' fee and issue costs	(1,056,761)
Cash flows from financing activities	8,176,488

Net increase in cash and cash equivalents 4,799,515

Cash and cash equivalents, beginning of period -

Cash and cash equivalents, end of period 4,799,515

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
Reliable Energy Ltd.	1,860,000	Common shares	\$ 799,800	\$ 892,800
Selwyn Resources Ltd.	3,636,364	Common shares	1,000,000	836,364
Tourmaline Oil Corp.	33,000	Common shares	594,000	495,000
Base Oil & Gas Ltd.	835,000	Common shares	250,500	367,400
Strategic Oil & Gas Ltd.	450,000	Common shares	247,500	261,000
Bernum Petroleum Ltd.	225,000	Class A common shares	258,750	225,000
Orleans Energy Ltd.	109,375	Common shares	350,000	257,031
Strategic Oil & Gas Ltd.	225,000	Warrants	-	39,454
Total investments			\$ 3,500,550	\$ 3,374,049

See accompanying notes to financial statements

Notes to Financial Statements

For the period from the date of inception on November 9 to December 31, 2009

1. Establishment of the Partnership

Creststreet 2009 Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on September 2, 2009 and commenced operations on November 9, 2009. The principal purpose of the Partnership is to invest in flow-through shares issued by resource issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in securities of entities engaged in such activities. Pursuant to a prospectus dated October 27, 2009, limited partners subscribed for 838,780 units of limited partnership interest.

The General Partner of the Partnership is Creststreet 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) Valuation of investments

Investments are deemed to be held for trading in accordance with CICA Section 3855, Financial Instruments – Recognition and Measurement ("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 Black Scholes pricing methodology is used to price the warrants held by the Partnership.

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 Statement 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

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) Financial Instruments – Disclosures & Presentation

In accordance with CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") and Section 3863, Financial Instruments – Presentation ("Section 3863"), enhanced disclosure and presentation of the nature and extent of the risks arising from financial instruments and how these are managed in the Partnership are presented in Note 6.

The Partnership has also adopted the recent amendments to 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.

(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 \$845,449 matures on the earlier of April 9, 2011 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. Subsequent to period end, on January 21, 2010, 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 \$25,151 for the period from November 9 to December 31, 2009. The General Partner has a 0.01 percent beneficial interest in the Partnership.

5. **Liquidity of Partnership Units and Termination of the Partnership**

On or about January 21, 2011, 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% to the limited partners and 0.01% to the General Partner. Upon dissolution, the limited partners will receive their pro-rata share of the shares of the Mutual Fund.

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, the

Partnership did not hold any securities denominated in foreign currencies so 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, 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.

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 \$40,256 and \$0.05 per unit higher or lower, 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 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, RBC Dexia Investor Services Trust, 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 period year ended December 31, 2009. The table is arranged in alphabetical order by investment.

	Prior fair value	New fair value	Valuation basis
<u>Bernum Petroleum Ltd.</u>			
December 2009	\$ 258,750	\$ 225,000	Write-down from cost based on third party financing completed at higher value.
<u>Tourmaline Oil Corp</u>			
November 2009	\$ 594,000	\$ 495,000	Write-down from cost based on third party financing completed at higher value.

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	\$ 2,614,595	\$	39,454	\$	720,000	\$	3,374,049
	\$ 2,614,595	\$	39,454	\$	720,000	\$	3,374,049

The following table is a reconciliation of Level 3 financial instruments from November 9, 2009 to December 31, 2009:

	Equities
Balance at November 9, 2009	\$ -
Purchases	852,750
Sales	-
Net transfers in (out)	-
Gains (Losses)	
Realized	-
Unrealized	(132,750)
Balance at December 31, 2009	\$ 720,000

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-075663 and QAF-09-01338, 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 the 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.

11. Subsequent Event.

The Partnership was successful in investing approximately 42% of the proceeds from the Partnership's offering. The balance of the un-invested capital along with a refund from the manager of the Partnership of the full issue cost related to the refunded capital amounting to \$4,101,634 was returned to investors on January 26, 2010.

Creststreet 2009 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

RBC Dexia Investor Services Trust
Toronto, Ontario

Custodian

RBC Dexia Investor Services Trust
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** Chair of the Audit Committee and
Independent Review Committee