



Creststreet Energy Opportunities Fund

2010 > Interim Report

Management Report of Fund Performance

For the six months ended June 30, 2010

THIS INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE INTERIM REPORT OF CRESTSTREET ENERGY OPPORTUNITIES FUND (THE "FUND").

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

THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY THE EXTERNAL AUDITORS OF THE FUND. THE EXTERNAL AUDITORS WILL BE AUDITING THE ANNUAL FINANCIAL STATEMENTS OF THE FUND IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED AUDITING STANDARDS.

Results of Operations

Investment Performance

The Creststreet Energy Opportunities Fund had a positive start to the year in 2010 posting a return of +10.6% for the first six months of the year compared to the S&P/TSX Capped Energy Index, which declined by 8.6% over the same period. This compares to a return of +17.4% for the Fund during the first six months of 2009.

After continuing to rally during the first quarter of 2010, broad equity markets sold off aggressively during the second quarter as investors became increasingly concerned about the global economy and the risks of a double-dip recession. We believe the broader equity markets have entered a period of consolidation as underlying economic fundamentals catch up to a "valuation hang over" in the market and the sustainability of the global economic recovery is assessed. The long-term outlook for the energy sector, however, remains very positive and we believe the sector will outperform broad North American equity markets over the next decade. We believe this period of market consolidation represents an excellent entry point to increase exposure to the energy sector.

Volatility in energy commodities continued during the first half of 2010. West Texas Intermediate ("WTI") light sweet crude oil on the New York Mercantile Exchange ("NYMEX") finished down 4.7% during the period, closing at US\$75.63 per barrel. In comparison, NYMEX natural gas prices declined by 15.9% during the period, closing at US\$4.65 per mmbtu.

After a strong rally from multi-year lows in 2009, the price of crude oil has continued to remain strong in 2010. Despite some short-term weakness in spot crude prices during the second quarter, the oil market continues to trade on long-term fundamentals as we look to a period of renewed tightness in supply. Recently we have begun to see evidence of increased oil demand in North America and believe that this could be the catalyst that continues to drive the oil price higher in the near term. In contrast, the North American natural gas market remains oversupplied as production volumes remain robust and storage levels hover near record levels. With the recent rise in the rig count and continued production growth resulting from the application of new technologies to a number of North American shale plays, we believe that soft natural gas prices will persist into 2011 before storage levels rebalance and natural gas prices improve.

Beginning in the first quarter of the year the Fund began to selectively reduce some of its exposure to its smaller capitalization and less liquid positions and built a cash position of 40% of NAV while maintaining exposure to a number of high-growth North American and international junior and intermediate oil-weighted producers. This provided some downside protection to the Fund as the markets sold off during the second quarter. Recently we have been actively monitoring near-term market conditions looking for an entry point to increase our exposure to some of our top pick oil

weighted companies. We believe that any sell-off in the market provides a good opportunity to take advantage of reduced energy equity valuations relative to our bullish outlook on long-term crude oil prices.

We continue to remain cautious with respect to investing in natural gas producers in the near-term as we believe the market remains oversupplied. We have adopted a market neutral pairs trading approach whereby we hold long positions in high quality natural gas names with the lowest cost projects that will generate material growth over time, while also maintaining short positions in those natural gas producers with high cost structures and too much financial leverage.

Going into the second half of 2010 the Fund is targeting a net long exposure of 40% to 70%. We believe that this allows investors to maintain exposure to the energy sector, while providing some downside protection in the event of a further market sell-off. The Fund will also be looking to selectively invest its substantial cash reserves as we seek to take advantage of various market opportunities created by this period of investor uncertainty as they arise.

Revenues and Expenses

The Fund earned dividend revenue of \$1,994,842 in 2010 compared to \$9,553 in 2009 for the six month period. This significantly large dividend is related to one issuer, namely Athabasca Oil Sands Corp. which paid a special dividend of \$4.25 per share prior to completing its initial public offering. Interest income declined from \$6,234 in 2009 to \$1,749 in 2010 for the six months ended June 30, due to lower interest rates. Other income is related to a refund of income taxes paid in prior years.

The Fund incurred management fees of \$209,603 in the first six months of 2010 compared to \$61,834 in 2009 due to the higher net assets of the Fund. The increase in service fees from \$22,557 in 2009 to \$94,496 was also directly related to the increase in net assets of the Fund. The Fund incurred higher operating expenses related to administration costs as a result of the rollover of the Creststreet 2007 Limited Partnership in May 27, 2009 which created a new series in the Fund and increased the number of unit holders in the Fund. Higher security lending fees of \$47,706 in 2010 compared to \$4,193 in 2009 as well as higher dividends paid on securities sold short of \$39,448 in 2010 compared to \$3,256 in 2009 are a result of the Fund holding more short positions in the portfolio.

Investment Objectives and Strategies

The investment objective of the Fund is to provide Shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. The Fund's portfolio consists primarily of securities of issuers engaged in the global energy sector.

The Manager intends to take long and short positions in stocks, bonds and commodities directly or indirectly to provide the best appreciation potential. The allocation of long and short positions will vary depending on the opportunities the Manager believes have the best reward per share of risk. The Manager anticipates that its investment strategy will generate both capital gains and income.

Other Material Information

Creststreet Opportunities Fund Inc.

Creststreet Energy Opportunities Fund is a class of shares of Creststreet Opportunities Fund Inc. (the "Corporation"). The Corporation was incorporated on August 27, 2008 under the Canada Business Corporations Act. Pursuant to a purchase agreement between the Fund and Creststreet Energy Hedge Fund L.P. (the "Partnership") dated September 5, 2008, the Partnership agreed to sell all of the assets of the Partnership (the "**Partnership Assets**") to the Fund for an amount equal to the value of the Partnership Assets to be satisfied by the Fund (i) as to an amount equal to the liabilities of the Partnership, by the assumption of such liabilities, and (ii) as to the balance, by the issuance of non-voting Series A shares in the capital of the Fund (the "**Shares**") having an aggregate net asset value equal to the balance. The sale was affected on a tax-deferred "rollover" basis under the *Income Tax Act* (Canada). Subsequent to the sale of Partnership Assets on September 24, 2008, the Partnership was dissolved. The Fund has identical investment objectives and strategies as the Partnership which is to provide shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities, primarily of issuers engaged in the global energy sector, and through strategic trading.

Since the Fund is essentially a continuation of the Partnership, the financial results of the Fund and the Partnership were combined for 2008 year end and presented as comparative amounts for 2009. All performance data for the Fund will be presented as a continuation of the Partnership with certain limitations. As the Fund and the Partnership maintained different fund structures, it is not possible to provide certain data that capture year by year data for each Series prior for the January 1, 2009. Sections affected by this limitation in this report are as follows: Financial Highlights, Ratios and Supplemental Data, and the Year by Year Return Chart.

Risk

The investment philosophy, style and method for the Fund remain unchanged in the long-term. The Fund's objective is to provide long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. The Fund is therefore subject to the risks associated to the Fund's investment strategies. A more detailed discussion of the Fund's risk exposures can be found in the Fund's Offering Memorandum and in the notes of the 2010 interim financial statements.

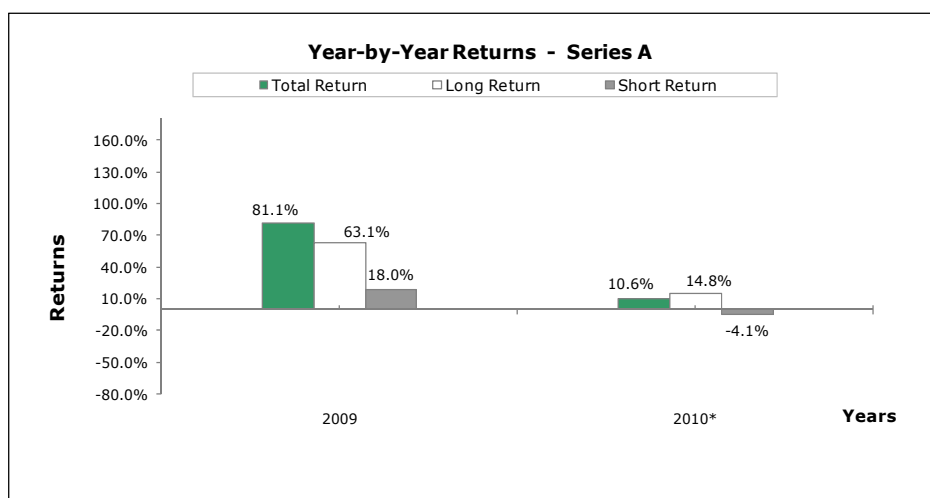
Past Performance

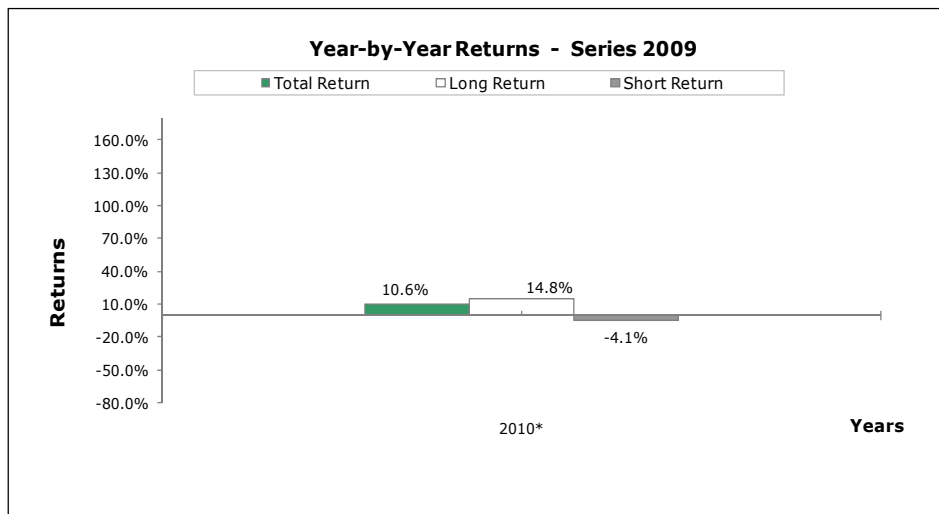
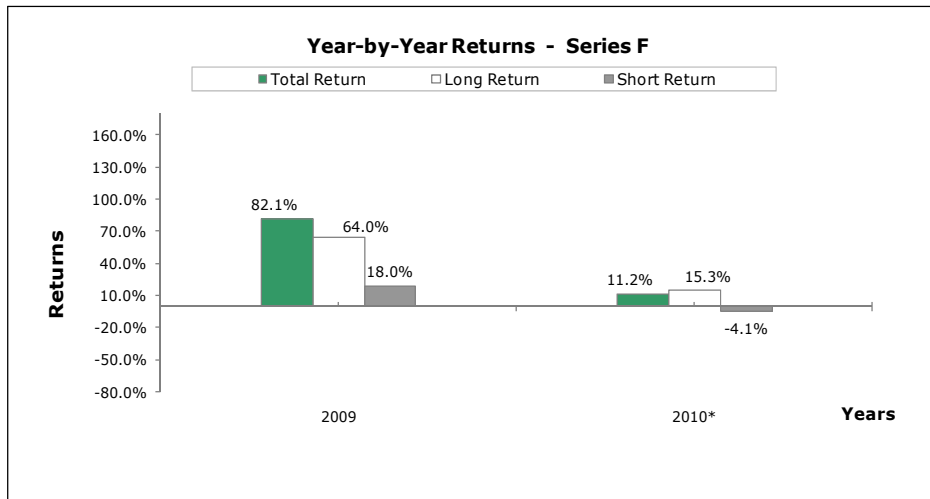
The past performance of the Fund is presented below showing the Year-by-Year returns charts. It should be noted that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The performance information shown also assumes that distributions made by the Fund were reinvested in additional securities of the Fund. Performance of the Fund set out below was calculated net of all fees and expenses. Lastly, the Fund's past performance is not necessarily indicative of its future performance.

Historical performance for Series 2010 is not presented in this report as the Series has not been in operation for a full financial fiscal year. Please refer to the "Other Material Information" section for certain limitation on these data.

Year-by-Year Returns

The following bar charts show the annual return from 2009 to the period ended June 30, 2010 of the applicable Series of the Fund. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.





Note:

The performance shown for short positions is based on the pure performance of the short positions, while the performance shown for long positions and the overall total performance of Series A is comprehensive of all fees and expenses.

* Total Return for the six month period ended June 30, 2010

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2010, and the year ended December 31, 2009. T

Please refer to the "Other Material Information" section for certain limitation on these data.

The Fund's Net Asset Value (NAV) per Share:

SERIES A	2010	2009
Net assets, beginning of period⁽¹⁾	\$ 15.21	\$ 8.46
Increase (decrease) from operations:		
Total revenue	1.84	0.04
Total expenses	(0.40)	(0.78)
Realized gains (losses) on investments	5.78	0.11
Unrealized gains (losses) on investments	(5.20)	7.32
Transaction costs	(0.38)	(0.33)
Total increase from operations⁽²⁾	\$ 1.64	\$ 6.36
Net assets, end of period ⁽⁴⁾	\$ 16.83	\$ 15.21
SERIES F	2010	
Net assets, beginning of period⁽¹⁾	\$ 15.34	\$ 8.48
Increase (decrease) from operations:		
Total revenue	1.73	0.04
Total expenses	(0.31)	(0.67)
Realized gains (losses) on investments	5.78	(0.53)
Unrealized gains (losses) on investments	(4.96)	7.64
Transaction costs	(0.38)	(0.34)
Total increase from operations⁽²⁾	\$ 1.86	\$ 6.14
Net assets, end of period ⁽⁴⁾	\$ 17.05	\$ 15.34
SERIES 2009	2010	
Net assets, beginning of period⁽¹⁾	\$ 15.15	\$ 9.59
Increase (decrease) from operations:		
Total revenue	1.90	0.03
Total expenses	(0.39)	(0.73)
Realized gains (losses) on investments	5.79	2.12
Unrealized gains (losses) on investments	(5.06)	4.26
Transaction costs	(0.38)	(0.19)
Total increase from operations⁽²⁾	\$ 1.86	\$ 5.49
Net assets, end of period ⁽⁴⁾	\$ 16.76	\$ 15.15
SERIES 2010	2010	
Net assets, beginning of period⁽¹⁾	\$ 17.20	\$ -
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses	(0.08)	-
Realized gains (losses) on investments	0.26	-
Unrealized gains (losses) on investments	(0.58)	-
Transaction costs	(0.05)	-
Total increase from operations⁽²⁾	\$ (0.45)	\$ -
Net assets, end of period ⁽⁴⁾	\$ 16.76	\$ -

- (1) This first report in which these data are provided. Series A and Series F first issued at \$18.3579 on Sept 24, 2008 pursuant to purchase agreement as described on the "Other Material Information" Section. Series 2009 were issued at \$9.5883 on May 27, 2009 pursuant to the Creststreet 2007 Limited Partnership Rollover and Series 2010 on May 31, 2010 at \$17.2024. Please refer to "Other Material Information" section for more details.
- (2) Net asset value is based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.
- (3) These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net assets per share.

Ratios and Supplemental Data

	June 30,	December 31,
SERIES A	2010	2009
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	2,883	2,738
Number of shares outstanding ⁽¹⁾	171,285	179,989
Management expense ratio(MER) ⁽²⁾	4.60%	7.16%
Trading expense ratio ⁽³⁾	4.37%	342.83%
Portfolio turnover rate ⁽⁴⁾	402.56%	2.01%
Net asset value per share (Pricing NAV) (\$)	16.95	15.32
	June 30,	December 31,
SERIES F	2010	2009
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	962	1,325
Number of shares outstanding ⁽¹⁾	56,413	86,413
Management expense ratio(MER) ⁽²⁾	3.62%	6.12%
Trading expense ratio ⁽³⁾	4.37%	342.83%
Portfolio turnover rate ⁽⁴⁾	402.56%	2.01%
Net asset value per share (Pricing NAV) (\$)	17.17	15.45
	June 30,	December 31,
SERIES 2009	2010	2009
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	12,706	13,866
Number of shares outstanding ⁽¹⁾	758,273	915,553
Management expense ratio(MER) ⁽²⁾	4.56%	6.07%
Trading expense ratio ⁽³⁾	4.37%	342.83%
Portfolio turnover rate ⁽⁴⁾	402.56%	2.01%
Net asset value per share (Pricing NAV) (\$)	16.87	15.25
	June 30,	December 31,
SERIES 2010	2010	2009
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	8,761	-
Number of shares outstanding ⁽¹⁾	522,863	-
Management expense ratio(MER) ⁽²⁾	5.52%	-
Trading expense ratio ⁽³⁾	4.37%	-
Portfolio turnover rate ⁽⁴⁾	402.56%	-
Net asset value per share (Pricing NAV) (\$)	16.87	-

- (1) This information is provided as at June 30, 2010 and December 31 for the year 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 Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100 percent is equivalent to the Fund 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

Limited Partnership Rollover

On May 27, 2009, the Creststreet 2007 Limited Partnership ("C2007LP") transferred substantially all the public securities component of its portfolio, along with cash and certain private securities (approximately 70% of its net assets) to the Fund in exchange for shares of the Fund of equal value. Upon completion of the transfer, the C2007LP distributed the Fund's shares received to unit holders as a return of capital. The unit holders of the Creststreet 2007 Limited Partnership received 0.20786714666 shares of Creststreet Energy Opportunities Fund – Series 2009 shares for each unit held with totalled 1,217,490 shares with a value of \$11,673,723.

On May 31, 2010, the Fund acquired all the remaining assets of Creststreet 2007 Limited Partnership in exchange for 522,863 Series 2010 shares of the Fund with a value of \$8,994,515.

Adoption of New Accounting Standards

Effective January 1, 2009, the Fund 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 Fund 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 Fund 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 Fund 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")

In February 2008, the Canadian Accounting Standards Board (the "AcSB") originally confirmed January 1, 2011 as the date International Financial Reporting Standards ("IFRS") would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund's reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the "CSA") has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS.

As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

Harmonized Sales Tax

Effective July 1, 2010, Ontario replaced their Provincial Sales Tax ('PST') and Federal Goods and Service Tax ('GST') with a single Harmonized Sales Tax ("HST") of 13 percent. Management fees and other certain other expenses charged to the Fund 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 Fund.

Related Party Transactions

Creststreet Opportunities Fund Inc. (the 'Corporation'), of which the Fund is a class of shares, is a wholly owned subsidiary of Creststreet Asset Management Limited. Creststreet Asset Management Limited, a corporation registered as a portfolio manager and an investment fund manager in Ontario and is the Manager and the Investment Advisor of the Fund.

Management fees are paid to the Manager for the management of the Fund's day-to-day administration and for providing investment advice and portfolio management services. All the Series of the Fund pay a service fee to the Manager, which the Manager then remits to dealers as consideration for administering the Fund's assets for the dealers' clients.

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of each series of units in each month. The performance fee is calculated and accrued monthly and paid quarterly in arrears. If the NAV of a series does not exceed the relevant high-water mark for that series, the Manager will not be entitled to a performance fee in that month.

Management Fees

The Manager provides investment and administrative services to the Fund. In consideration of these services, each Series of the Fund pays the Manager a fee equal to 2.0 percent per annum of the net value of their respective Series, calculated and paid monthly in arrears. GST is paid on all management fees.

The Fund also pays a service fee to dealers as consideration for administering its assets held by those dealers. The service fee is calculated as a percentage of the assets each dealer has in place in Series A, Series 2009, and Series 2010 of the Fund and is based on the closing balance of client accounts at the end of each calendar month. These Series pay service fees on a quarterly basis at a rate of 1.0 percent of their Series' net asset value. The following amounts were paid to the Manager by the Fund as a whole for the six months periods ended June 30, 2010 and 2009:

	2010		2009	
Management Fees	209,603	68.9%	61,834	73.3%
Service Fees Paid to Dealers	94,496	31.1%	22,557	26.7%
	<u>\$ 304,099</u>	<u>100.0%</u>	<u>\$ 84,391</u>	<u>100.0%</u>

Summary of Investment Portfolio

As at June 30, 2010

Sector Mix	% of net assets
Long Positions:	
Oil	53.5%
Natural Gas	31.2%
Alternative Energy	11.8%
Energy Services	3.1%
<i>Total Long Positions</i>	99.6%
Short Positions:	
Oil	-13.7%
Natural Gas	-10.1%
Other	-9.1%
<i>Total Short Positions</i>	-32.9%
Total Investments	66.7%
Cash and cash equivalents*	50.5%
Other net assets	-17.2%
	100.0%

* Cash and cash equivalents include cash received from securities sold short.

Summary of Investment Portfolio (continued)

Top 25 Positions	% of net assets
Long Positions:	
Athabasca Oil Sands Corp.	15.2%
Orleans Energy Ltd.	8.6%
RuggedCom Inc.	8.4%
Wild Stream Exploration Inc.	8.0%
Laricina Energy Ltd.	7.9%
Midway Energy Ltd.	7.8%
Advantage Oil & Gas Ltd.	7.3%
Crew Energy Inc.	7.1%
Tourmaline Oil Corp.	4.4%
OSUM Oil Sands Corp.	3.5%
Renegade Petroleum Ltd	3.4%
Horizon North Logistics Inc.	2.3%
Equal Energy Ltd.	2.2%
Seaview Energy Inc. Class A	1.8%
Strategic Oil & Gas Ltd.	1.8%
Spitfire Energy Ltd.	1.7%
WindTronics, LLC	1.7%
Silverback Energy Ltd.	1.6%
Short Positions:	
Legacy Oil + Gas Inc.	0.0%
Petrobank Energy and Resources Ltd.	-2.2%
Progress Energy Resources Corp.	-2.4%
Cenovus Energy Inc	-2.7%
Pacific Rubiales Energy Corporation	-4.3%
Pacific Rubiales Energy Corporation	-4.5%
Birchcliff Energy Ltd.	-7.7%
IShares CDN S&P/TSX Capped Energy Index	-9.1%
Total Net Asset Value	\$ 25,311,578

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

Statements of Net Assets

	As at June 30, 2010 (unaudited)	As at December 31, 2009
Assets		
Investments at market value	\$ 26,009,884	\$ 20,177,191
Cash and cash equivalents	12,787,322	2,435,843
Due from broker	826,998	-
Other receivable	115,839	38,613
Dividends receivable	-	7,200
Interest receivable	1,692	-
	39,741,735	22,658,847
Liabilities		
Securities sold short at market value	9,135,850	3,847,450
Due to broker	5,061,885	716,508
Accounts payable and accrued liabilities	232,422	164,968
	14,430,157	4,728,926
Net assets - GAAP NAV (note 2)	\$ 25,311,578	\$ 17,929,921
Adjustment from bid market prices to last traded market prices	176,630	126,753
Net asset value - Pricing NAV (note 2)	25,488,208	18,056,674
Series A		
Net assets- GAAP NAV (note 2)	\$ 2,883,027	\$ 2,738,313
Adjustment from bid market prices to last traded market prices	20,119	19,359
Net asset value - Pricing NAV (note 2)	\$ 2,903,146	\$ 2,757,672
Shares outstanding	171,285	179,989
Net assets per share - GAAP NAV (note 2)	\$ 16.83	\$ 15.21
Adjustment from bid market prices to last traded market prices	0.12	0.11
Net asset value per share - Pricing NAV (note 2)	\$ 16.95	\$ 15.32
Series F		
Net assets - GAAP NAV (note 2)	\$ 962,010	1,325,326
Adjustment from bid market prices to last traded market prices	6,708	9,362
Net asset value - Pricing NAV (note 2)	\$ 968,718	1,334,688
Shares outstanding	56,413	86,413
Net assets per share - GAAP NAV (note 2)	\$ 17.05	15.34
Adjustment from bid market prices to last traded market prices	0.12	0.11
Net asset value per share - Pricing NAV (note 2)	\$ 17.17	15.45

Statements of Net Assets (continued)

Series 2009

Net assets - GAAP NAV (note 2)	\$	12,705,512	13,866,282
Adjustment from bid market prices to last traded market prices		88,665	98,032
Net asset value - Pricing NAV (note 2)	\$	12,794,177	13,964,314
Shares outstanding		758,273	915,553
Net assets per share - GAAP NAV (note 2)	\$	16.76	15.15
Adjustment from bid market prices to last traded market prices		0.12	0.11
Net asset value per share - Pricing NAV (note 2)	\$	16.87	15.25

Series 2010

Net assets - GAAP NAV (note 2)	\$	8,761,029	-
Adjustment from bid market prices to last traded market prices		61,138	-
Net asset value - Pricing NAV (note 2)	\$	8,822,167	-
Shares outstanding		522,863	
Net assets per share - GAAP NAV (note 2)	\$	16.76	-
Adjustment from bid market prices to last traded market prices		0.12	-
Net asset value per share - Pricing NAV (note 2)	\$	16.87	-

See accompanying notes to financial statements

Approved by Creststreet Opportunities Fund Inc.



Robert J. Toole
Director



Donna E. Shea
Director

Statements of Operations

For the six months ended June 30 (unaudited)	2010	2009
Investment Income		
Dividend revenue	\$ 1,994,842	\$ 9,553
Interest revenue	1,749	6,234
Other income	77,226	-
	<u>2,073,817</u>	<u>15,787</u>
Expenses		
Performance fees	-	-
Management fees	209,603	61,834
Operating expenses	107,873	36,356
Service fees	94,496	22,557
Securityholder reporting costs	10,306	14,500
Legal and filing fee	806	18,406
Interest and security borrowing fees	47,706	4,193
Dividends paid on securities sold short	39,448	3,256
Audit fees	9,263	11,000
Marketing Expense	12,089	1,500
	<u>531,590</u>	<u>173,602</u>
Gain (Loss) from investment operations	<u>1,542,227</u>	<u>(157,815)</u>
Net realized gain (loss) on sale of investments	6,282,712	(335,662)
Change in unrealized appreciation (depreciation) of investments	(5,687,138)	1,502,222
Transaction costs (note 2)	(431,395)	(79,341)
Net realized and unrealized gain on investments	<u>164,179</u>	<u>1,087,219</u>
Increase in net assets from operations	<u>\$ 1,706,406</u>	<u>\$ 929,404</u>
Increase in net assets from operations, Series A	284,576	346,389
Increase in net assets from operations per share, Series A	<u>1.64</u>	<u>1.42</u>
Increase in net assets from operations, Series F	115,034	229,264
Increase in net assets from operations per share, Series F	<u>1.86</u>	<u>1.48</u>
Increase in net assets from operations, Series 2009	1,540,282	353,751
Increase in net assets from operations per share, Series 2009	<u>1.86</u>	<u>0.30</u>
Decrease in net assets from operations, Series 2010	(233,486)	-
Decrease in net assets from operations per share, Series 2010	<u>(0.45)</u>	<u>-</u>

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2010	2009
Net assets at the beginning of period	\$ 17,929,921	\$ 3,813,717
Increase in net assets from operations	1,706,406	929,404
Share Capital transactions		
Proceeds from the issue of shares	9,019,515	11,741,698
Amounts paid on redemption of shares	(3,344,264)	(838,970)
Net assets at the end of period - GAAP NAV (note 2)	25,311,578	15,645,849
Adjustment from bid market prices to last traded market prices	176,630	87,504
Net asset value per share at the end of period- Pricing NAV (note 2)	25,488,208	15,733,353
Series A		
Net assets at the beginning of period	\$ 2,738,313	\$ 2,066,077
Increase in net assets from operations	284,576	346,389
Share Capital transactions		
Proceeds from the issue of shares	25,000	21,825
Amounts paid on redemption of shares	(164,862)	(21,150)
Net assets at the end of period - GAAP NAV (note 2)	2,883,027	2,413,141
Adjustment from bid market prices to last traded market prices	20,119	13,497
Net asset value per share at the end of period- Pricing NAV (note 2)	2,903,146	2,426,638
Series F		
Net assets at the beginning of period	\$ 1,325,326	\$ 1,747,640
Increase in net assets from operations	115,034	229,264
Share Capital transactions		
Proceeds from the issue of shares	-	46,150
Amounts paid on redemption of shares	(478,350)	(694,280)
Net assets at the end of period - GAAP NAV (note 2)	962,010	1,328,774
Adjustment from bid market prices to last traded market prices	6,708	7,426
Net asset value per share at the end of period- Pricing NAV (note 2)	968,718	1,336,200

Statements of Changes in Net Assets (continued)

Series 2009

Net assets at the beginning of period	\$	13,866,282	\$	-
Increase in net assets from operations		1,540,282		353,751
Share Capital transactions				
Proceeds from the issue of shares		-		11,673,723
Amounts paid on redemption of shares		(2,701,052)		(123,540)
<hr/>				
Net assets at the end of period - GAAP NAV (note 2)		12,705,512		11,903,934
Adjustment from bid market prices to last traded market prices		88,665		66,581
Net asset value per share at the end of period- Pricing NAV (note 2)		12,794,177		11,970,515

Series 2010

Net assets at the beginning of period	\$	-	\$	-
Decrease in net assets from operations		(233,486)		-
Share Capital transactions				
Proceeds from the issue of shares		8,994,515		-
Amounts paid on redemption of shares		-		-
<hr/>				
Net assets at the end of period - GAAP NAV (note 2)		8,761,029		-
Adjustment from bid market prices to last traded market prices		61,138		-
Net asset value per share at the end of period- Pricing NAV (note 2)		8,822,167		-

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 2010

Issuer	Number of Securities	Type of Security	Cost	Fair Value
Investment in securities held in long positions				
Athabasca Oil Sands Corp.	350,000	Common shares	\$ 3,816,525	\$ 3,853,500
Orleans Energy Ltd.	820,000	Common shares	2,233,775	2,173,000
RuggedCom Inc.	184,000	Common shares	3,112,422	2,134,400
Wild Stream Exploration Inc.	360,000	Common shares	2,156,730	2,034,000
Laricina Energy Ltd.	83,500	Common shares	2,004,000	2,004,000
Midway Energy Ltd.	665,000	Common shares	2,101,923	1,975,050
Advantage Oil & Gas Ltd.	300,000	Common shares	1,925,435	1,848,000
Crew Energy Inc.	120,000	Common shares	2,008,050	1,804,800
Tourmaline Oil Corp.	61,867	Common shares	1,113,606	1,113,606
Osum Oil Sands Corp.	195,000	Common shares	877,500	877,500
Renegade Petroleum Ltd.	270,000	Common shares	934,578	850,500
Legacy Oil + Gas Inc.	70,000	Common shares	826,000	799,400
Horizon North Logistics Inc.	370,000	Common shares	560,300	592,000
Equal Energy Ltd	90,000	Common shares	607,500	556,200
Seaview Energy Inc.	455,000	Class A common shares	501,338	464,100
Spitfire Energy Ltd.	916,000	Common shares	219,928	439,680
Windtronics LLC	1,334	Common shares	411,285	425,274
Silverback Energy Ltd	160,000	Common shares	400,000	400,000
Strategic Oil & Gas Ltd.	770,000	Warrants	-	313,765
Lithium One Inc.	310,000	Common shares	452,059	294,500
Twin Butte Energy Ltd.	200,000	Common shares	280,200	268,000
CanElson Drilling Inc.	100,000	Common shares	270,000	201,000
Antler Creek Energy Corp.	133,334	Common shares	50,000	182,668
Strategic Oil & Gas Ltd.	153,000	Common shares	90,862	143,820
Rodinia Oil Corp	172,808	Common shares	124,412	120,965
HTC Pureenergy Inc.	181,000	Common shares	374,249	117,650
Rodinia Oil Corp.	66,667	Warrants	-	21,379
DualEx Energy International Inc.	200,000	Warrants	-	1,127
			<u>27,452,677</u>	<u>26,009,884</u>
Investment in securities held in short positions				
iShares CDN S&P/TSX Capped Energy Index Fund	(135,000)	Index Units	(2,476,624)	(2,307,150)
Birchcliff Energy Ltd.	(200,000)	Common shares	(1,621,207)	(1,940,000)
Precision Drilling Trust	(160,000)	Common shares	(1,255,825)	(1,139,200)
Pacific Rubiales Energy Corp.	(45,000)	Common shares	(942,446)	(1,075,950)
Legacy Oil & Gas Inc.	(70,000)	Common shares	(826,000)	(803,600)
Cenovus Energy Inc.	(25,000)	Common shares	(742,470)	(687,000)
Progress Energy Resources Corp.	(50,000)	Common shares	(680,615)	(618,500)
Petrobank Energy & Resources Ltd.	(15,000)	Common shares	(818,776)	(564,450)
			<u>(9,363,963)</u>	<u>(9,135,850)</u>
Transaction costs			(82,088)	
Investments at fair value			\$ 18,006,626	\$ 16,874,034

See accompanying notes to financial statements

Notes to Financial Statements

For the six months ended June 30, 2010 and 2009

1. Creststreet Energy Opportunities Fund

Creststreet Energy Opportunities Fund (the “Fund”) is a class of shares of Creststreet Opportunities Fund Inc. (the “Corporation”). The Corporation was incorporated on August 27, 2008 under the Canada Business Corporations Act. Pursuant to a purchase agreement between the Fund and Creststreet Energy Hedge Fund L.P. (the “Partnership”) dated September 5, 2008, the Partnership agreed to sell all of the assets of the Partnership (the “Partnership Assets”) to the Fund for an amount equal to the value of the Partnership Assets to be satisfied by the Fund (i) as to an amount equal to the liabilities of the Partnership, by the assumption of such liabilities, and (ii) as to the balance, by the issuance of non-voting Series A shares in the capital of the Fund (the “Shares”) having an aggregate net asset value equal to the balance. The sale was affected on a tax-deferred “rollover” basis under the *Income Tax Act* (Canada). Subsequent to the sale of Partnership Assets on September 24, 2008, the Partnership was dissolved. The Fund has identical investment objectives and strategies as the Partnership which is to provide shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities, primarily of issuers engaged in the global energy sector, and through strategic trading. Since the Fund is essentially a continuation of the Partnership, the financial results of the Fund and the Partnership were combined during the fiscal year the purchase agreement was completed. All performance data for the Fund will also be a continuation from the Partnership with certain limitations.

In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at June 30, 2010 and December 31, 2009, its investments held at June 30, 2010, and the results of operations and the changes in net assets for the six months ended June 30, 2010 and 2009, and do not contain the financial statements of the Corporation.

Creststreet Asset Management Limited (the “Manager”) is the investment manager of the Fund.

The Fund has also been structured to provide for the tax-deferred transfer of assets from flow-through limited partnerships managed by Creststreet in exchange for shares of the Fund with an equal net asset value.

On May 27, 2009, the Creststreet 2007 Limited Partnership (“C2007LP”) transferred substantially all the public securities component of its portfolio, along with cash and certain private securities (approximately 70% of its net assets) to the Fund in exchange for shares of the Fund of equal value. Upon completion of the transfer, the C2007LP distributed the Fund’s shares received to unit holders as a return of capital. The unit holders of the Creststreet 2007 Limited Partnership received 0.20786714666 shares of Creststreet Energy Opportunities Fund – Series 2009 shares for each unit held with totalled 1,217,490 shares with a value of \$11,673,723.

On May 31, 2010, the Fund acquired all the remaining assets of Creststreet 2007 Limited Partnership in exchange for 522,863 Series 2010 shares of the Fund with a value of \$8,994,515.

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 accounting policies followed by the Partnership and the Fund.

Adoption of New Accounting Standards

Effective January 1, 2009, the Fund 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 (“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 Fund 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 Fund 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 Fund 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 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 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 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. Black Scholes pricing methodology is used to price the warrants held by the Fund.

The adoption of the 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 Fund'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 and short-term investments. These are deemed to be held for trading and are therefore carried at fair value.

(c) **Other assets and liabilities**

Interest receivable, dividends receivable, due from broker and other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, due to broker and accounts payables and accrued liabilities 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 and expense recognition**

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Dividend income and dividend expense on securities sold short are recognized on the ex-dividend date and interest income is accrued as earned.

(f) **Income taxes**

The Fund qualifies as a mutual fund corporation as defined in the Income Tax Act (Canada). The Fund is subject to tax at the full corporate rate on its taxable income. Dividends received from taxable Canadian corporations are generally not included in the taxable income of the Fund but are subject to a special tax, refundable at a rate of 33 1/3 percent of taxable dividends distributed by the Fund to its shareholders. The Fund is eligible for a refund calculated on a formula basis when mutual fund shares are redeemed or when capital gains dividends are paid to shareholders. The Fund intends to distribute to its shareholders net income and net capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made.

(g) **Use of estimates**

The preparation of financial statements in accordance with GAAP requires management to make 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 expenses during the reporting period. Actual results could differ from those estimates.

3. Management Fee & Performance Fee

The Manager is entitled to receive a management fee equal to 2 percent per annum of the net asset value of the Fund on the last business day of the month, calculated and payable monthly in arrears. For the six months ended June 30, 2010, the management fee amounted to \$209,603 (2009 – \$61,834).

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of each series of units in each month. The performance fee is calculated and accrued monthly and paid quarterly in arrears. If the NAV of a series does not exceed the relevant high-water mark for that series, the Manager will not be entitled to a performance fee in that month. For the six months ended June 30, 2010 and 2009 the performance fee amounted to nil.

4. Subscriptions & Redemptions of Units

Shares may be purchased as at the close of business on the last business day of each month following the receipt by the Manager of a completed subscription form and the required payment no later than 4:00pm on a settlement date.

Shares may be redeemed at their net asset value, at the close of business on the last business day of each month. The redemption price for shares that have been held for 6 months or less will be reduced by 3% of the net asset value of the shares and, in the case of shares that have been held more than 6 months but less than 18 months, the redemption price will be reduced by 1.5% of the net asset value of the shares. Any redemption price reduction will be retained by the Fund to offset the cost of the redemption to the remaining shareholders.

5. Valuation of Private Investments

The following table details the Fund's changes in the valuations for securities not traded on a public exchange during 2009 and six months ended June 30, 2010. The table is arranged in alphabetical order by investment.

Private Investments Table

	Prior fair value	New fair value	Valuation basis
<u>Athabasca Oil Sands Corp</u>			
January 2009	\$ 373,000	\$ 422,352	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
March 2009	\$ 422,352	\$ 468,169	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
April 2009	\$ 468,169	\$ 743,073	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
May 2009	\$ 743,073	\$ 2,565,092	Write-up from previous value as arm's-length third party share transaction provided new valuation basis. It should be noted the the new fair value includes the \$1,638,750 worth of the Athabasca security that was transferred from Creststreet 2007 Limited
June 2009	\$ 2,565,092	\$ 3,150,428	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
July 2009	\$ 3,150,428	\$ 3,618,697	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
August 2009	\$ 3,618,697	\$ 4,555,235	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
September 2009	\$ 4,555,235	\$ 6,109,888	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
September 2009	\$ 6,109,888	\$ 6,545,378	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
December 2009	\$ 6,545,378	\$ 7,066,895	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
December 2009	\$ 7,066,895	\$ 7,530,974	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
February 2010	\$ 7,530,974	\$ 7,995,051	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
March 2010	\$ 7,995,051	\$ 6,149,034	Write-down from prior value based on the value of dividend distribution received.
March 2010	\$ 6,149,034	\$ 8,353,404	Write-up from prior value based on IPO Offering.
<u>Laricina Energy Ltd.</u>			
August 2009	\$ 87,780 ⁽¹⁾	\$ 419,700	Write-up from previous value based on third party financing completed at higher value. It should be noted the the new fair value includes the \$300,00 worth of the Athabasca security that was transferred from Creststreet 2007 Limited Partnership.
March 2010	\$ 419,700	\$ 706,495	Write-up from previous value based on third party financing completed at higher value.
April 2010	\$ 706,495	\$ 671,520	Write-down from prior value as arm's-length third party transactions provided new valuation basis
<u>OSUM Oil Sands Corp. ⁽²⁾</u>			
December 2008	\$ 2,047,500	\$ 877,500	Write-down from previous value due to market conditions based on the General Partner's valuation
<u>Rodinia Oil Corp. ⁽²⁾</u>			
October 2008	\$ 31,204	\$ 11,843	Write-down from previous as arm's length third party financing provided new valuation basis.
March 2010	\$ 11,843	\$ 129,606	Write-up from prior value based on IPO Offering.
<u>Tourmaline Oil Corp. ⁽²⁾</u>			
November 2009	\$ 907,500	\$ 928,005	Write-up from previous value as arm's length third party financing provided new valuation basis.
<u>Whitecap Resources Inc.</u>			
December 2009	\$ 400,000	\$ 490,000	Write-up from cost based on third party financing completed at higher value.

Notes:

1. Difference in this Prior Value versus the New Fair Value in the above line is due to a sale transaction.
2. This security was acquired on the rollover of the Creststreet 2007 Limited Partnerships on May 31, 2010.

6. Financial Instrument Risk

The Fund's investment objectives are to provide for the long-term growth of capital, through fundamental securities selection by taking both long and short investment positions primarily in the securities of issuers engaged in the global energy sector. The Fund's portfolio is comprised mainly of mid to large-capitalization Canadian resource issuers. The Fund earns interest on its cash balances to maximize its yield on idle cash while maintaining a maximum amount of flexibility to ensure that sufficient cash is on hand to seize upon investment opportunities. The Fund'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 Fund's functional currency is Canadian dollars, and the Fund 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, 2010, had the Canadian dollar appreciated or depreciated by 5% in relation to the American dollar, net assets would have depreciated or appreciated by approximately \$21,264 as detailed in the table below.

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
US dollars	\$ 425,274	\$ -	\$ 425,274	\$ 21,264	0.08%

As of December 31, 2009, the Fund did not hold any foreign currency other than Canadian Dollars.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market interest rates. The immediate impact of interest rate risk is greatest on debt and fixed income securities that have a relatively long duration (generally a year or more to maturity). The Fund did not hold any such securities as at June 30, 2010, or at any time during the period. The interest earned on cash balances is not significant so changes in interest rates would have little, if any, impact on the Fund's NAV at June 30, 2010.

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 Fund's Manager mitigates other price risk by managing and allocating the investment portfolio within the parameters of the Fund's investment objectives. As at June 30, 2010 and 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 of the Fund may have been \$174,720 or 1.04 percent higher or lower (2009 - \$231,207 or 1.42 percent). 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 Fund. The Fund invests primarily in equity securities of Canadian resource issuers and does not typically invest in debt securities, thereby minimizing the Fund's exposure to credit risk. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of

default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Liquidity Risk

The Fund is subject to the possibility of net redemptions on a monthly basis. The Fund invests the majority of its net assets in securities that are traded on a public exchange and can be readily liquidated if and as required in order to meet its redemption obligations. The Fund also retains sufficient cash and cash equivalents to maintain liquidity.

7. Fair value measurement

The Fund's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendments to Section 3862. See Note 2 for a discussion of the Fund'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 is 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.

As at June 30, 2010:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 20,853,233	\$ -	\$ 4,820,380	\$ 25,673,613
Trust Units	-	-	-	-
Warrants	-	336,271	-	336,271
Total Assets	20,853,233	336,271	4,820,380	26,009,884
Liabilities				
Equities	(6,828,700)	-	-	(6,828,700)
Index Units	(2,307,150)	-	-	(2,307,150)
Trust units	-	-	-	-
Total Liabilities	(9,135,850)	-	-	(9,135,850)
Total	\$ 11,717,383	\$ 336,271	\$ 4,820,380	\$ 16,874,034

The following table is a reconciliation of Level 3 fair value measurements from December 31, 2009 to June 30, 2010:

	Equities	Warrants
Balance at December 31, 2009	\$ 6,911,488	1,541,028
Net Purchases	998,578	-
Net Transfer out	-	(1,237,875)
Gains (Losses)		
Realized	132,320	-
Unrealized	(3,222,006)	(303,153)
Balance at June 30, 2010	\$ 4,820,380	\$ -

8. Changeover to International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board (the “AcSB”) originally confirmed January 1, 2011 as the date International Financial Reporting Standards (“IFRS”) would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund’s reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the “CSA”) has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

9. Filing Exemption

The Fund has elected to take a filing exemption available under section 2.11 of National Instrument 81-106. Under the terms of this exemption, the Fund is not required to file its financial statements with the Ontario Securities Commission.

10. Comparative Balances

Comparative figures have been reclassified where necessary to afford a meaningful comparison with the current period.

Creststreet Opportunities Fund Inc.

Board of Directors

Robert J. Toole, C.A.

President and Chief Executive Officer

Donna E. Shea, C.A.

Senior Vice-President, Finance and
Chief Financial Officer

Sheryl J. Chiddenton

Vice-President, Compliance and
Investment Services

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

Vice-President

Officers

Robert J. Toole, C.A.

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Chief Financial Officer

Sheryl J. Chiddenton

Vice-President, Compliance and
Investment Services

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

Vice-President

Administrator

RBC Dexia Investor Services Trust
Toronto, Ontario

Prime Broker

Scotia Capital Inc.
Toronto, Ontario

Investment Advisor and Investment Fund Manager

Creststreet Asset Management Limited
Toronto, Ontario

Clearing and Settlement Services

FundSERV Inc.

Fund Symbols

CAM901, CAM902, CAM903, CAM904

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Toronto, Ontario

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