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CRESTSTREET POWER & INCOME FUND LP REPORTS FIRST QUARTER 2008 FINANCIAL RESULTS

CALGARY (May 15, 2008) – Creststreet Power & Income Fund LP (the “Partnership”) (CRS.UN, CRS.DB, CRS.DB.A) is pleased to report the financial results for the first quarter of 2008. For a full version the first quarter financial results, please visit www.creststreet.com or Sedar at www.sedar.com.

Management’s Discussion and Analysis

For the three months ended March 31, 2008 and 2007
May 15, 2008

Forward Looking Statements

Certain information included in this Management Discussion & Analysis (“MD&A”) is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events or developments that Creststreet Power & Income Fund LP (the “Partnership”) (TSX: CRS.UN, CRS.DB, CRS.DB.A) expects or anticipates will or may occur in the future, including such things as investment objectives and strategy, the Partnership’s intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, and future growth and performance. When used in this MD&A, statements to the effect that the Partnership or its management “believes”, “expects”, “expected”, “plans”, “may”, “will”, “projects”, “anticipates”, “estimates”, “would”, “could”, “should”, “endeavors”, “seeks”, “predicts” or “intends” or similar statements, including “potential”, “opportunity”, “target” or other variations thereof that are not statements of historical fact should be construed as forward-looking information. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management of the Partnership. The Partnership believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

With respect to forward-looking information contained in this MD&A, we have made assumptions regarding, among other things:

- Our ability to complete the windup of the Partnership and distribute the assets to limited partners

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are described herein. Many factors could cause the Partnership’s actual results, performance or achievements, or future events or developments, to differ materially from those expressed or implied by the forward-looking information, including without limitation, the following factors, which are discussed in greater detail in the “Risk Factors” section of the Partnership’s MD&A for the year ended December 31, 2007.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Partnership herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Partnership does not undertake any obligation to release publicly any revisions to forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

The following is a discussion of the consolidated financial condition and results of operations of Creststreet Power & Income Fund LP for the three months ended March 31, 2008. It should be read in conjunction with the Partnership's unaudited consolidated financial statements for the same period along with the MD&A and audited consolidated financial statements for the year ended December 31, 2007. The Partnership prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis with those used to prepare the prior year consolidated financial statements, except as noted in the consolidated financial statements. All dollar amounts in this MD&A are in Canadian dollars unless otherwise stated. Where we say "we," "us," or the "Partnership," we mean Creststreet Power & Income Fund LP.

Non – GAAP Measurements

Management uses cash flow from operations (before changes in non-cash working capital) ("cash flow") to analyze operating performance. Cash flow as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures for other entities. Cash flow as presented is not intended to represent operating income for the period nor should it be viewed as an alternative to operating income, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP.

Overview

The Partnership was initially established to invest in Mount Copper Wind Power Energy Inc. ("Mount Copper"), which operates a wind energy facility with 54.0 megawatts ("MW") of power generating capacity near Murdochville, Québec, on the Gaspé Peninsula, and Pubnico Point Wind Farm Inc. ("Pubnico Point"), which operates a wind energy facility with 30.6 MW of power generating capacity near Yarmouth, Nova Scotia. Electricity sales from both wind energy facilities are made pursuant to long-term power purchase agreements. Full commercial operations commenced for both wind energy projects in the third quarter of 2005 and concurrently, the Partnership initiated monthly distributions to unitholders.

The Partnership is permitted to invest in other windpower, renewable energy or conventional electricity-generation companies or assets, provided that the Partnership does not invest in flow-through shares of any companies other than Mount Copper and Pubnico Point. The first project, subsequent to Mount Copper and Pubnico Point, that Creststreet Power & Income Management Limited (the "Manager") recommended that the Partnership invest in was Kettles Hill Wind Energy Inc. ("Kettles Hill"), a 63 MW windpower project in southern Alberta. The Partnership has invested \$35.90 million in subordinated notes of Kettles Hill (the "Kettles Notes") to fund the construction of the Infill Phase of the project. On March 26, 2008 Kettles Hill announced that it had entered a Purchase and Sale agreement with ENMAX Green Power Inc. at which time the Partnership exercised its put option to have the Kettles Notes repaid. The Kettles Notes are further described in the Related Party section of this MD&A.

On March 31, 2008, the assets and liabilities of the Partnership, Mount Copper and Pubnico Point were classified as held for sale when the Partnership recognized it would be selling its operating entities rather than the Partnership as a whole. Amortization of plant and equipment ceased and the accretion on the debt obligations was accelerated to reflect the proposed repayment in 2008 concurrent with the closing of the sale transaction discussed below.

On April 17, 2008, the Partnership entered into a purchase and sale agreement (the "Purchase Agreement") with Aquilo LP, ULC (the "Purchaser"), an affiliate of FPL Energy, LLC, to sell all of the shares of the Partnership's two

operating subsidiaries (the “Subsidiaries”), being Mount Copper and Pubnico Point for \$121.6 million, plus the assumption of \$30 million of senior secured debt of the Subsidiaries.

Immediately prior to closing, the Partnership will hold, directly or indirectly, all of the shares of the Subsidiaries. Currently, certain shares of the Subsidiaries are held by two other entities. The Partnership has concurrently entered into agreements with those entities to purchase such shares. Such purchases will take place immediately prior to the completion of the transaction with the Purchaser. The Partnership has also entered into agreements to terminate immediately before closing all management and administration agreements with third parties relating to the Subsidiaries and the Partnership. The total cash consideration to such third parties in respect of all purchase and termination transactions is approximately \$14.2 million.

At the meeting of the Partnership’s unitholders to be called to approve the proposed transaction, such unitholders will be asked to approve the distribution of the net assets of the Partnership to its limited partners on a pro rata basis and the dissolution of the Partnership. At the present time it is expected that the net proceeds to be distributed to limited partners will be approximately \$6.63 per unit. The exact amount to be distributed will depend on a number of factors including: the date of the closing, which is assumed for purposes of the estimated distribution to be on or about June 30, 2008; the operating results of the Subsidiaries through to the closing date; the actual proceeds received by the Partnership in respect of its \$35.9 million investment in the Kettles Notes which proceeds are currently estimated to be \$49.6 million including accrued interest; the proceeds to be realized by the Partnership for certain of its non-operating assets; and costs to be incurred by the Partnership including the costs of completing the transaction.

In addition to certain conditions customary for transactions of this nature, the sale of the Subsidiaries will be subject to the aforementioned approval by the unitholders of the Partnership at a special meeting of unitholders, which is expected to be held in June 2008. The transaction is also conditional on the holders of its outstanding convertible debentures (the “Convertible Debentures”) approving, at a meeting of debenture holders to be held on the same day, a resolution authorizing the amendment of the trust indenture dated January 20, 2005, as supplemented by the supplemental indenture dated August 18, 2006, between the Partnership and Computershare Trust Company of Canada (collectively, the “Trust Indenture”) to permit the redemption of all the Convertible Debentures concurrently with closing for an amount equal to the greater of (i) 101% of their face value plus accrued interest and (ii) the amount a holder of such debentures would receive on a wind-up of the Partnership if such holder’s debentures were converted into units immediately prior to closing.

The transaction with the Purchaser is the outcome of a review of strategic alternatives conducted by a special committee (the “Special Committee”) of the board of directors of the general partner of the Partnership (the “GP Board”). After receiving a unanimous recommendation from the Special Committee, the GP Board determined that the proposed transaction is in the best interests of the Partnership and its unitholders and holders of Convertible Debentures. The members of the GP Board have unanimously approved the transaction and recommend that unitholders and holders of Convertible Debentures of the Partnership vote in favour of the transaction. CIBC World Markets Inc. (“CIBC”), the financial advisor to the Special Committee, has provided a verbal opinion to the Special Committee to the effect that the estimated consideration to be received by unitholders of the Partnership and holders of Convertible Debentures in connection with (i) the closing of the transaction, (ii) the sale by the Partnership of the Kettles Hill Notes and its 500,000 share purchase warrants of EarthFirst Canada Inc. and (iii) the repayment by the Partnership of any indebtedness and satisfaction of any other financial obligations on the closing of the transactions contemplated in (i) and (ii) above and the distribution of remaining cash to unitholders, as contemplated in the Purchase Agreement, the Purchase and Termination Agreements (as defined below) and the resolutions of unitholders and debentureholders, is fair from a financial point of view to such unitholders and debentureholders (other than the Purchaser).

See contractual obligations section below for further discussion.

Results of Operations

> Revenue

For the three months ended March 31, 2008, the Partnership earned \$5.14 million (\$5.51 million - 2007) in electricity based revenue from the delivery of a total of 79.5 gigawatt hours (“GWh”) (2007 - 85.5) of electricity. The decrease of \$0.37 million over 2007 was primarily due to lower wind speeds in the first quarter of 2008 compared to the prior year’s first quarter. A more detailed analysis of the operation of each windpower facility is discussed below.

> Mount Copper

Mount Copper has 30 interconnected wind turbines with a nameplate capacity of 54 megawatts. Mount Copper is estimated to have a mean annual average energy production level of 185.9 GWh according to Garrad Hassan, an independent wind engineer. Please visit www.creststreet.com or Sedar at www.sedar.com to view the full financial statements and the graph which illustrates our analysis of the ratio of actual net energy production to Garrad Hassan’s projected energy production from June, 2005 (beginning of full commercial operations) to March, 2008.

Production from the Mount Copper facility for the first quarter of 2008 was approximately 1% above Management’s long-term forecast, compared to 5% above in 2007. The reduction from the prior year is due to lower wind speeds. Cumulatively, production from the Mount Copper Facility has been 14% below Management’s long term forecast. This has mainly been due to lower than anticipated turbine availability, the conversion of the windpower facility to the 161 kV transmission line in 2006 and lower than expected wind speeds compared to the 20 year forecast prepared by the independent engineer. Turbine availability for the first quarter of 2008 averaged approximately 96%, which was an improvement over the first quarter of 2007 of 91%. Turbine availability which has improved, was still below the Manager’s expectation of 97% but it was above the warranted level of 95%. The Manager continues to work closely with Vestas to correct key problems to ensure availability meets the 95% annual warranty threshold. Maintenance and service of the turbines is the responsibility of Vestas-Canadian Wind Technology Inc. (“Vestas”) pursuant to the Warranty, Maintenance and Service Agreement (“WMS”). The WMS agreement provides for 95% annual availability for the remaining one and a half years of the contract. In the later part of 2007, Vestas began a gearbox replacement program to replace the remaining six Metso gearboxes. The program is to be finished as soon as practical by Vestas, and is expected to be completed in the summer of 2008.

> Pubnico Point

Pubnico Point has 17 interconnected wind turbines with a nameplate capacity of 30.6 megawatts. Pubnico Point has an estimated mean annual energy production level of 100.8 GWh according to Garrad Hassan, the independent wind engineer. Please visit www.creststreet.com or Sedar at www.sedar.com to view the full financial statements and the graph which illustrates our analysis of the ratio of actual net energy production to Garrad Hassan’s projected energy production from March 2005 (beginning of full commercial operations) to March 2008.

Production of 29.3 GWh from the Pubnico Point facility for the first quarter of 2008 was approximately 5% below Management’s long-term forecast of 30.4 GWh. The majority of the deviation in energy production was the result of wind speeds that were below the projected long-term average. Cumulatively production from the Pubnico Point Facility has been 7% below Management’s long-term forecast. This has mainly been due to lower than anticipated turbine availability and lower than expected wind speeds compared to the 20 year forecast.

On-site operations of the Pubnico Point project are the contractual responsibility of the Pubnico Point Wind Farm Management Ltd (“PML”), formerly Atlantic Wind Power Partnership Ltd. of Pubnico Point, Nova Scotia. The availability of turbines is supported by a Vestas warranty as part of its Warranty, Maintenance and Service Agreement (“WMS”) which, for the remaining 2 years provides for 95% availability. Turbine availability of 98% at Pubnico Point during the quarter exceeded the Manager’s expectations of approximately 97% and the warranted level of 95%. The warranty entered its fourth year in March 2008. Turbine performance at Pubnico Point has been subject to the same issues that have affected Mount Copper’s availability, although to a lesser extent. Pubnico Point and the Manager are working closely with Vestas to correct key problems to ensure availability continues to meet or exceeds the Manager’s expectations. This includes Vestas commitment to replace the six remaining Metso

gearboxes at Pubnico Point. These replacements will begin after the gearbox replacements at Mount Copper have been completed and ideally will be completed during the lower wind summer season, but this will depend on gearbox availability from the gearbox manufacturer. Any gearbox failures in the meantime will be replaced as soon as possible as they always have been.

Both projects have long-term PPAs with their respective provincial utilities at fixed prices. At Pubnico Point, the fixed price is \$0.06814 per kilowatt hour and at Mount Copper the fixed price escalates at 1.5% per annum and is currently \$0.05856 per kilowatt hour. The amount of revenue earned is dependent on the amount of wind resource. The wind resource is seasonal with higher wind speeds in the winter and lower wind speeds in the summer.

> Investment Income

Investment income of \$1.1 million was earned in the first quarter of 2008 compared to \$0.92 million for the same period in 2007 as the Partnership invested in an additional \$1.90 million in Subordinated notes of Kettles Hill. The Partnership has invested \$35.90 million in Subordinated notes of Kettles Hill at March 31, 2008. The terms of these notes are described in the Related Party section of the MD&A. Accrued interest on these notes is currently expected to be collected upon the completion of the sale of Kettles Hill. Also included as other income is the fair value adjustment, at March 31, 2008, of the warrants received from EarthFirst Canada Inc. ("EarthFirst" or "EFC") of \$0.03 million as the total fair value of these warrants increased to \$0.18 million as described below in the Related Party section.

> Operating Costs

For the three months ended March 31, 2008, the Partnership incurred operating costs of \$0.69 million (2007 - \$0.75 million) resulting in an operating margin of 87% of revenue (2006 - 86%). The expenses related to the operation of the projects are primarily fixed costs such as warranty and maintenance, insurance, leases, and property taxes. Other operating costs for the quarter ended March 31, 2008, included management fees of \$0.12 million (2007 - \$0.11 million) as there were no changes in the management fee structure during the quarter.

> Administrative Costs

Administrative costs for the quarter ended March 31, 2008, were \$0.55 million (2007 - \$0.63 million) a decrease of \$0.08 million from the prior year due to a decline in Mount Copper's capital taxes.

In the third quarter of 2007 the independent members of the Board of Directors formed a Special Committee which was mandated to review strategic options available to maximize Unitholder value. The Special Committee hired CIBC World Markets Inc. and Davies Ward Phillips Vineberg LLP to assist them in this process. On November 8, 2007, the Special Committee has formally instructed CIBC World Markets Inc. to begin a process to maximize Unitholder value. During the first quarter of 2008, the Partnership incurred costs and expenses of \$0.79 million related to this review process.

> Mark to Market Loss on Financial Instruments

The Class B shares of Pubnico Point are owned by PML and Creststreet Power Holdings Limited ("CPHL"). The Class B shares of Mount Copper are owned by the Partnership and CPHL. The terms of the Class B shares are further described in the Related Party Section of this MD&A.

The Class B shares may be exchanged for Partnership units commencing on August 3, 2007 and ending on August 3, 2010. The exchange ratio will be determined based on the relative value of a Class B share to a Partnership Unit such that there would be no economic dilution of Cash available for distributions on a per Unit basis arising from this exchange. The terms of the right to exchange are further described in the Related Party Section of this MD&A.

The fair market value of the right of the Class B shareholders to exchange their Class B shares into Partnership Units was determined to be \$2.44 million at March 31, 2008, (Dec 31, 2007 - \$5.55 million). A mark to market gain on these options of \$3.11 million (2007 - \$1.36 million loss) was recorded for the first quarter of 2008. This item is a non-cash item and does not impact operating cash flow including changes in net working capital.

During the quarter the Partnership also recognized an unrealized mark to market gain on the Kettles Hill Notes of \$8.73 million. With the Partnership exercising its Put option on these notes due to the Kettles Hill sale, the Partnership is now recognizing the 10% change of control premium and the estimated equity premium based on Kettles Hill December 31, 2007 financial information.

> Amortization

The amortization on plant and equipment was \$1.73 million (2007 - \$1.71 million) for the three months ended March 31, 2008. On March 31, 2008 the Partnership's assets became a discontinued operation and following this, amortization will cease as all assets were held for sale.

> Interest Expense

Interest expense for the first quarter of 2008 was \$6.00 million compared to the first quarter of 2007 of \$2.06 million. Interest expense increased in the first quarter of 2008 because an additional \$3.9 million of Notes Payable were issued in the last three quarters of 2007. Interest expense also rose because the accretion on the Partnership's Notes Payable and Unsecured convertible debentures were accelerated to reflect the proposed repayment in 2008 concurrent with the closing of the sale transaction discussed above.

> Future Income Taxes

The Partnership follows the liability method of accounting for future income taxes and the related recommendations of EIC-167, Future Income Tax Liabilities - Income Trusts and Other Specified Investment Flow-Throughs. A future income tax expense of \$0.77 million (2007 - \$0.19 million) was recorded in 2008 as temporary differences that existed at the subsidiary level were tax effected at current tax rates reflecting a change in the expected timing of the reversal of these differences to now occur in 2008 concurrent with the closing of the sale transaction.

Quarterly Financial Information

The Partnership revenue and earnings are subject to seasonal fluctuations with the highest level of revenue during the winter months (generally, the first and fourth quarters).

(\$000)	2008	2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 6.21	\$ 6.12	\$ 4.23	\$ 4.51	\$ 6.42	\$ 5.82	\$ 3.73	\$ 3.86
Net income (loss)	\$ 7.55	\$ (0.38)	\$ (1.57)	\$ (0.23)	\$ (0.74)	\$ (3.91)	\$ (0.87)	\$ 0.81
Per unit	\$ 0.66	\$ (0.03)	\$ (0.14)	\$ (0.02)	\$ (0.06)	\$ (0.33)	\$ (0.08)	\$ 0.07

A discussion of prior quarters is contained in the Partnership's 2007 Annual MD&A.

Financial Condition

> Liquidity

As of March 31, 2008, the Partnership had 11,500,737 units outstanding.

During the third quarter of 2007, the Partnership expanded the Notes payable facility of \$14.00 million to \$30.00 million to provide for additional liquidity for the Partnership. The term of the Notes payable facility was also extended by a year and is now due January 25, 2009. Additional draws on this facility will accrue interest at the three month BA rate prevailing at the time of the advance, plus 225 bps. The Notes payable remain repayable at any time at the option of the Partnership. A standby fee of 50 bps will be charged for all funds not drawn. To date the Partnership has drawn \$17.9 million of the increased facility, with a remaining \$ 12.1 million undrawn.

Mount Copper has a note facility of \$18.95 million which is due March 31, 2011 and bears interest at 6.10%. The Pubnico Point Note facility of \$11.05 million, which is due March 31, 2011 and bears interest at 6.041% per annum. Both Mount Copper and Pubnico Point were in compliance with their covenants at the end of March 31, 2008.

Cash and cash equivalents were \$2.24 million at March 31, 2008, which formed part of working capital of \$32.07 million at the end of the quarter.

Cash generated by operating activities, supplemented by additional borrowings as necessary, is expected to be sufficient to meet the forecast liquidity and capital resource requirements of the Partnership. Forecasted liquidity requirements include monthly cash distributions to Unitholders.

We declared total cash distributions for the quarter ended March 31, 2008 of \$1.87 million (2007 - \$1.87 million) with a monthly distribution of \$0.0542 per Partnership Unit for both periods.

> Sensitivity Analysis

Fluctuations in interest rates impact the interest expense incurred on the Partnership's line of credit facility. An increase of 1% in the interest rate on the Partnership's credit facility would decrease earnings by \$0.18 million. All other debt are based on fixed interest rates and not affected by interest rate changes.

> Contractual Obligations

Information concerning ongoing contractual obligations and the contractual obligations of the sale of Pubnico Point and Mount Copper are shown below. The long-term debt obligations include the notes payable for Mount Copper and Pubnico Point as well as the Partnership's loan facility and the convertible debentures issued by the Partnership. Other obligations include payments in connection with the WMS agreement and land leases for both Mount Copper and Pubnico Point. The Partnership's ongoing contractual commitments are the same as they were at December 31, 2007 and are described in the Partnership's 2007 annual MD&A. The following table reflects the current maturity dates of the obligations and does not reflect the impact of the Purchase Agreement or related agreements.

	Total	Due less than 1 year	Due 2 to 3 years	Due 4 to 5 years	Due after 5 years
Long term debt obligations	\$ 104,900	\$ 17,900	\$ 57,000	\$ 30,000	\$ -
Mount Copper					
WMS agreement	1,803	903	900	-	-
Land lease	1,307	62	124	124	997
Other operating leases	14	11	3	-	-
Pubnico Point					
WMS agreement	747	426	321	-	-
Land lease	1,075	100	200	200	575
Total obligations	\$ 109,846	\$ 19,402	\$ 58,548	\$ 30,324	\$ 1,572

In order to be able to satisfy its obligation to sell all shares in the Subsidiaries to the Purchaser at closing, the Partnership has entered into agreements to (i) acquire, prior to the closing of transactions contemplated by the Purchase Agreement, the Class B shares of the Subsidiaries not held by it, and (ii) terminate all management and administration agreements with third parties related to the Subsidiaries and the Partnership.

On April 17, 2008, the Partnership entered into (a) a purchase agreement with Creststreet Power Holdings Limited ("CPHL") providing for the sale to the Partnership of 30,600 Class B shares of Pubnico and 19,400,000 Class B, Series 2 shares of Mount Copper held by CPHL (the "CPHL Agreement"); (b) a purchase and termination agreement with PPWF Management Limited ("PPWF") providing for the termination of the management agreement existing between PPWF and Pubnico and the sale to the Partnership of 183,600 Class B shares of Pubnico held by

PPWF (the “PPWF Agreement”); and (c) a termination agreement with Creststreet Power & Income Management Limited (the “Manager”) providing for the termination of the management agreement existing between such parties and the financial administration agreements existing between the Manager and each of Pubnico Point and Mount Copper (the “Termination Agreement” and together with the CPHL Agreement and the PPWF Agreement, the “Purchase and Termination Agreements”). It is expected that the transactions contemplated by the Purchase and Termination Agreements will close immediately prior to or concurrently with the sale of the Subsidiaries to the Purchaser pursuant to the Purchase Agreement. In the event the Purchase Agreement is terminated, each Purchase and Termination Agreement will automatically terminate, unless termination of the Acquisition Agreement is a result of a superior acquisition proposal made by another party. In the event of a superior acquisition or the withdrawal of support for the Acquisition Agreement the Partnership would owe the Purchaser \$2.75 million.

Assuming the sale of the Subsidiaries to the Purchaser occurs as currently expected, the consideration payable to each of CPHL, PPWF and the Manager under the Purchase and Termination Agreements is as follows:

- (a) The purchase price payable by the Partnership to PPWF for the 183,600 Class B shares of Pubnico Point held by PPWF is \$7,077,780. This purchase price was determined by negotiation between the Special Committee (with input from its financial advisor) and PPWF, a party at arm’s length to the Partnership.
- (b) The purchase price payable by the Partnership to CPHL for the 30,600 Class B shares of Pubnico Point held by CPHL is \$1,179,630.67. This purchase price is the same, on a per share basis, as the purchase price payable to PPWF for its Class B shares of Pubnico Point.
- (c) The purchase price payable by the Partnership to CPHL for the 19,400,000 Class B, Series 2 shares of Mount Copper held by CPHL is \$709,174.33. This purchase price was determined by negotiation between the Special Committee (with input from its financial advisor) and CPHL.
- (d) The amount payable by the Partnership to PPWF as consideration for the termination of the PPWF Management Agreement is \$220,000 plus HST. This amount was determined by negotiation between the Special Committee (with input from its financial advisor) and PPWF.
- (e) The amount payable by the Partnership to the Manager as consideration for the termination of the management agreement and the financial administration agreements is \$5,000,000 plus GST. The amount payable in respect of the termination of the management agreement is substantially the same amount as determined pursuant to the terms of the management agreement upon a sale of all or substantially all of the assets of the Partnership. The amount payable in respect of the termination of the financial administration agreements was determined on the same basis as the amount payable in respect of the termination of the management agreement.

The transactions contemplated by the Purchase and Termination Agreements are not expected to have any effect on the Partnership’s business and affairs since it is anticipated that the Partnership will not have any material activity following the sale of the Subsidiaries to the Purchaser pursuant to the Purchase Agreement and will be dissolved. The Manager has agreed to assist the Partnership with its wind-up following closing of the transaction notwithstanding the termination of the management agreement referenced in (e) above.

No prior valuations have been conducted in the past 24 months in respect of the Partnership or the contractual debt or equity interests with or in the Partnership and the Subsidiaries which are the subject of the Purchase and Termination Agreements, the existence of which is known, after reasonable inquiry, to the Partnership, its general partner or any director or senior officer of the general partner. The transactions contemplated by the Purchase and Termination Agreements are exempt from the formal valuation requirements under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions as neither the fair market value of the subject matter of such transactions nor the fair market value of the consideration being paid to any interested party (as defined in such instrument) exceeds 25% of the market capitalization of the Partnership.

> Related Party Transactions

The current amounts due to (from) related parties are as follows:

(\$000's)	March 31, 2008	December 31, 2007
Due to the Manager	\$ -	\$ 4
Due to Creststreet Capital Partnership ("CCC")	33	-
Due to Pubnico Point Wind Farm Management Limited ("PML")	2,087	4,756
Due (from) PML – available for sale	(305)	(19)
Due (from) Grand Valley	(2)	(2)
Due to Creststreet Power Holdings Ltd. ("CPHL")	348	794
Due (from) CPHL – available for sale	(52)	-
Due to Earthfirst Canada Inc.	167	(89)
Due (from) Kettles Hill LP	(3)	-
Due (from) Kettles Hill	(5,379)	(4,689)
Total	\$ (3,106)	\$ 755

Transactions with related parties have been measured at their exchange value.

Payments to General Partner

Creststreet Power & Income General Partner Limited (the "General Partner") is reimbursed for reasonable costs it incurs in attending to the administration of the Partnership.

Payments to Creststreet Power & Income Management Limited

The Manager is entitled to a base fee equal to \$300,000 per annum, payable in equal monthly installments in arrears, and increased every 12 months in accordance with the percentage increases in the Canadian CPI.

In the first three months of 2008, the Manager earned \$84,859 (2007 - \$82,712) under this agreement.

The Manager and General Partner are also entitled to reimbursement of its operating expenses incurred in providing the services to the Partnership. In Q1 2008, the Manager and General Partner were reimbursed \$16,481 (2007 - \$274,739).

Payments to CCC for the quarter ended March 31, 2008, Creststreet Capital Partnership ("CCC"), a related party through common management was paid \$nil (2007 - \$106,166), to reimburse CCC for costs it had paid directly on behalf of the Partnership.

On December 11, 2007, CCC internalized a portion of its wind power personnel into EFC. Effective January 1, 2008 EarthFirst agreed to continue to provide the same services to the Partnership, provided when they worked for CCC. In return for this the Partnership will reimburse EarthFirst's costs in providing these services, while the Manager will pay EarthFirst \$50,000 per annum. In the first quarter of 2008 EarthFirst has incurred reimbursable costs of \$273,814 and earned a fee of \$13,126 from the Manager.

Mount Copper

Mount Copper entered into a Financial Services Agreement ("FSA") dated November 10, 2003 with the Manager which provides that the Manager will maintain the books and records of Mount Copper and provide it with other cash management services for a fee of \$5,000 per month. The total incurred for the first quarter March 31, 2008 was \$15,000 (2007 - \$15,000).

The Class B shares are exchangeable at the option of the shareholders for units of the Partnership commencing on August 3, 2007 and ending on August 3, 2010. The exchange ratio is determined based on the relative value of a Class B share to a Unit so that the Partnership will pay fair value to acquire the Class B shares such that there would be no economic dilution of Distributable Cash on a per Unit basis arising from this exchange. The fair value of the Class B shares will be determined for this purpose based on the dividends paid on these shares during the previous 12 months and the value of the Units will be based on distributions during the same period. On January 1, 2007 a financial instrument liability and a property plant and equipment addition of \$0.16 million (2006 - \$0.17 million) was recorded for this Class B put option liability. As the amount of this adjustment was not deemed material comparative amounts have not been restated. The redemption value of this right to exchange was determined to be zero at March 31, 2008 as no Class B dividends have been paid for the previous 12 months.

Pubnico Point

Pubnico Point entered into a MSA with one of its shareholders, PML dated November 10, 2003 to provide certain management services to the wind energy project. The MSA has an initial term of five years and will be automatically renewed for four additional periods of five years unless PML provides one year's written notice of its intention not to renew the agreement. Pubnico Point is entitled to terminate the agreement in the event that PML does not perform its responsibilities under the contracts. PML will be paid a monthly fee of \$10,000 indexed annually to the change in the Canadian CPI, for services provided under the MSA and will be reimbursed for certain out-of-pocket expenses incurred in providing services, provided such expenses have been incurred in compliance with a project budget agreed to by Pubnico Point.

Pubnico Point entered into a lease agreement dated November 10, 2003 with a corporate affiliate of the shareholder, PML with respect to the site for the wind energy project. See the Contractual Commitments section of this MD&A for more details.

There was a one-time payment of \$90,000 in 2005 to an affiliate of the Pubnico Point developer for the lease of additional lands, which is classified as a prepaid on the Balance Sheet. This is being amortized over the term of the land lease into income.

(\$000's)	March 31, 2008	December 31, 2007
Prepaid lease payment	\$ 90	\$ 90
Accumulated amortization	(26)	(25)
	\$ 64	\$ 65
Current position	6	6
Long term position	58	59
	\$ 64	\$ 65

Pubnico Point incurred \$73,714 (2007 - \$78,990) under the MSA and lease agreement, including \$8,957 (2007 - \$16,210) of out-of-pocket expenses.

Pubnico Point entered into a Financial Administration Agreement ("FAA") dated November 10, 2003 with the Manager, which provides that the Manager will maintain the books and records of Pubnico Point and provide it with other cash management services for a fee of \$1,500 per month and increased every 12 months in accordance with the percentage increases in the Canadian CPI. The total incurred for the first quarter of 2008 was \$4,977 (2007 - \$4,500).

PML and CPHL own Class B shares of Pubnico Point. Holders of the Class B shares will be entitled to cumulative dividends based on the annual level of operating cash flow achieved by Pubnico Point. If the operating cash flow is below \$4.75 million per year (the "Pubnico Point Hurdle Cash Flow"), the dividends on the Class B shares will be nil. Commencing the month during which the Pubnico Point wind energy facility was commissioned in 2005, the Class B shares are entitled to dividends equal to 70% of the annual operating cash flow above the Pubnico Point

Hurdle Cash Flow. For the quarter ended March 31, 2008 \$137,727 (2007 - \$152,050) were declared in dividends to the Class B shareholders. As required under the Class B dividends the annual calculation was completed in Q1 2007 and the dividends paid earlier in the 2007/2008 dividend year were over paid by \$0.39 million.

The Class B shares may be exchanged for units commencing on August 3, 2007 and ending on August 3, 2010. The exchange ratio will be determined based on the relative value of a Class B share to a Unit so that the Partnership will pay fair value to acquire the Class B shares such that there would be no economic dilution of Distributable Cash on a per Unit basis arising from this exchange. The fair value of the Class B shares will be determined for this purpose based on the dividends paid on these shares during the previous 12 months and the value of the Units will be based on distributions during the same period. On January 1, 2007 a financial instrument liability and a plant and equipment addition of \$0.23 million was recorded for this option liability. As the amount of these adjustments was not deemed material, comparative amounts have not been restated.

The redemption value of this right to exchange was determined to be \$2.44 million (2007 - \$5.55 million) at March 31, 2008. An unrealized mark to market gain on this liability of \$3.11 million (2007 -\$1.36 million) was recorded to the statement of operations for the first quarter of 2008.

Kettles Hill

The Partnership has invested in subordinated promissory notes receivable to Kettles Hill Wind Energy Inc. (“Kettles Hill”) in the amount of \$35.90 million. The Partnership and Kettles Hill have common management. The promissory note is unsecured and will not hold any liens over any assets of Kettles Hill. The note bears interest at 9.25% per annum until October 31, 2009 and thereafter at a rate of 10.5% per annum. This receivable will ultimately be collected when Kettles Hill completes its sale process. The loan receivable is due on October 31, 2009, unless the Partnership acquires more than 50% of Kettles Hill, in which case the Kettles Notes will mature October 31, 2026. If Kettles Hill is acquired by a third party other than the Partnership, the Partnership has a right to put all or a portion of the Kettles Notes to Creststreet Kettles Hill Windpower LP (“CKHWP”) a related party with common management, and CKHWP shall be required to purchase such Kettles Notes at 110% of par plus 50% of the amount, if any, that the fair market value of each Class A Share of Kettles Hill, realized upon a change of control, exceeds \$1.87 per Class A share multiplied by the principal amount of the Kettles Hill subordinated notes held by the Partnership divided by \$1.70. On March 26, 2008, Creststreet Kettles Hill Windpower LP announced it had sold Kettles Hill to ENMAX Green Power Inc. and the Partnership exercised its put option. The Partnership has recognized an unrealized gain on the settlement of these notes of \$8.73 million at March 31, 2008. The actual gain that will be realized will depend on a number of factors including the operating performance of Kettles Hill until that sale transaction closes.

For the quarter ended March 31, 2008, the Partnership recorded interest income of \$0.84 million (2007 - \$0.75 million) on the Kettles Hill notes. The Partnership incurred out of pocket expenses on behalf of Kettles Hill during the first quarter of 2008 of \$18,983 (2007 - \$7,099). These transactions are non interest bearing and due on demand.

EarthFirst Canada Inc.

During 2006, the Partnership invested \$4.50 million in subordinated promissory notes (“EFC Notes”) of EFC. These EFC Notes were unsecured and bear interest at 15% per annum. EFC also paid a financing fee in cash equal to 4% of the funds advanced or \$200,000 by the Partnership. The fee will be recognized over the term of the notes. During the fourth quarter of 2006, EFC redeemed \$3.28 million of the outstanding notes. On January 3, 2007 EFC repaid the remaining balance of \$1.22 million and the outstanding interest of \$43,280. The deferred financing fee recorded as deferred revenue of \$48,915 (2006 - \$151,139) was written off and recognized in the statement of operations in the first quarter of 2007 as the notes were fully repaid. A redemption fee was also recorded as income in the first quarter of 2007 of \$60,950.

The Partnership received 500,000 warrants to purchase Class A shares of EFC at an exercise price of \$2.20 per Class A share. The warrants are exercisable at any time until August 24, 2010. These warrants were fair valued at March 31, 2008 at \$0.18 million, using a Black-Scholes pricing model as a result of EFC’s initial public offering on December 11, 2007. The change in the fair value was recorded as other income and included in other assets at March 31, 2008. The following assumptions were made in the Black-Scholes calculation: no dividends are paid on

common shares, a risk-free interest rate of 2.63%, an average life of 2.4 years and an expected volatility of 31.30%. The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of these warrants by CPIF.

The Partnership incurred out of pocket expenses on behalf of EFC during the first quarter of 2008 of \$52,315 (2007 - \$7,053). These transactions are non interest bearing and due on demand.

Change in Partners' Capital

For the quarter ended March 31, 2008, the Partnership's capital and deficit increased by \$5.68 million to \$58.35 million March 31, 2008, from \$52.67 million at December 31, 2007. The increase was primarily due to the recognition of the unrealized mark to market gain on the Kettles Hill Subordinated notes which helped generate net income for the quarter of \$7.42 million.

Critical Accounting Estimates

Amortization of plant and equipment is based on a useful life of 20 years which is in accordance with the estimates from the turbine manufacturer. On March 31, 2008 amortization ceased as these assets were classified as held for sale.

The fair value of Asset Retirement Obligations ("ARO") associated with the retirement of the wind farm properties are recognized as long term liabilities in the period when they can be reasonably determined. The fair value approximates the cost a third party would charge in performing the task necessary to retire such assets and is recognized at the present value of expected future cash flows. Changes in these estimated costs and changes in assumptions including the useful life could result in material movement in the ARO in future periods. ARO is added to the carrying value of the associated asset and depreciated over the asset's useful life. The corresponding liability is accreted over time through charges to earnings and is reduced by actual costs of decommissioning and reclamation. The present value of expected future cash flows is determined using assumptions such as the estimated costs required upon abandonment, the discount rate and the estimated time to abandonment. The undiscounted amount of expected cash flows required to settle the ARO is estimated at \$5.84 million (2007 - \$5.84 million), which has been discounted using a credit-adjusted risk free rate of 10.72% (2007 - 10.72%) and inflated using a rate of 2% (2006 - 2%). The Partnership no longer anticipates paying these costs in the future due to the pending sale transactions.

Changes in Accounting Policies **Recent Accounting Pronouncements**

Two new accounting standards were issued by the CICA, Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". These sections replaced Section 3861 "Financial Instruments - Disclosure and Presentation" on adoption. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. Effective January 1, 2008, the Partnership adopted these standards. The adoption of these standards had no material impact on the Partnership's financial statements.

Capital Disclosures

The CICA issued a new accounting standard, Section 1535 Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. Effective January 1, 2008, the Partnership adopted this standard. The adoption of this standard had no material impact on the Partnership's financial statements. See note 14 to the Partnership's March 31, 2008 financial statements.

Held for Sale

On March 31, 2008, the assets and liabilities of Pubnico Point and Mount Copper were classified as held for sale when Pubnico Point's and Mount Copper's parent CPIFLP decided to sell the assets and liabilities of Pubnico Point and Mount Copper and was actively soliciting interest from potential third party purchasers. Amortization of plant and equipment ceased on March 31, 2008 and the accretion on the debt obligations was accelerated to reflect the proposed repayment in 2008 concurrent with the closing of the sale transaction discussed above. Long lived assets are measured at the lower of cost and net realizable value.

FUTURE CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets. The new Section will be effective on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Partnership is currently evaluating the impact of the adoption of this new Section.

The CICA Accounting Standards Board ("AcSB") has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February, 2008, that accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") by the end of 2011 for profit-oriented Canadian public accountable enterprises. As it is anticipated the Partnership will be wound up prior to 2011, IFRS will have no impact on the Partnership.

Distribution to Unitholders

Management monitors the Partnership's distribution payout policy with respect to forecasted net cash flow before working capital changes, debt levels and capital expenditures. It is expected that normal seasonal fluctuations in working capital will be funded from cash resources or from credit facilities, and thus will not significantly affect the level of distributions. Distributions are declared monthly with date of record on the last day of the month and payable within 15 days following. The Partnership began monthly distributions in September 2005. Starting June 2006, the Partnership reduced its monthly distributions from \$0.0627 per Unit to \$0.0542 per Unit. The Board of Directors assesses on a quarterly basis future cash flows anticipated to be generated from operation. Based on its assessment, the Board of Directors may increase, decrease or suspend monthly distributions. Distributions will normally be decreased or suspended if the Board of Directors assessment reveals that anticipated future cash flows from operations are insufficient to sustain current distribution levels.

(In millions)	Quarter ended March 31, 2008	Quarter ended March 31, 2007
Cashflow from operating activities including change in non-cash working capital items	\$ 1.55	\$ 0.60
Net income (loss)	7.55	(0.46)
Actual cash distributions paid or payable relating to the period	1.87	1.87
Excess (shortfall) of cash flows from operating activities over cash distributions paid funded from cash on hand/credit facilities	(0.32)	(1.27)
Surplus (Shortfall) of net income over cash distributions paid	\$ 5.68	\$ (2.33)

During the quarter ended March 31, 2008, cash distributions declared to unitholders exceeded cash flows from operating activities by \$0.32 million. This shortfall was financed indirectly through drawings made under the credit facility to fund working capital items.

During the quarter ended March 31, 2007, the Partnership declared cash distributions to unitholders of \$1.87 million, even though it recorded a net income of \$7.55 million. The Partnership does not use net income as a basis to calculate distributions. Non-cash items such as amortization and unrealized gain/losses on financial instruments are items which will fluctuate from period to period depending on various factors or are based on long term assumptions and as such may not be indicative of cash generation capacity of the Partnership. The Partnership instead uses operating cash flow before and after net working capital as a basis to calculate distributions.

The Partnership's distributions of \$1.87 million (2007 - \$1.87 million) for the quarter ended March 31, 2008 compared to operating cash flow before changes in non-cash working capital items had a payout ratio for the quarter of 92% (2007 - 60%). The softer payout ratio from prior year is due to the lower revenue received in 2008. The Partnership had a payout ratio of 121%, (2007 - 309%) of cash flow from operating activities including changes in non-cash working capital items as the benefits of improved operating performance were offset by an increase in non-cash working capital due to continued growth in interest receivable on the Kettles Hill subordinated notes investment and the payment of the quarterly and semi annual interest amounts on the Notes Payable and the Convertible Debentures. The collection of the interest on the Kettles Hill subordinated note investment is anticipated to be collected upon the closing of the sale of Kettles Hill in 2008.

Outlook

On April 18, 2008, the Partnership announced that it has agreed, subject to a number of conditions, to (i) sell its two operating subsidiaries, Mount Copper and Pubnico Point to Aquilo LP, ULC, an affiliate of FPL Energy, LLC, (ii) terminate existing management and administration agreements relating to the Partnership and the operating subsidiaries, (iii) redeem all of its outstanding 7% debentures and 8% debentures, (iv) distribute its net assets (including the proceeds from its previously announced sale of the notes it holds in Kettle Hill Wind Energy Inc.) to unitholders and then (v) dissolve the Partnership.

The proposed transaction is dependent upon the approval of both the Partnership's unitholders and debentureholders. The Special Committee and the board of directors of the general partner, have unanimously recommended that the holders of units and debentures vote in favour of this transaction.

Holders of the 7% debentures and the 8% debentures will receive (i) in the case of the 7% debentures, 101% of their face value plus accrued interest; and (ii) in the case of the 8% debentures, the greater of (i) 101% of their face value plus accrued interest and (ii) the amount a holder of 8% debentures would receive on the distribution to unitholders if such debentures were converted into units immediately prior to closing.

At the present time, it is expected that the net proceeds to be distributed to limited partners will be approximately \$6.63 per unit. The exact amount to be distributed will depend on a number of factors including: the date of the closing, which is assumed for purposes of the estimated distribution to be on or about June 30, 2008; the operating results of the Subsidiaries through to the closing date; the actual proceeds received by the Partnership in respect of its \$35.9 million aggregate principal amount investment in subordinated notes of Kettles Hill Wind Energy Inc. (the "Kettles Hill Notes"), which proceeds are currently estimated to be \$49.6 million including accrued interest; the proceeds to be realized by the Partnership for certain of its non-operating assets; and costs to be incurred by the Partnership including the costs of completing the transaction.

Risks and Uncertainties

Return of Distributions

Unitholders remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any

such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.

Loss of Limited Liability

Limited Partners may lose the protection of limited liability by taking part in the control of the business of the Partnership and may be liable to third parties as a result of false or misleading statements in the public filings made pursuant to the Limited Partnerships Act (Ontario). In addition, Limited Partners may lose their limited liability to the extent the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province.

Failure to Complete the Acquisition Transactions

The transaction to sell the Partnership's subsidiaries to Aquilo LP ULC, an affiliate of FPL Energy LLC is subject to normal commercial risks that any or all of the transactions contemplated hereby may not be completed on the terms negotiated or at all. If any of these events occurs, it may have a material adverse effect on the business, financial condition and results of operations of the Partnership or the value of the Debentures and Units. Although the Partnership has considered, and has engaged legal counsel and other advisors to review, the corporate, legal and financial aspects of the Proposed Wind-Up Transaction, there may be liabilities or risks that the Partnership may not have considered or protected against, or that may have an unanticipated material adverse effect on the Partnership. Liabilities and risks may include third party claims, regulatory non-compliance, invalid or ineffective land rights or permits and title defects. These liabilities and risks could have, individually or in the aggregate, a material adverse effect on the business, financial condition and results of operations of the Partnership or the value of the Securities. In addition, some conditions to Closing are outside of the control of the Partnership including obtaining the required consents and post-closing reorganization consents. Failure to obtain such required consents could result in the transaction to sell the Partnership's subsidiaries not closing.

Readers are directed to the Partnership's Annual MD&A for the year ended December 31, 2007 for a detailed discussion of certain risk factors which investors should carefully consider before deciding to acquire limited Partnership Units.

Consolidated Balance Sheets

(Unaudited)

(\$000)

As at	March 31, 2008	December 31, 2007
Assets:		
Current Assets		
Cash and cash equivalents	\$ 800	\$ 725
Cash and cash equivalents-Held for sale	1,443	1,729
Cash held in escrow-Held for sale	-	225
Accounts receivable-Held for sale	2,826	2,716
Due from related parties (Note 6)	5,385	4,780
Prepays	40	25
Prepays-Held for sale	381	424
Due from related parties-Held for sale (Notes 1 & 6)	357	19
Notes receivable (Note 6)	44,610	35,712
	55,842	46,355
Other Assets		
Other Assets	176	148
Prepays-Held for sale (Notes 1 & 6)	58	59
Plant and equipment (Note 3)	1,599	1,623
Plant and equipment-Held for sale (Notes 1 & 3)	117,235	118,937
Pre-operating costs-Held for sale (Notes 1 & 4)	94	115
Intangible asset (Note 5)	4,328	4,401
	\$ 179,332	\$ 171,638
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,184	\$ 1,896
Accounts payable and accrued liabilities-Held for sale (Note 1)	1,483	786
Distribution payable (Note 11)	623	623
Due to related parties (Note 6)	2,636	5,550
Due to related parties-Held for sale (Notes 1 & 6)	-	4
Notes payable (Note 7)	17,844	17,674
	23,770	26,533
Notes payable-Held for sale (Note 1)	29,940	29,297
Unsecured convertible debentures (Note 8)	56,651	53,318
Asset retirement obligation-Held for sale (Note 1)	1,454	1,418
Future income tax liability (Note 9)	1,394	1,300
Future income tax liability-Held for sale (Note 1)	7,773	7,101
	120,982	118,967
Partners' capital	65,765	67,635
Deficit and accumulated other comprehensive income	(7,415)	(14,964)
	\$ 179,332	\$ 171,638

Commitments (Note 13)

See accompanying notes to interim unaudited consolidated financial statements

Approved by Creststreet Power & Income General Partner Limited as General Partner on behalf of Creststreet Power & Income Fund LP



Stuart P. Hensman
Director



Robert S. McLeese
Director

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited)

(\$000, except per unit data)	Three months ended March 31, 2008		Three months ended March 31, 2007
Revenue:			
Electricity sales	\$	4,934	\$ 5,290
Windpower production incentive		207	215
Investment income (Note 6)		1,071	916
		6,212	6,421
Expenses:			
Operating costs		685	754
Management fees		117	114
Administrative costs		549	628
Strategic review costs (Note 17)		790	-
Unrealized loss (gain) on mark to market of Class B options		(3,114)	1,608
Unrealized gain on mark to market of KH notes options		(8,730)	-
Amortization of intangible assets (Note 5)		73	73
Amortization of plant and equipment (Note 3)		1,726	1,751
Amortization of pre-operating costs (Note 4)		21	22
Accretion on asset retirement obligation (Note 12)		37	33
Interest expense (Notes 7 and 8)		5,998	2,062
Income (loss) before taxes and non-controlling interest		8,060	(624)
Income taxes			
Future income tax expense (recovery) (Note 9)		766	194
Income before non-controlling interest		7,294	194
Non-controlling interest (Note 6)		(255)	(80)
Net income (loss) and comprehensive income (loss)		7,549	(738)
Net income (loss) per unit - basic and diluted	\$	0.66	\$ (0.06)
Weighted average number of units		11,501	11,501
Deficit, beginning of period	\$	(14,964)	\$ (12,419)
Financial instruments - recognition and measurement		-	355
Restated deficit, beginning of period		(14,964)	(12,064)
Net income (loss)		7,549	(738)
Deficit, end of period	\$	(7,415)	\$ (12,802)
Accumulated other comprehensive income		-	-
Deficit and accumulated other comprehensive income	\$	(7,415)	\$ (12,802)

See accompanying notes to interim unaudited consolidated financial statements

Consolidated Statements of Partners' Capital

(Unaudited)

(\$000)	Three months ended		Three months ended	
		March 31, 2008		March 31, 2007
Partners' capital - beginning of period	\$	67,635	\$	75,156
Unsecured convertible debentures option value		-		(40)
Distributions declared to the unitholders (Note 11)		(1,870)		(1,870)
Partners' capital - end of period	\$	65,765	\$	73,246

See accompanying notes to interim unaudited consolidated financial statements

Consolidated Statements of Cash Flows

(Unaudited)

(\$000)	Three months ended March 31, 2008		Three months ended March 31, 2007	
Cash flow from operating activities:				
Net income (loss)	\$	7,549	\$	(738)
Add (deduct) items not affecting cash:				
Unrealized (gain) loss on mark to market of Class B options		(3,114)		1,608
Unrealized gain on mark to market of KH notes options		(8,730)		-
Warrant option		(28)		-
Amortization of intangible assets (Note 5)		73		73
Amortization of plant and equipment (Note 3)		1,726		1,751
Amortization of pre-operating costs (Note 4)		21		22
Accretion of asset retirement obligation		37		33
Accretion of interest expense		4,146		327
Accretion of interest income		(169)		-
Recognition of revenue on redemption of EFC notes /(Deferred Revenue)		-		(58)
Future income tax recovery		766		194
Non-controlling interest (Note 6)		(255)		(80)
		2,023		3,132
Non -cash operating working capital:				
Increase in accounts receivable		(110)		(224)
Decrease (increase) in prepaid expense and other assets		29		(221)
Decrease in accounts payable and accrued liabilities		(16)		(1,452)
Increase in deferred revenue		-		100
Increase in amounts due to/from related parties (Note 6)		(381)		(729)
		1,545		606
Cash flows from financing activities:				
Dividends to non-controlling interest (Note 6)		(111)		(152)
Realized loss on settlement of financial instrument - 3Ci acquisition		-		-
Distributions to unitholders (Note 11)		(1,870)		(1,870)
		(1,981)		(2,022)
Cash flows from investing activities:				
Decrease in restricted cash		225		-
Net increase in loans receivable		-		(781)
Additions to plant and equipment		-		-
		225		(781)
Net decrease in cash		(211)		(2,197)
Cash and cash equivalents, beginning of period		2,454		5,721
Cash and cash equivalents, end of period	\$	2,243	\$	3,524
Supplemental cash information:				
Interest paid	\$	2,472	\$	5,314
Interest received	\$	(38)	\$	(69)
Large corporate tax paid	\$	-	\$	-

See accompanying notes to interim unaudited consolidated financial statements

Notes to Consolidated Financial Statements

For the three months ended March 31, 2008 and 2007

(All tabular amounts stated in thousands of dollars, except per unit information)

1. Business and Structure of the Partnership

On March 31, 2008, the assets and liabilities of Pubnico Point Wind Farm Inc. (“Pubnico Point”) and Mount Copper Wind Power Energy Inc. (“Mount Copper”) (collectively the “Partnership Subsidiaries”) were classified as held for sale when the Creststreet Power & Income Fund LP (“CPIF” or “the Partnership”) decided to sell its two operating subsidiaries, when interest from potential third party purchasers for the assets and liabilities of Pubnico Point and Mount Copper was actively being solicited.

On April 18, 2008 the Partnership announced that it has agreed, subject to a number of conditions, to (i) sell its two operating subsidiaries, Mount Copper and Pubnico Point to Aquilo LP, ULC (the “Purchaser”), an affiliate of FPL Energy, LLC, (ii) sell the notes it holds in Kettles Hill Wind Energy Inc., (iii) terminate existing management and administration agreements, (iv) redeem all of its outstanding 7% debentures and 8% debentures, (v) distribute its net assets to unitholders and then (vi) wind-up the Partnership. Pursuant to the Purchase Agreement, the Purchaser will acquire, directly or indirectly, all of the shares of the Partnership Subsidiaries for \$121.6 million plus the assumption of \$30,000,000 of senior secured debt of the Partnership Subsidiaries.

See Note 13 Commitments for more detail of agreements entered into by the Partnership.

The Partnership invested in flow-through shares of two Canadian companies, Mount Copper and Pubnico Point that are operating wind energy projects to generate electricity for sale to provincial electricity utilities pursuant to long-term power purchase agreements (“PPAs”).

Mount Copper

Mount Copper’s wind energy facility is situated in the Gaspé Peninsula and located approximately 100 kilometers west of the town of Gaspé, Québec and approximately 80 kilometers south of the St. Lawrence River. Mount Copper erected 5 test wind turbines early in 2004 (“CRCE Phase”), followed by 25 wind turbines after successful completion of the 120-day test period (“Infill Phase”).

All electricity produced by this wind energy facility is sold to Hydro-Québec pursuant to a standard form PPA. Mount Copper is not required to sell or deliver a minimum amount of electricity to Hydro-Québec. The Mount Copper PPA has a term ending 21 years after June 3, 2004, the date of commencement of commercial service of the turbines installed during the CRCE Phase of the Mount Copper wind energy facility (the “Mount Copper PPA Effective Date”).

The Mount Copper PPA provides that Hydro-Québec will pay Mount Copper \$0.056 per kilowatt hour (“kWh”) for all electricity delivered from the Mount Copper facility during the first year of the Mount Copper PPA. During the term of the Mount Copper PPA, such price will be escalated annually for each subsequent one-year period at a rate of 1.5%. Currently Hydro-Québec is paying \$0.05856 per kilowatt under the terms of the Mount Copper PPA.

Wind Power Production Incentive (“WPPI”) is a program of the Canadian federal government that provides incentive payments to producers of wind energy. As per the determination of Natural Resources Canada, Mount Copper receives an incentive payment of \$0.01 per kWh of eligible production for the first 10 years of operation to a maximum of \$1.67 million per year and \$16.70 million over the term of the agreement, of which \$0.005 per kWh is reimbursable to Hydro-Québec per the PPA.

Pubnico Point

Pubnico Point’s wind energy facility is located approximately 36 kilometers southeast of Yarmouth, on the southern portion of Pubnico Point in southwest Nova Scotia. Pubnico Point erected 2 CRCE Phase test wind turbines early in 2004, followed by 15 Infill Phase wind turbines after successful completion of the 120-day test period.

All electricity produced by this wind energy facility is sold to Nova Scotia Power Inc. (“NSPI”) pursuant to a standard form PPA. Pubnico Point is not required to sell or deliver a minimum amount of electricity to NSPI. NSPI will pay \$0.06814 per kWh (the “Full Rate”) for up to 115 GWh of electricity (with such energy constituting Full

Rate Energy). The Pubnico Point PPA is expected to terminate between 15 and 18 years from the Pubnico Point PPA Effective Date, depending on the energy output of the Pubnico Point Facility. If greater than 1,500 GWh of Full Rate Energy has been delivered before January 1, 2020, the Pubnico Point PPA will expire on such date. If less than 1,500 GWh of Full Rate Energy has been delivered to NSPI by January 1, 2020, the Pubnico Point PPA will expire on the earlier of (i) the last day of the month in which Pubnico Point has delivered an aggregate of 1,500 GWh of Full Rate Energy to NSPI and (ii) January 1, 2023. If output from the Pubnico Point Facility exceeds expectations, the Pubnico Point PPA also provides that it will automatically terminate on the last day of the month in which Pubnico Point has delivered 1,650 GWh of Full Rate Energy to NSPI. Regardless of the output of the Pubnico Point Facility, in no case will NSPI be obligated to purchase more than an aggregate of 2,100 GWh of electricity over the term of the Pubnico Point PPA. Cumulatively, the Pubnico Point Facility has produced 292.4 GWh of electricity to the end of the first quarter of 2008.

WPPI is a program of the Canadian federal government that provides incentive payments to producers of wind energy. As per the determination of Natural Resources Canada, Pubnico Point receives an incentive payment of \$0.01 per kWh of eligible production for the first 10 years of operation to a maximum of \$0.883 million per year and \$8.83 million over the term of the agreement, of which the entire amount is reimbursable to NSPI as per the PPA. Revenue from WPPI is shown net of reimbursements to NSPI.

The General Partner of the Partnership is Creststreet Power & Income General Partner Limited (“General Partner”). The General Partner has a 0.01% beneficial interest in the Partnership. The Partnership has entered into an agreement dated December 11, 2003 with Creststreet Power & Income Management Limited (“the Manager”) pursuant to which the Manager will perform certain management, administration and other services for the Partnership.

The General Partner and the Manager are wholly owned subsidiaries of Creststreet Asset Management Limited (“CAML”).

These consolidated financial statements present the financial position and results of operations of the Partnership and accordingly, do not and are not intended to include the assets, liabilities, revenues and expenses of the Partners. No provision has been made for income taxes as the Partners are taxable individually on their share of the Partnership’s income (loss).

2. Basis of Presentation

The accompanying interim period consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) applied on a consistent basis with those used to prepare the audited consolidated statements for the year ended December 31, 2007 and should be read in conjunction with those statements except for the adoption of new accounting policies described below. The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial statements and, accordingly, certain information and footnote disclosure normally included in annual financial statements have been condensed or omitted. These consolidated financial statements include the accounts of the Partnership and its subsidiaries Mount Copper and Pubnico Point. All significant transactions and balances between the Partnership, Mount Copper and Pubnico Point have been eliminated on consolidation. In management’s opinion, the accompanying unaudited consolidated financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of the Partnership as at March 31, 2008, and December 31, 2007, and the consolidated results of operations and cash flows for the three months ended March 31, 2008 and 2007. The results of operations and cash flows of any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year. The Partnership’s revenue, earnings and cash flows are subject to seasonal fluctuations. The highest level of revenue is expected in winter months (generally, the first and fourth quarters) and the lowest level of revenue is expected in the third quarter (summer months).

Held for Sale

On March 31, 2008, the assets and liabilities of Pubnico Point and Mount Copper were classified as held for sale when the Partnership decided to sell the assets and liabilities of Pubnico Point and Mount Copper and was actively soliciting interest from potential third party purchasers. Amortization of plant and equipment ceased on March 31, 2008 and the accretion on the debt obligations was accelerated to reflect the proposed repayment in 2008 concurrent

with the closing of the sale transaction discussed above. Long lived assets are measured at the lower of cost and net realizable value. The prior year has been reclassified to reflect this presentation.

CHANGES IN ACCOUNTING POLICIES

Two new accounting standards were issued by the CICA, Section 3862 “Financial Instruments - Disclosures” and Section 3863 “Financial Instruments - Presentation”. These sections replaced Section 3861 “Financial Instruments - Disclosure and Presentation” on adoption. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity’s financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. Effective January 1, 2008, the Partnership adopted these standards. The adoption of these standards had no material impact on the Partnership’s consolidated financial statements. See note 16 below.

Capital Disclosures

Effective January 1, 2008, the Partnership adopted a new accounting standard, Section 1535 Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity’s objectives, policies and processes for managing capital. The adoption of this standard had no material impact on the Partnership’s consolidated financial statements. See note 14 below.

FUTURE CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets. The new Section will be effective on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Partnership is currently evaluating the impact of the adoption of this new Section.

The CICA Accounting Standards Board (“AcSB”) has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February, 2008, that accounting standards in Canada for public companies are to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011 for profit-oriented Canadian public accountable enterprises. As it is anticipated the Partnership will be wound up prior to 2011, IFRS will have no impact on the Partnership.

3. Plant and Equipment

(\$000)	March 31, 2008	December 31, 2007
Class B shares put option	\$ 1,894	\$ 1,894
Less: accumulated amortization	295	271
Total plant and equipment	\$ 1,599	\$ 1,623

Held for Sale

(\$000)	March 31, 2008	December 31, 2007
Mount Copper	\$ 90,435	\$ 90,435
Pubnico Point	48,537	48,537
	138,972	138,972
Less: accumulated amortization	21,737	20,035
Total plant and equipment	\$ 117,235	\$ 118,937

4. Pre-operating Costs – Held for Sale

(\$000)	March 31, 2008	December 31, 2007
Mount Copper	\$ 319	\$ 319
Pubnico Point	93	93
	412	412
Less: accumulated amortization	318	297
Total pre-operating costs	\$ 94	\$ 115

5. Intangible Asset

(\$000)	March 31, 2008	December 31, 2007
Cost	\$ 5,111	\$ 5,111
Less: accumulated amortization	783	710
Total intangible assets	\$ 4,328	\$ 4,401

6. Related Party Transactions

The current amounts due to (from) related parties are as follows:

(\$000)	March 31, 2008	December 31, 2007
Due to the Manager	\$ -	\$ 4
Due to Creststreet Capital Partnership (“CCC”)	33	-
Due to Pubnico Point Wind Farm Management Limited (“PML”)	2,087	4,756
Due (from) PML – available for sale	(305)	(19)
Due (from) Grand Valley	(2)	(2)
Due to Creststreet Power Holdings Ltd. (“CPHL”)	348	794
Due (from) CPHL – available for sale	(52)	-
Due to Earthfirst Canada Inc.	167	(89)
Due (from) Kettles Hill LP	(3)	-
Due (from) Kettles Hill	(5,379)	(4,689)
Total	\$ (3,106)	\$ 755

Transactions with related parties have been measured at their exchange value.

Payments to General Partner

Creststreet Power & Income General Partner Limited (the “General Partner”) is reimbursed for reasonable costs it incurs in attending to the administration of the Partnership.

Payments to Creststreet Power & Income Management Limited (the “Manager”)

The Manager is entitled to a base fee equal to \$300,000 per annum, payable in equal monthly installments in arrears, and increased every 12 months in accordance with the percentage increases in the Canadian CPI.

In the first three months of 2008, the Manager earned \$84,859 (2007 - \$82,712) under this agreement.

The Manager and General Partner are also entitled to reimbursement of its operating expenses incurred in providing the services to the Partnership. In 2008, the Manager and General Partner was reimbursed \$16,481 (2007 - \$274,739).

Payments to Creststreet Capital Corporation (“CCC”) for the quarter ended March 31, 2008, a related party through common management was paid \$nil (2007 - \$106,166), to reimburse CCC for costs it had paid directly on behalf of the Partnership.

On December 11, 2007, CCC internalized a portion of its wind power personnel into EFC. Effective January 1, 2008 EarthFirst agreed to continue to provide the same services to the Partnership, provided when they worked for CCC. In return for this the Partnership will reimburse EarthFirst’s costs in providing these services, while the Manager will pay EarthFirst \$50,000 per annum. In the first quarter of 2008 EarthFirst has incurred reimbursable costs of \$273,814 and earned a fee of \$13,126 from the Manager.

Mount Copper

Mount Copper entered into a Financial Services Agreement (“FSA”) dated November 10, 2003 with the Manager which provides that the Manager will maintain the books and records of Mount Copper and provide it with other cash management services for a fee of \$5,000 per month. The total incurred for the first quarter March 31, 2008 was \$15,000 (2007 - \$15,000).

The Class B shares are exchangeable at the option of the shareholders for units of the Partnership commencing on August 3, 2007 and ending on August 3, 2010. The exchange ratio is determined based on the relative value of a Class B share to a Unit so that the Partnership will pay fair value to acquire the Class B shares such that there would be no economic dilution of Distributable Cash on a per Unit basis arising from this exchange. The fair value of the Class B shares will be determined for this purpose based on the dividends paid on these shares during the previous 12 months and the value of the Units will be based on distributions during the same period. On January 1, 2007 a financial instrument liability and a property plant and equipment addition of \$0.16 million (2006 - \$0.17 million) was recorded for this Class B put option liability. As the amount of this adjustment was not deemed material comparative amounts have not been restated. The redemption value of this right to exchange was determined to be zero at March 31, 2008 as no Class B dividends have been paid for the previous 12 months.

Pubnico Point

Pubnico Point entered into a MSA with one of its shareholders, Pubnico Management Limited (“PML”) dated November 10, 2003 to provide certain management services to the wind energy project. The MSA has an initial term of five years and will be automatically renewed for four additional periods of five years unless PML provides one year’s written notice of its intention not to renew the agreement. Pubnico Point is entitled to terminate the agreement in the event that PML does not perform its responsibilities under the contracts. PML will be paid a monthly fee of \$10,000 indexed annually to the change in the Canadian CPI, for services provided under the MSA and will be reimbursed for certain out-of-pocket expenses incurred in providing services, provided such expenses have been incurred in compliance with a project budget agreed to by Pubnico Point.

Pubnico Point entered into a lease agreement dated November 10, 2003 with a corporate affiliate of the shareholder, PML with respect to the site for the wind energy project. See the Contractual Commitments section of this MD&A for more details.

There was a one-time payment of \$90,000 in 2005 to an affiliate of the Pubnico Point developer for the lease of additional lands, which is classified as a prepaid on the Balance Sheet. This is being amortized over the term of the land lease into income.

(\$000’s)	March 31, 2008	December 31, 2007
Prepaid lease payment	\$ 90	\$ 90
Accumulated amortization	(26)	(25)
	\$ 64	\$ 65

Current position

6

6

Long term position	58	59
	\$ 64	\$ 65

Pubnico Point incurred \$73,714 (2007 - \$78,990) under the MSA and lease agreement, including \$8,957 (2007 - \$16,210) of out-of-pocket expenses.

Pubnico Point entered into a Financial Administration Agreement (“FAA”) dated November 10, 2003 with the Manager, which provides that the Manager will maintain the books and records of Pubnico Point and provide it with other cash management services for a fee of \$1,500 per month and increased every 12 months in accordance with the percentage increases in the Canadian CPI. The total incurred for the first quarter of 2008 was \$4,977 (2007 - \$4,500).

PML and Creststreet Power Holdings Limited (“CPHL”) own Class B shares of Pubnico Point. Holders of the Class B shares will be entitled to cumulative dividends based on the annual level of operating cash flow achieved by Pubnico Point. If the operating cash flow is below \$4.75 million per year (the “Pubnico Point Hurdle Cash Flow”), the dividends on the Class B shares will be nil. Commencing the month during which the Pubnico Point wind energy facility was commissioned in 2005, the Class B shares are entitled to dividends equal to 70% of the annual operating cash flow above the Pubnico Point Hurdle Cash Flow. For the quarter ended March 31, 2008 \$137,726 (2007 - \$152,050) were declared in dividends to the Class B shareholders. As required under the Class B dividends the annual calculation was completed in Q1 2007 and the dividends paid earlier in the 2007/2008 dividend year were over paid by \$0.39 million.

The Class B shares may be exchanged for units commencing on August 3, 2007 and ending on August 3, 2010. The exchange ratio will be determined based on the relative value of a Class B share to a Unit so that the Partnership will pay fair value to acquire the Class B shares such that there would be no economic dilution of Distributable Cash on a per Unit basis arising from this exchange. The fair value of the Class B shares will be determined for this purpose based on the dividends paid on these shares during the previous 12 months and the value of the Units will be based on distributions during the same period. On January 1, 2007 a financial instrument liability and a plant and equipment addition of \$0.23 million was recorded for this option liability. As the amount of these adjustments was not deemed material, comparative amounts have not been restated.

The redemption value of this right to exchange was determined to be \$2.44 million (2007 - \$5.55 million) at March 31, 2008. An unrealized mark to market gain on this liability of \$3.11 million (2007 - loss of \$1.36 million) was recorded to the statement of operations for the first quarter of 2008.

Kettles Hill

The Partnership has invested in subordinated promissory notes receivable to Kettles Hill Wind Energy Inc. (“Kettles Hill”) in the amount of \$35.90 million. The Partnership and Kettles Hill have common management. The promissory note is unsecured and will not hold any liens over any assets of Kettles Hill. The note bears interest at 9.25% per annum until October 31, 2009 and thereafter at a rate of 10.5% per annum. This receivable will ultimately be collected when Kettles Hill completes its sale process. The loan receivable is due on October 31, 2009, unless the Partnership acquires more than 50% of Kettles Hill, in which case the Kettles Notes will mature October 31, 2026. If Kettles Hill is acquired by a third party other than the Partnership, the Partnership has a right to put all or a portion of the Kettles Notes to Creststreet Kettles Hill Windpower LP (“CKHWP”) a related party with common management, and CKHWP shall be required to purchase such Kettles Notes at 110% of par plus 50% of the amount, if any, that the fair market value of each Class A Share of Kettles Hill, realized upon a change of control, exceeds \$1.87 per Class A share multiplied by the principal amount of the Kettles Hill subordinated notes held by the Partnership divided by \$1.70. On March 26, 2008, Creststreet Kettles Hill Windpower LP announced it had sold Kettles Hill to ENMAX Green Power Inc. and the Partnership exercised its put option. The Partnership has recognized an unrealized gain on these notes of \$8.73 million at March 31, 2008. The actual gain that will be realized will depend on a number of factors including the operating performance of Kettles Hill until that sale transaction closes. Such changes in the measurement of the gain could be material.

For the quarter ended March 31, 2008, the Partnership recorded interest income of \$0.84 million (2007 - \$0.75 million) on the Kettles Hill notes. The Partnership incurred out of pocket expenses on behalf of Kettles Hill during the first quarter of 2008 of \$18,983 (2007 - \$7,099). These transactions are non interest bearing and due on demand.

EarthFirst Canada Inc.

During 2006, the Partnership invested \$4.50 million in subordinated promissory notes (“EFC Notes”) of EFC (formerly Dokie Wind Energy Inc.). These EFC Notes were unsecured and bear interest at 15% per annum. EFC also paid a financing fee in cash equal to 4% of the funds advanced or \$200,000 by the Partnership. The fee will be recognized over the term of the notes. During the fourth quarter of 2006, EFC redeemed \$3.28 million of the outstanding notes. On January 3, 2007 EFC repaid the remaining balance of \$1.22 million and the outstanding interest of \$43,280. The deferred financing fee recorded as deferred revenue of \$48,915 (2006 - \$151,139) was written off and recognized in the statement of operations in the first quarter of 2007 as the notes were fully repaid. A redemption fee was also recorded as income in the first quarter of 2007 of \$60,950.

The Partnership received 500,000 warrants to purchase Class A shares of EFC at an exercise price of \$2.20 per Class A share. The warrants are exercisable at any time until August 24, 2010. These warrants were fair valued at March 31, 2008 at \$0.18 million, using a Black-Scholes pricing model as a result of EFC’s initial public offering on December 11, 2007. The change in the fair value was recorded as other income and included in other assets at March 31, 2008. The following assumptions were made in the Black-Scholes calculation: no dividends are paid on common shares, a risk-free interest rate of 2.63%, an average life of 2.4 years and an expected volatility of 31.3%. The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of these warrants by CPIF.

The Partnership incurred out of pocket expenses on behalf of EFC during the first quarter of 2008 of \$52,315 (2007 - \$7,053). These transactions are non interest bearing and due on demand.

7. Notes Payable

To finance a portion of the Partnership’s commitment to Kettles Hill, the Partnership arranged a \$14.00 million line of credit with a major Canadian financial institution with a floating interest rate equal to the three month banker’s acceptance rate plus 225 basis points. In July 2007, the Partnership extended the line of credit facility of \$14.00 million to an increased facility limit of \$30.00 million. The term of the facility was also extended to three years from initial drawdown to January 25, 2009. Additional draws on this facility will accrue interest at the three month Banker’s Acceptance, (“BA”) rate prevailing at the time of the advance, plus 225 bps. The Notes payable remain repayable at any time at the option of the Partnership. A standby fee of 50 bps will be charged for all funds not drawn. In July, 2007, the Partnership drew down \$1.90 million of the increased facility and in September, 2007 a further \$2.00 million was drawn. At March 31, 2008 the total facility drawn was \$17.9 million, with \$12.1 million remained undrawn.

As at March 31, 2008, the floating interest rate was 7% (December 31, 2007 - 7.0%). This line of credit was fair valued at March 31, 2008 at \$17.84 million (December 31, 2007 at \$17.67 million) using an average effective interest rate of 8.03% (December 31, 2007 - 8.03%). For the three months ended March 31, 2007, \$0.17 million (2007 - \$0.03 million), of accretion was included in the statement of operations.

The credit agreement for the line of credit restricts the payment of distributions by the Partnership. The Partnership may not pay distributions at any time if, at such time, an event of default or an event or circumstances which, with the giving of notice or lapse of time (or both) or the satisfaction of any other condition, would constitute an event of default has occurred and is continuing under the credit agreement. The obligations of the Partnership under the credit agreement are secured by the senior notes of Mount Copper and Pubnico Point and the subordinated notes of Kettles Hill held by the Partnership.

Mount Copper – Held for Sale

On August 19, 2004, Mount Copper entered into a Senior Note Facility of \$18.95 million with a Canadian financial institution bearing interest at 6.55%, which has been fully drawn. In September 2005, the fixed interest rate decreased to 6.10% per annum. This is payable at its maturity on March 31, 2011. At March 31, 2008, this note facility was valued using an effective interest rate of 6.65% (December 31, 2007 - 6.65%). The fair value at March 31, 2008 was \$18.93 million (December 31, 2007 - \$18.65 million). For the quarter ended March 31, 2008, \$0.28 million (2007 - \$0.02 million) of accretion was included in the consolidated statements of operations.

Pubnico Point – Held for sale

On September 16, 2004, Pubnico Point entered into a Senior Note Facility of \$11.05 million with a Canadian financial institution bearing interest at 6.491%, which has been fully drawn. In August 2005, the fixed interest rate decreased to 6.041% per annum. This is payable at its maturity on March 31, 2011. This note facility was valued using an effective interest rate at March 31, 2008 of 7.29% (December 31, 2007 - 7.29%). The fair value at March 31, 2008 was \$11.01 million (December 31, 2007 - \$10.65 million). In the first quarter of 2008, \$0.36 million (2007 - \$0.03 million) of accretion was included in the consolidated statements of operations.

The credit agreement for the Mount Copper and Pubnico Point Senior Note Facilities contains representations, warranties, covenants, events of default (which do not include a cross default between the agreements) and other terms and conditions customary for a project finance loan, including limits on additional indebtedness and security without the consent of the lender. The credit agreement restricts the payment of distributions by Mount Copper and Pubnico Point. Mount Copper and Pubnico Point may not pay distributions at any time if, at such time, (a) an event of default or an event or circumstances which, with the giving of notice or lapse of time (or both) or the satisfaction of any other condition, would constitute an event of default has occurred and is continuing under the credit agreement, (b) its debt service coverage ratio for the twelve most recently completed calendar months is less than 3.5:1, or (c) the ratio of its debt as at the last day of the most recently completed calendar month to its EBITDA for the twelve most recently completed calendar months is greater than 3:1 for Mount Copper and 2.5:1 for Pubnico Point (or in specified circumstances following the acquisition by Pubnico Point of additional assets, 3.5:1).

Collateral for the facilities is provided by a first priority security interest in the assets of Mount Copper and Pubnico Point (collectively “the Companies”) and various security interests granted by some of the Companies shareholders (including the Partnership). The Companies shareholders have provided a limited recourse guarantee of the obligations of Mount Copper and Pubnico Point under the credit agreements, recourse under which is limited to a pledge of the Companies shareholders equity interest in Mount Copper and Pubnico Point. Mount Copper and Pubnico Point have agreed, in certain circumstances, to provide support to either party from its excess cash flow, but has not guaranteed the obligations of either party under the credit agreements.

8. Unsecured Convertible Debentures

On August 18, 2006, the Partnership issued 30.0 million CRS.DB.A Debentures for total proceeds of \$30.00 million. The CRS.DB.A Debentures have a coupon rate of 8% and mature September 15, 2011. Each CRS.DB.A Debenture is convertible into a Partnership Unit at the option of the holder at any time at a conversion price of \$6.65 per Partnership Unit. The conversion option was valued at \$1.14 million (including financing costs of \$0.08 million) and is included in the statement of partners’ capital.

This \$30.00 million debenture was valued at March 31, 2008 at \$29.80 million (December 31, 2007 - \$27.56 million) using an effective interest rate of 10.67%. Accretion expense has been included in the statement of operations for the quarter ended March 31, 2008 of \$2.25 million (2007 - \$0.12 million).

The net proceeds of \$28.02 million, after underwriter fees and other expenses of \$1.98 million, were used to purchase additional Kettles Notes and for general business purposes including funding a temporary investment in EFC.

On January 20, 2005, the Partnership issued 27.0 million CRS.DB Debentures for total proceeds of \$27.00 million. The CRS.DB Debentures have a coupon rate of 7% and mature March 15, 2010. Each CRS.DB Debenture is convertible into a Partnership Unit at the option of the holder at any time at a conversion price of \$9.625 per Unit. Including financing costs of \$0.04 million, the conversion option was valued at \$0.49 million and is included in the consolidated statements of partners’ capital.

This \$27.00 million debenture was valued at March 31, 2008 at \$26.85 million (December 31, 2007 - \$25.76 million) using an effective interest rate of 9.32%. For the three months ended March 31, 2008, \$1.09 million (2007 - \$0.12 million) of accretion expense has been included in the consolidated statements of operations.

The net proceeds of approximately \$24.96 million after underwriter fees and other expenses were used to fund further investments by the Partnership in Mount Copper and Pubnico Point by way of subordinated notes issued by Mount Copper and Pubnico Point to fund capital expenditures, to permit the refinancing of a portion of their construction debt facilities and for general business purposes.

The fair value of the \$30.00 million debenture as at March 31, 2008 was \$30.60 million (December 31, 2007 was \$28.80 million) and the fair value of the \$27.00 million debenture was \$26.80 million (December 31, 2007 - \$26.73 million).

As discussed in Note 1, the Partnership will call the outstanding convertible debentures at the following redemption price concurrent with the sale of the Mount Copper and Pubnico Point shares:

- (a) The CRS.BD.A at a price of 101% of face value plus accrued and unpaid interest.
- (b) The CRS.DB.B the greater of 101% of face value plus accrued interest or the amount a holder of such debentures would receive on a wind-up of the Partnership if such holders debentures were converted into units immediately prior to closing.

9. Future Income Taxes

The Partnership follows the liability method of accounting for future income taxes and the related recommendations of EIC-167, Future Income Tax Liabilities - Income Trusts and Other Specified Investment Flow-Throughs. A future income tax expense of \$0.77 million (2007 - \$0.19 million) was recorded in 2008 as temporary differences that existed at the subsidiary level were tax effected at current tax rates reflecting a change in the expected timing of the reversal of these differences to now occur in 2008 concurrent with the closing of the sale transaction.

10. Limited Partnership Units

The Partnership may issue an unlimited number of voting Partnership units.

As at March 31, 2008 and December 31, 2007 the Partnership had 11,500,737 units outstanding.

As at March 31, 2008 and December 31, 2007, 965,168 Partnership units are reserved for issuance on the potential conversion of Class B shares (see Note 6).

11. Distributions to Unitholders

Distributions to unitholders are paid on or about the 15th of each month, in arrears. The following distributions have been declared to unitholders for the three months ended March 31, 2008 and 2007.

Period of Distribution	Date of Payment	Amount Declared (\$000)	Amount Declared (\$ per Unit)
January 1 - January 31, 2008	February 15, 2008	\$ 624	\$ 0.0542
February 1- February 28, 2008	March 14, 2008	623	0.0542
March 1 - March 31, 2008	April 15, 2008	623	0.0542
Total as at March 31, 2008		\$ 1,870	\$ 0.1626

Period of Distribution	Date of Payment	Amount Declared (\$000)	Amount Declared (\$ per Unit)
January 1 - January 31, 2007	February 15, 2007	\$ 624	\$ 0.0542
February 1 - February 28, 2007	March 15, 2007	623	0.0542
March 1 - March 31, 2007	April 16, 2007	623	0.0542
Total as at March 31, 2007		\$ 1,870	\$ 0.1626

At March 31, 2008 and December 31, 2007, the Partnership had 11,500,737 Units outstanding.

12. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of wind farm properties.

(\$000)	March 31, 2008	December 31, 2007
Mount Copper:		
Asset retirement obligation, beginning of year	\$ 891	\$ 804
Accretion expense	23	87
Asset retirement obligation, end of year	\$ 914	\$ 891
Pubnico Point:		
Asset retirement obligation, beginning of year	\$ 527	\$ 476
Accretion expense	14	51
Asset retirement obligation, end of year	\$ 541	\$ 527
Total, end of year	\$ 1,455	\$ 1,418

AROs are primarily associated with certain closure, reclamation and restoration costs related to retirement of the wind farm properties. The total undiscounted amount of estimated cashflows required to settle the obligation as at March 31, 2008 is \$5.84 million (December 31, 2007 - \$5.84 million), which has been discounted using a credit-adjusted risk free rate of 10.72% (2007 - 10.72% and inflated using a rate of 2% (2007 - 2%).

Most of these obligations are not expected to be paid for 20 years and will be funded from general Partnership resources at that time. Actual obligations could differ from these estimates. Revisions to the Partnership's asset retirement obligation will be made prospectively if new information is available.

13. Commitments

The contractual obligations of the sale of Pubnico Point and Mount Copper are discussed below, as are the ongoing contractual obligations which will be assumed by the Purchaser. The following table reflects the current maturity dates of the obligations and does not reflect the impact of the purchase agreement or related agreements.

	Total	Due less than 1 year	Due 2 to 3 years	Due 4 to 5 years	Due after 5 years
Long term debt obligations	\$ 104,900	\$ 17,900	\$ 57,000	\$ 30,000	\$ -
Mount Copper					
WMS agreement	1,803	903	900	-	-
Land lease	1,307	62	124	124	997
Other operating leases	14	11	3	-	-
Pubnico Point					
WMS agreement	747	426	321	-	-
Land lease	1,075	100	200	200	575
Total obligations	\$ 109,846	\$ 19,402	\$ 58,548	\$ 30,324	\$ 1,572

Transactions under the Sale Agreement

In order to be able to satisfy its obligation to sell all shares in the Subsidiaries to the Purchaser at closing, the Partnership has entered into agreements to (i) acquire, prior to the closing of transactions contemplated by the Purchase Agreement, the Class B shares of the Subsidiaries not held by it and (ii) terminate all management and administration agreements with third parties related to the Subsidiaries and the Partnership.

On April 17, 2008, the Partnership entered into (a) a purchase agreement with Creststreet Power Holdings Limited (“CPHL”) providing for the sale to the Partnership of 30,600 Class B shares of Pubnico Point and 19,400,000 Class B, Series 2 shares of Mount Copper held by CPHL (the “CPHL Agreement”); (b) a purchase and termination agreement with PPWF Management Limited (“PPWF”) providing for the termination of the management agreement existing between PPWF and Pubnico Point and the sale to the Partnership of 183,600 Class B shares of Pubnico Point held by PPWF (the “PPWF Agreement”); and (c) a termination agreement with Creststreet Power & Income Management Limited (the “Manager”) providing for the termination of the management agreement existing between such parties and the financial administration agreements existing between the Manager and each of Pubnico and Mount Copper (the “Termination Agreement” and together with the CPHL Agreement and the PPWF Agreement, the “Purchase and Termination Agreements”). It is expected that the transactions contemplated by the Purchase and Termination Agreements will close immediately prior to or concurrently with the sale of the Subsidiaries to the Purchaser pursuant to the Purchase Agreement. In the event the Purchase Agreement is terminated, each Purchase and Termination Agreement will automatically terminate, unless termination of the Acquisition Agreement is a result of a superior acquisition proposal made by another party. In the event of a superior acquisition or the withdrawal of support for the Acquisition Agreement the Partnership would owe the Purchaser \$2.75 million.

Assuming the sale of the Subsidiaries to the Purchaser occurs as currently expected, the consideration payable to each of CPHL, PPWF and the Manager under the Purchase and Termination Agreements is as follows:

- (a) The purchase price payable by the Partnership to PPWF for the 183,600 Class B shares of Pubnico Point held by PPWF is \$7.08 million. This purchase price was determined by negotiation between the Special Committee (with input from its financial advisor) and PPWF, a party at arm's length to the Partnership.
- (b) The purchase price payable by the Partnership to CPHL for the 30,600 Class B shares of Pubnico Point held by CPHL is \$1.18 million. This purchase price is the same, on a per share basis, as the purchase price payable to PPWF for its Class B shares of Pubnico.
- (c) The purchase price payable by the Partnership to CPHL for the 19,400,000 Class B, Series 2 shares of Mount Copper held by CPHL is \$0.71 million. This purchase price was determined by negotiation between the Special Committee (with input from its financial advisor) and CPHL.
- (d) The amount payable by the Partnership to PPWF as consideration for the termination of the PPWF Management Agreement is \$0.22 million plus HST. This amount was determined by negotiation between the Special Committee (with input from its financial advisor) and PPWF.
- (e) The amount payable by the Partnership to the Manager as consideration for the termination of the management agreement and the financial administration agreements is \$5.0 million plus GST. The amount payable in respect of the termination of the management agreement is substantially the same amount as determined pursuant to the terms of the management agreement upon a sale of all or substantially all of the assets of the Partnership. The amount payable in respect of the termination of the financial administration agreements was determined on the same basis as the amount payable in respect of the termination of the management agreement.

The transactions contemplated by the Purchase and Termination Agreements are not expected to have any effect on the Partnership's business and affairs since it is anticipated that the Partnership will not have any material activity following the sale of the Subsidiaries to the Purchaser pursuant to the Purchase Agreement and will be dissolved. The Manager has agreed to assist the Partnership with its wind-up following closing of the transaction notwithstanding the termination of the management agreement referenced in (e) above.

14. Capital Disclosure

The Partnership's capital structure is made up of equity and debt. The Company's objectives when managing its capital structure are to:

- maintain financial strength and flexibility to support stable distributions to unitholders and profitable growth in the windpower business;

In November, 2007, the Partnership announced that it had formed a committee of independent directors (the "Special Committee") to canvass strategic alternatives available to the Partnership. The objective of managing capital structure changed following this announcement, as the main objective of the Partnership following this was to provide liquidity to unitholders. On April 18, 2008 the Partnership announced that it has agreed, subject to a number of conditions, to sell Mount Copper and Pubnico Point to Aquilo LP, ULC, an affiliate of FPL Energy, LLC and distribute its remaining capital to its unitholders.

15. Economic Dependence

For the three months ended March 31, 2008, the Partnership was dependent on Hydro-Québec, the Canadian Federal Government and NSPI for 57% (2007 - 54%), 4% (2007 - 4%) and 39% (2007 - 42%) of consolidated electricity based revenues, respectively.

16. Financial Instruments

At March 31, 2008, the carrying amount of all financial instruments classified as current approximates fair value because of the short maturities of these instruments.

At March 31, 2008, the fair market value of the Class B share liability was \$2.4 million (see note 6).

See note 6 and 8 for the fair value of convertible debentures, notes receivable and warrants.

At March 31, 2008, the fair market value of the notes payable was \$45.2 million.

Credit Risk

All accounts receivable are considered current and due from investment grade utility companies when it sells its electricity and it receives its WPPI from the Government of Canada. All electricity produced at the Mount Copper Facility is sold by Mount Copper to Hydro Québec pursuant to the Mount Copper PPA. Under the Mount Copper PPA, Mount Copper is not required to sell or deliver a minimum amount of electricity to Hydro Québec. The Mount Copper PPA terminates on June 3, 2025. As at the date hereof, Hydro Québec had a credit rating of A+ by S&P; A (high) by DBRS. All electricity produced at the Pubnico Point Facility is sold by Pubnico Point to NSPI pursuant to the Pubnico Point PPA. Under the Pubnico Point PPA, Pubnico Point has also agreed to assign to NSPI all emission reduction credits and the wind power production incentive associated with the generation of such electricity. As at the date hereof, NSPI had a credit ratings of BBB by S&P and A (low) by DBRS.

At March 31, 2008, 25% (\$44.61million) of the Partnership's assets are invested as notes receivable from Kettles Hill, which are collateralized as described in Note 6. The Partnership views these notes as fully collectible upon the closing of the announced sale of Kettles Hill.

Interest Rate Risk

The Partnership is exposed to interest rate risk on the notes payable of \$17.9 million with a floating interest rate. Fluctuations in interest rates impact the interest expense incurred on the Partnership's line of credit facility. An increase of 1% in the interest rate on the Partnership's credit facility would decrease earnings by \$0.18 million. All other debt are based on fixed interest rates and not affected by interest rate changes.

Foreign Exchange Risk

The Partnership does not have any foreign exchange exposure at this time.

Liquidity Risk

The force with which the wind will blow at Mount Copper's Québec facility and Pubnico Point's Nova Scotia facility will vary, weather patterns could change or the historical data could prove not to accurately reflect the

strength and consistency of the wind in the future and have an adverse impact on cash distributions and the Partnership's overall liquidity. The Partnership intends to repay all of its debts as part of the sale transaction and the debts of the Partnership subsidiaries will be assumed by the Purchaser.

17. Strategic Review Process

Following the announcement of the taxation of distributions from income trusts and limited partnerships in October, 2006 the Board of Directors of the Partnership began to consider how this would impact Limited Partner's Unit values. In the third quarter of 2007 the independent members of the Board of Directors formed a Special Committee which was mandated to review strategic options available to maximize Unitholder value. The Special Committee hired CIBC World Markets Inc. and Davies Ward Phillips Vineberg LLP to assist them in this process. The Special Committee has formally instructed CIBC World Markets Inc. to begin a process to maximize Unitholder value. To date the Partnership incurred costs of \$1.41 million, including \$0.62 million in 2007, related to this review process.

On April 18, 2008 the Partnership announced that it has agreed, subject to a number of conditions, to (i) sell its two operating subsidiaries, Mount Copper and Pubnico Point to Aquilo LP, ULC, an affiliate of FPL Energy, LLC, (ii) sell the notes it holds in Kettles Hill Wind Energy Inc., (iii) terminate existing management and administration agreements, (iv) redeem all of its outstanding 7% and 8% debentures, (v) distribute its net assets to unitholders and then (vi) wind-up the Partnership. Pursuant to the Purchase Agreement, the Purchaser will acquire, directly or indirectly, all of the shares of the Partnership Subsidiaries for \$121.6 million.

About Creststreet Power & Income Fund LP

Creststreet Power & Income Fund LP (the "Partnership") owns and operates two wind energy projects in Quebec and Nova Scotia with a total of 47 wind turbines and power generating capacity of 84.6 megawatts. All electricity generated by these wind energy projects is being sold pursuant to long-term power purchase agreements with provincial electricity utilities.

THE PARTNERSHIP IS ORGANIZED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF A LIMITED PARTNERSHIP AGREEMENT WHICH PROVIDES THAT NO UNITS MAY BE OWNED BY, AMONG OTHER THINGS, A PERSON WHO IS A "NON-RESIDENT" OF CANADA FOR PURPOSES OF THE INCOME TAX ACT (CANADA) OR A PARTNERSHIP.

CERTAIN STATEMENTS INCLUDED IN THIS NEWS RELEASE CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT (ONTARIO). SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE PARTNERSHIP TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF CRESTSTREET POWER & INCOME FUND LP AS AT MAY 15, 2008, AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. HOWEVER, CRESTSTREET POWER & INCOME FUND LP EXPRESSLY DISCLAIMS ANY INTENTION OR OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS REQUIRED BY APPLICABLE LAW.

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