



## Creststreet Resource Fund

### 2011 > Interim Report

#### Management Report of Fund Performance

For the six months ended June 30, 2011

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

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

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

#### Results of Operations

##### Investment Performance

The Creststreet Resource Fund was launched in 2004 with an investment objective to invest primarily in a diversified portfolio of equity securities of natural resource companies involved in the production, exploration and development of natural resources. The primary investment strategies have historically focused on Energy related investments. With the expansion of the Creststreet portfolio management team, the strategies for the Creststreet Resource Fund were expanded in the month of June 2010 to include a more diversified portfolio of equity investments exposed to the broader natural resources sectors. The Fund uses a combination of top down macro analysis, bottom up and qualitative analysis to select the resource sub sectors and individual investments with the best risk adjusted potential.

The Creststreet Resource Fund returned -13.4% for the six months ending June 30, 2011 versus the S&P/TSX Capped Energy Index of -2.2% and the S&P/TSX Materials Index return of -10.0% with the S&P TSX Global Gold Index returning -13.2%. The Custom Benchmark has returned -21.7% for the first half of the year.

There was a significant increase in global equity market volatility during the first half of the year and in particular in the second quarter. It has been a challenging environment for most global equity markets, in particular for the natural resource sectors as strengthening global macroeconomic head-winds have overshadowed underlying fundamentals, both in the commodity complexes and the resource equities. The bellwether of base metals, copper, remained relatively strong closing the quarter at a very robust US\$4.28/lbs, down -3.7% for the first six months of the year. The profit margins and net asset values for many of the base metal producers and developers remaining very attractive at current prices. It is a similar situation for our positive oil outlook, with producers generating very strong rates of return in the current commodity price environment. Despite the strong commodity prices, the underlying equities have underperformed over the short term, as highlighted by the returns in the resource benchmarks highlighted above. Of particular note during the second quarter was the broad based sell off in the smaller capitalization equities, as witnessed by the -17.1% decline in second quarter for the resource heavy S&P/TSX Venture Index for the second quarter. Despite the aggressive sell off in the underlying equities, the underlying commodities prices have been relatively resilient resulting in what we believe to be very attractive valuation metrics for the equities.

The Fund has remained invested over recent months, after deploying cash on the back of volatility surrounding the impacts and uncertainty surrounding the earthquake and tsunami in Japan earlier in the year. The Fund is well diversified across equity investments in the natural resource sectors, with a focus on Energy, Base Metals & Mining with exposure also to the Fertilizer & Chemicals sectors. While the Fund has been underweight the Gold & Precious Metals sectors coming into the year, over recent months opportunities have surface as the commodity price has remained relatively resilient yet equity valuations have declined to attractive entry prices, providing the opportunity to increase the exposure towards this sub-sector.

We have a positive outlook for the commodity complex over the near to mid-term. We anticipate our activity will slow through the third quarter as we await specific catalysts events in several core positions in the portfolio over the coming months and believe that the equities will outperform through the fall as multiples expand to more realistic mid cycle levels as sentiment starts to shift from the recent overly pessimistic tones.

We thank you for your investment and look forward positive markets through the second half of 2011 and into 2012.

### Revenues and Expenses

For the six months ended June 30, 2011, the Fund earned \$57,290 in dividend income compared to the \$1,310,861 earned in 2010. The amount for 2010 was unusual and related to one issuer, Athabasca Oil Sands Corp., which paid a special dividend of \$4.25 per share prior to completing its initial public offering. The amount for 2011 represents a normal level of investments in dividend paying securities. The Fund earned \$1,687 in interest for the six months period ending June 30, 2011 as opposed to nil for the same period in 2010. In 2010 the Fund was fully invested for most of the period and only the required minimum cash was held for operational purposes.

The Fund incurred expenses totalling \$756,081 in 2011 compared to \$665,538 in 2010. Slightly higher management fees and service fees were directly due to the higher net assets for the six months in 2011, compared to only one month of higher net assets during the same period in 2010. Other expenses of \$334,689 were incurred in the normal operation of the Fund for the period ended June 30, 2011 compared to \$320,364 in 2010.

### Investment Objectives and Strategies

The Fund's investment objectives are to provide for the long-term growth of capital and, to a lesser extent, the production of income through investment in equity securities of Canadian resource issuers.

To meet its objectives the Fund will invest primarily in a diversified portfolio of equity securities of natural resource companies involved in the production, development and/or exploration of energy related commodities, basic materials, precious metals and chemicals & fertilizers. The Fund employs a value-oriented, "bottom-up" approach to investing. This involves a detailed analysis of the strengths of individual investments with much less emphasis on short-term market factors. Importance is placed upon an assessment of a company's balance sheet, cash flow characteristics, profitability, industry position, special strengths, future growth potential, and management ability.

### Other Material Information

The Fund is one of three classes of shares of Creststreet Mutual Funds Limited. There are two other classes of shares: Creststreet Dividend & Income Fund (formerly Creststreet Managed Equity Index Fund), and Creststreet Alternative Energy Fund.

A key feature of the Fund is its role in providing liquidity to those who invest in Creststreet limited partnerships ("LPs"). Each year, Creststreet offers for sale a limited number of units in one or more LPs. The objective of the LPs is to invest in the flow-through securities of resource companies that engage in oil and gas, mining or renewable energy exploration and development in Canada. Investors in the LPs are entitled to claim certain deductions and credits for income tax purposes. An LP operates for slightly less than two years. On or about the third Friday of January in the second year following its establishment, the LP transfers all of its assets to the Fund and the LP is dissolved. The LP investors receive shares in the Fund in exchange for their LP units on a pro-rata basis on the date of the transfer.

The following table shows the dollar value of the assets that each LP has transferred to the Fund.

Date	Partnership	Net Assets Transferred	Ratio of Mutual Fund Shares Received
January 15, 2002	Creststreet 2000 Limited Partnership	\$7,286,890	0.728689
January 17, 2003	Creststreet 2001 Limited Partnership	\$15,312,298	0.738044
January 17, 2003	Creststreet 2001 (II) Limited Partnership	\$14,294,962	0.817004
January 23, 2004	Creststreet 2002 Limited Partnership	\$36,608,912	0.660476
January 21, 2005	Creststreet 2003 Limited Partnership	\$41,635,412	0.652611
January 21, 2005	Creststreet 2003 (II) Limited Partnership	\$25,510,837	0.557083
January 20, 2006	Creststreet 2004 Limited Partnership	\$63,593,587	0.584901
January 19, 2007	Creststreet 2005 Limited Partnership	\$30,175,192	0.761377
January 18, 2008	Creststreet 2006 Limited Partnership	\$15,524,619	0.490004
January 18, 2008	Creststreet 2006 (II) Limited Partnership	\$22,889,403	0.722459
May 28, 2010	Creststreet 2008 Limited Partnership	\$5,907,772	2.524966
May 28, 2010	Creststreet 2009 Limited Partnership	\$3,036,252	0.961274

For investors in the LPs subject to transfer, the Manager of the Fund may disallow redemptions and switches to other classes of Creststreet Mutual Funds Limited up to the end of May in the year of transfer. This allows the Fund to generate liquidity to fund redemptions by strategically exiting investments over a reasonable period of time. The Fund has obtained a standing exemption from the securities regulators in each province allowing restrictions on the redemption and switches of shares issued to LP investors on the transfer of assets.

## Risk

The Fund's objective is to provide stable, long-term growth of capital while conservatively managing value at risk. The Fund invests primarily in the equity securities of Canadian resource issuers and investors are exposed to the risks and rewards of the Canadian resource sector. Of note, the Fund was underweight one of the core sub sectors within the target Custom Benchmark, the S&P/TSX Global Gold Index. Based on opportunities and valuations, the Fund increased the diversification through the early summer towards investments in this sub-sector, thereby increasing the diversification of the Fund in the short term. A more detailed discussion of the Fund's risk exposures can be found in the Fund's prospectus and in the notes of the interim financial statements.

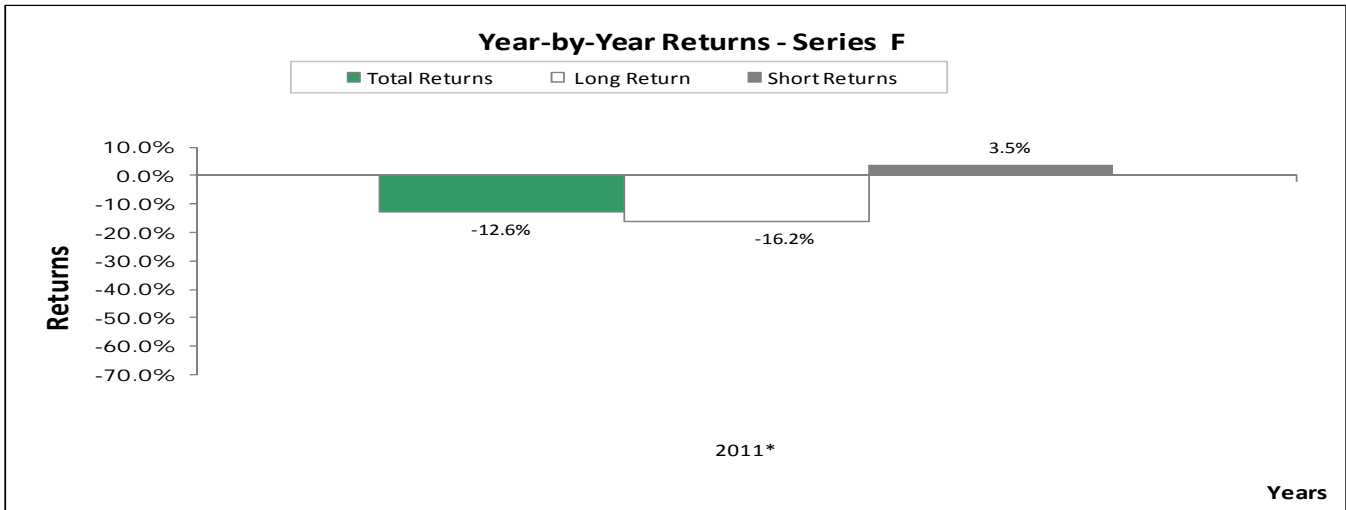
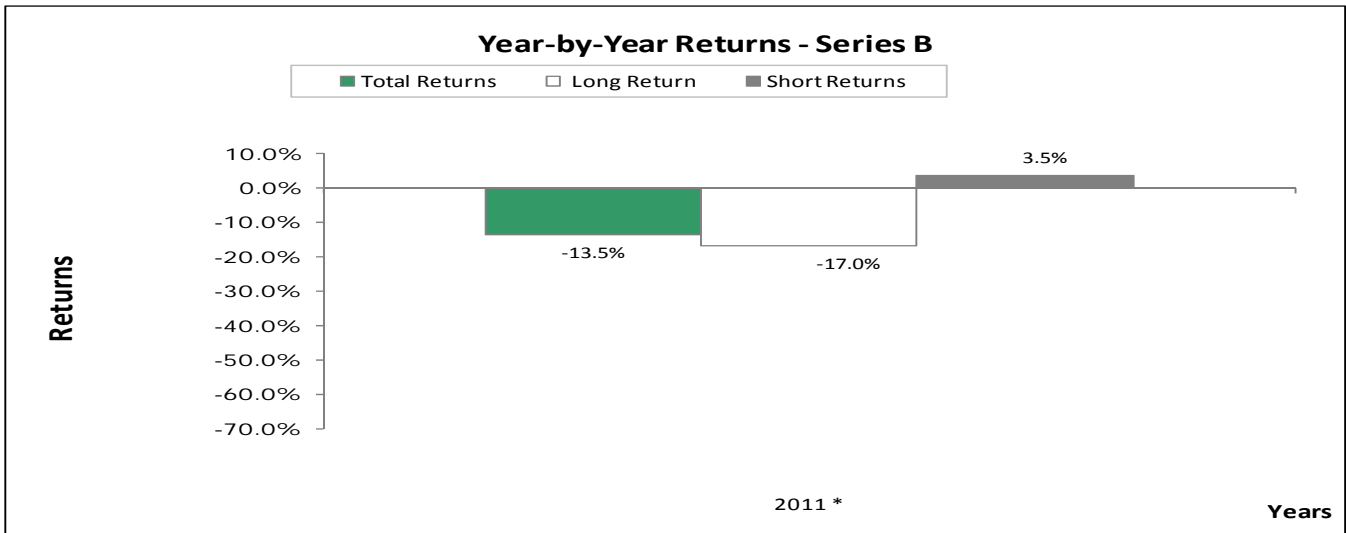
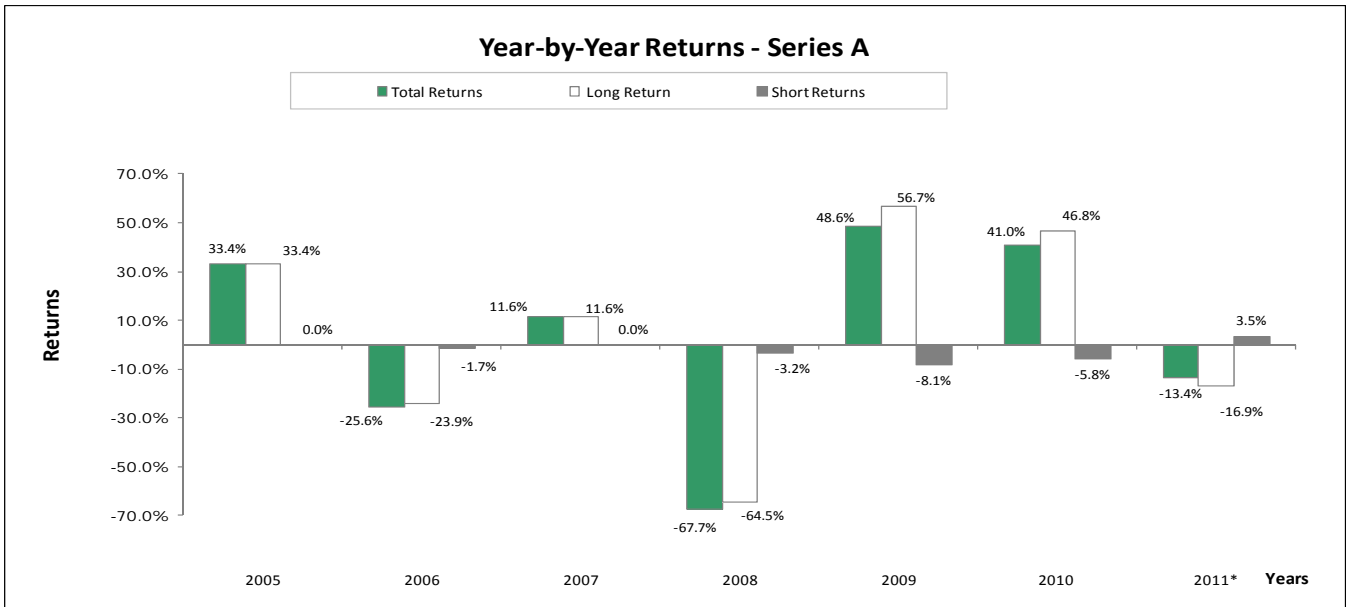
## Past Performance

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

### Year-by-Year Returns

The following bar chart shows the Fund's annual returns from 2005 to 2011. The Fund was not a reporting issuer prior to 2005. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.

There were three Series of this Fund as of June 30, 2011. Series A became a reporting issuer on December 31, 2004 and its performance data is presented below. On May 13, 2011, the Fund transferred all the assets of Series 2010 into Series A, based on the closing net asset value per share of Series A, and hence no past performance for this Series is not presented.



\* Total Return for the six months ended June 30, 2011

Note:

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

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for past five years. This information is derived from the Fund's annual financial statements.

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

<b>SERIES A</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Net assets, beginning of period<sup>(1)</sup></b>	<b>\$ 5.04</b>	<b>\$ 3.57</b>	<b>\$ 2.42</b>	<b>\$ 8.30</b>	<b>\$ 7.89</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.02	0.23	0.01	0.03	0.10
Total expenses	(0.12)	(0.20)	(0.14)	(0.29)	(0.28)
Realized gains (losses) on investments	0.29	1.60	(0.14)	(2.41)	0.22
Unrealized gains (losses) on investments	(0.82)	(0.13)	1.46	(1.30)	1.14
Transaction costs	(0.06)	(0.11)	(0.06)	(0.30)	(0.25)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.69)</b>	<b>\$ 1.39</b>	<b>\$ 1.13</b>	<b>\$ (4.27)</b>	<b>\$ 0.92</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.30)	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	(0.92)	(0.38)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.30)</b>	<b>-</b>	<b>-</b>	<b>(0.92)</b>	<b>(0.38)</b>
<b>Net assets, end of period<sup>(4)</sup></b>	<b>\$ 4.08</b>	<b>\$ 5.04</b>	<b>\$ 3.57</b>	<b>\$ 2.42</b>	<b>\$ 8.30</b>
<b>SERIES B</b>	<b>2011</b>	<b>2010</b>			
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 5.02</b>	<b>\$ 3.83</b>			
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01	0.01			
Total expenses	(0.12)	(0.13)			
Realized gains (losses) on investments	0.37	0.65			
Unrealized gains (losses) on investments	(0.88)	1.33			
Transaction costs	(0.05)	(0.12)			
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.67)</b>	<b>\$ 1.74</b>			
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 4.32</b>	<b>\$ 5.02</b>			
<b>SERIES F</b>	<b>2011</b>	<b>2010</b>			
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 5.05</b>	<b>\$ 4.22</b>			
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01	0.01			
Total expenses	(0.10)	(0.06)			
Realized gains (losses) on investments	0.44	0.41			
Unrealized gains (losses) on investments	(0.37)	0.64			
Transaction costs	(0.04)	(0.12)			
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.06)</b>	<b>\$ 0.88</b>			
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 4.38</b>	<b>\$ 5.05</b>			

<b>SERIES 2010<sup>(5)</sup></b>	<b>2011</b>		<b>2010</b>	
<b>Net assets, beginning of period<sup>(1)</sup></b>	<b>\$</b>	<b>5.04</b>	<b>\$</b>	<b>3.77</b>
<b>Increase (decrease) from operations:</b>				
Total revenue		0.01		0.01
Total expenses		(0.10)		(0.12)
Realized gains (losses) on investments		0.49		0.69
Unrealized gains (losses) on investments		(0.52)		0.67
Transaction costs		-		(0.11)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$</b>	<b>(0.12)</b>	<b>\$</b>	<b>1.14</b>
<b>Net assets, end of period<sup>(4)</sup></b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>5.04</b>

- (1) This information is derived from the Fund's annual financial statements. Series A became a reporting issuer on December 31, 2004. The inception date of Series B, Series 2010 and Series F were June 18, 2010, May 28, 2010 and September 10, 2010 respectively. The inception NAV of these series was \$3.8338 per share, \$3.7691 per share and \$4.2166 per share respectively.
- (2) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.
- (3) Distributions were paid in cash or reinvested in additional shares.
- (4) These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net assets per share.
- (5) Series 2010 was transferred to Series A and closed on May 13, 2011.

## Ratios and Supplemental Data

<b>SERIES A</b>	<b>June 30, 2011</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>	<b>December 31, 2007</b>
Total Net asset (GAAP NAV) (\$) (000's) <sup>(1)</sup>	23,724	26,058	24,996	21,944	64,959
Number of units outstanding <sup>(1)</sup>	5,808,809	5,166,598	6,992,655	9,065,836	7,826,048
Management expense ratio(MER) <sup>(2)</sup>					
Expenses	4.86%	4.99%	4.18%	4.03%	3.84%
Performance fee	-	-	-	-	-
Total MER	4.86%	4.99%	4.18%	4.03%	3.84%
Trading expense ratio <sup>(3)</sup>	2.02%	2.69%	2.07%	4.16%	3.35%
Portfolio turnover rate <sup>(4)</sup>	170.29%	537.48%	581.99%	754.82%	640.19%
Net asset value per share (Pricing NAV) (\$)	4.14	5.08	3.60	2.42	8.39

<b>SERIES B</b>	<b>June 30, 2011</b>	<b>December 31, 2010</b>
Total Net asset (GAAP NAV) (\$) (000's) <sup>(1)</sup>	1,001	1,345
Number of units outstanding <sup>(1)</sup>	231,922	267,900
Management expense ratio(MER) <sup>(2)</sup>		
Expenses	4.91%	5.47%
Performance fee	-	0.16%
Total MER	4.91%	5.63%
Trading expense ratio <sup>(3)</sup>	2.02%	2.69%
Portfolio turnover rate <sup>(4)</sup>	170.29%	537.48%
Net asset value per share (Pricing NAV) (\$)	4.37	5.05

SERIES F	June 30, 2011	December 31, 2010
Total Net asset (GAAP NAV) (\$) (000's) <sup>(1)</sup>	110	358
Number of units outstanding <sup>(1)</sup>	25,127	70,872
Management expense ratio(MER) <sup>(2)</sup>		
Expenses	3.67%	4.40%
Performance fee	-	0.33%
Total MER	3.67%	4.73%
Trading expense ratio <sup>(3)</sup>	2.02%	2.69%
Portfolio turnover rate <sup>(4)</sup>	170.29%	537.48%
Net asset value per share (Pricing NAV) (\$)	4.44	5.09

- (1) This information is provided as at June 30 and December 31 for the years shown. Series 2010 was transferred to Series A and closed on May 13, 2011 and therefore the data is not presented.
- (2) The management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Recent Developments

### Limited Partnership Rollover

On May 28, 2010, the Fund acquired all the assets of Creststreet 2008 Limited Partnership and Creststreet 2009 Limited Partnership in exchange for 1,567,416 and 805,561 Series 2010 shares of the Fund respectively.

### Changeover to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has confirmed the ability to defer the adoption of International Financial Reporting Standards ("IFRS") to fiscal periods beginning on or after January 1, 2013 for entities applying *Accounting Guideline 18, Investment Companies*. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net asset value per unit. IFRS is expected to have an impact on the presentation of securityholders' equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

### Harmonized Sales Tax

Effective July 1, 2010, Ontario replaced their Provincial Sales Tax ('PST') and Federal Goods and Service Tax ('GST') with a single Harmonized Sales Tax ("HST") of 13 percent. Management fees and all other expenses charged to the Fund were subjected to an additional tax of 8%. New rules in Canada require Investment Funds to calculate HST using the residency of the unit holders and the current value of their interests, rather than the physical location of the Fund. The use of this blended rate will allow the Fund to reduce the effect of harmonization to the extent the Fund has residents in provinces not subject to HST.

## Related Party Transactions

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

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

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of Series B and Series F units in each quarter. The performance fee is paid within 15 days to manager in respect of the previous fiscal quarter if the percentage gain in the NAV per share of the applicable series of the Fund over the preceding fiscal quarter or quarters since a Fund performance fee for such series was last payable, exceeds the percentage gain or loss of the benchmark, over the same period, and provided that the NAV per share of the applicable series of the Fund (including distributions) is greater than all previous values of the series at the end of each previous fiscal quarter in which a Resource Fund Performance Fee was paid. The performance fee is equal to this excess return per share multiplied by the number of shares of the relevant series outstanding at the end of the quarter, multiplied by 20%.

### Independent Review Committee

In accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds, the Corporation has appointed an Independent Review Committee (“IRC”) with a mandate to provide impartial recommendation or judgement on conflict of interest matters with regard to the operations of the Fund and its respective portfolio. The IRC is composed of three members, all of whom are independent of the Corporation and its affiliates. The compensation and other reasonable expenses of the IRC is paid pro-rata amongst the investment funds for which the IRC has been appointed as the independent review committee, based on assets of each investment fund at the time the expenses are paid, and is paid as an expense of the Fund.

The Corporation received the following approvals and standing instructions from the IRC for the year ending December 31, 2010:

1. Expense Allocation
2. Fee Allocation
3. Start-up/Organizational Expenses
4. Standards of Fairness
5. Trade Errors and Trade Modifications
6. Trade Management and Best Execution
7. Investment Suitability
8. Proxy Voting
9. Fundamental Changes to a Fund
10. Amending the Constating and/or Offering Documents of a Fund
11. Access Person Trading
12. Rollover of Limited Partnership to Mutual Fund

In each case, the standing instructions require the Corporation to comply with its related policies and procedures and to report periodically to the IRC.

IRC is required to issue an annual report detailing its activities for the year, which is available to the shareholders on the website at [www.creststreet.com](http://www.creststreet.com) or at their request and at no cost by calling toll-free 1.866.864.6330.

### Management Fees

The Manager provides investment and administrative services to the Fund. In consideration for these services, the Fund pays the Manager an annual fee of 2.0 percent for Series A and Series 2010, and 1.5 percent for Series B and Series F, calculated and payable monthly in arrears. HST is paid on all management fees.

The Fund also pays dealers a service fee as consideration for administering the Fund’s assets held by those dealers. The service fee is calculated as a percentage of the net asset value each dealer administers and is based on the closing balance of client accounts at the end of each calendar month. Series A and Series 2010 of the Fund pay service fees on a quarterly basis at a rate of 0.5% per annum of the respective Series’ net asset values. Series B pays service fees of 1.0% per annum of its Series net asset value on a quarterly basis. The Fund as a whole paid the following amounts to the Manager for the six months ended June 30, 2011 and 2010 are:

	2011		2010	
Management Fees	340,140	80.7%	279,191	80.9%
Service Fees Paid to Dealers	81,252	19.3%	65,983	19.1%
	<u>\$ 421,392</u>	<u>100.0%</u>	<u>\$ 345,174</u>	<u>100.0%</u>

## Summary of Investment Portfolio

As at June 30, 2011

Sector Mix	% of net assets
Metals & Mining	52.8%
Energy	29.7%
Fertilizer & Chemicals	7.2%
Other	7.1%
<b>Total Investments</b>	<b>96.8%</b>
Cash and cash equivalents	-0.2%
Other net assets	3.4%
	<b>100.0%</b>

## Summary of Investment Portfolio (Continued)

Top 25 Positions	% of net assets
Sherritt International Corp.	8.3%
Arcan Resources Ltd.	7.7%
Migao Corp.	6.3%
Athabasca Oil Sands Corp.	6.1%
First Nickel Inc.	6.1%
Mercator Minerals Ltd.	3.9%
Cline Mining Corp.	3.7%
Strategic Oil & Gas Ltd.	3.3%
Century Iron Mines Corp.	2.8%
Tourmaline Oil Corp.	2.6%
Champion Minerals Inc.	2.4%
North American Palladium Ltd.	2.4%
Trevalli Resources Corp.	2.1%
Cardero Resource Corp.	2.1%
Castle Resources Inc.	2.0%
Canexus Inc.ome Fund	2.0%
Magma Metals Limited	1.8%
Xinergy Ltd.	1.7%
Canada Fluorspar Inc.	1.7%
Roca Mines Inc.	1.7%
Donner Metals Ltd.	1.6%
Seaview Energy Inc. Class A	1.5%
Whitecap Resources Inc.	1.3%
Selwyn Resources Ltd.	1.2%
Legacy Oil + Gas Inc.	1.2%
<b>Total Net Asset Value</b>	<b>\$ 24,835,362</b>

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

## Statements of Net Assets

	As at June 30, 2011 (unaudited)	As at December 31, 2010
<b>Assets</b>		
Investments at at market value	\$ 23,980,147	\$ 34,319,268
Cash and cash equivalents	16,724	-
Due from broker	576,199	613,532
Dividends receivable	16,150	10,975
Other accounts receivable	32,847	32,840
Refundable Taxes (note 5)	480,648	458,931
	<b>25,102,715</b>	<b>35,435,546</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	267,353	360,615
Redemptions payable	-	270,983
Income tax payable (note 5)	-	458,931
	<b>267,353</b>	<b>1,090,529</b>
<b>Net assets - GAAP NAV (note 2)</b>	<b>\$ 24,835,362</b>	<b>\$ 34,345,017</b>
Adjustment from bid market prices to last traded market prices	335,696	222,182
<b>Net asset value - Pricing NAV (note 2)</b>	<b>\$ 25,171,058</b>	<b>\$ 34,567,199</b>
<b>Series A</b>		
Net assets- GAAP NAV (note 2)	\$ 23,724,125	\$ 26,057,564
Adjustment from bid market prices to last traded market prices	320,675	168,567
Net asset value - Pricing NAV (note 2)	<b>\$ 24,044,800</b>	<b>\$ 26,226,131</b>
<b>Shares outstanding</b>	<b>5,808,809</b>	<b>5,166,598</b>
Net assets per share - GAAP NAV (note 2)	\$ 4.08	\$ 5.04
Adjustment from bid market prices to last traded market prices	0.06	0.04
Net asset value per share - Pricing NAV (note 2)	<b>\$ 4.14</b>	<b>\$ 5.08</b>
<b>Series B</b>		
Net assets- GAAP NAV (note 2)	\$ 1,001,071	\$ 1,345,444
Adjustment from bid market prices to last traded market prices	13,532	8,707
Net asset value - Pricing NAV (note 2)	<b>\$ 1,014,603</b>	<b>\$ 1,354,151</b>
<b>Shares outstanding</b>	<b>231,922</b>	<b>267,900</b>
Net assets per share - GAAP NAV (note 2)	\$ 4.32	\$ 5.02
Adjustment from bid market prices to last traded market prices	0.05	0.03
Net asset value per share - Pricing NAV (note 2)	<b>\$ 4.37</b>	<b>\$ 5.05</b>

## Statements of Net Assets (continued)

### Series F

Net assets - GAAP NAV (note 2)	\$	110,166	\$	358,210
Adjustment from bid market prices to last traded market prices		1,489		2,317
Net asset value - Pricing NAV (note 2)	\$	111,655	\$	360,527
<b>Shares outstanding</b>		<b>25,127</b>		<b>70,872</b>
Net assets per share - GAAP NAV (note 2)	\$	4.38	\$	5.05
Adjustment from bid market prices to last traded market prices		0.06		0.04
Net asset value per share - Pricing NAV (note 2)	\$	4.44	\$	5.09

### Series 2010\*

Net assets - GAAP NAV (note 2)	\$	-	\$	6,583,799
Adjustment from bid market prices to last traded market prices		-		42,591
Net asset value - Pricing NAV (note 2)	\$	-	\$	6,626,390
<b>Shares outstanding</b>		<b>-</b>		<b>1,305,936</b>
Net assets per share - GAAP NAV (note 2)	\$	-	\$	5.04
Adjustment from bid market prices to last traded market prices		-		0.03
Net asset value per share - Pricing NAV (note 2)	\$	-	\$	5.07

See accompanying notes to the financial statements.

Approved by Creststreet Mutual Funds Limited



**Robert J. Toole**  
Director



**Stuart P. Hensman**  
Director

## Statements of Operations

For the six months ended June 30 (unaudited)	2011	2010
<b>Investment Income</b>		
Dividend revenue	\$ 57,290	\$ 1,310,861
Interest revenue	1,687	-
	<u>58,977</u>	<u>1,310,861</u>
<b>Expenses</b>		
Management fees (note 3)	340,140	279,191
Operating expenses	153,740	165,536
Servicing fees	81,252	65,983
Audit fees	31,953	28,960
Legal and filing fee	67,066	25,340
Dividend paid short	-	4,159
Custodial fees	4,296	1,229
Capital tax	-	21,916
Securityholder reporting costs	24,222	25,340
Marketing Expense	7,541	8,000
Independent Review Committee fees	45,871	39,884
	<u>756,081</u>	<u>665,538</u>
<b>Gain (loss) from investment operations</b>	<u>(697,104)</u>	<u>645,323</u>
Net realized gain on sale of investments	2,197,497	5,029,104
Change in unrealized depreciation of investments	(5,134,803)	(6,336,374)
Transaction costs (note 2)	(322,410)	(400,959)
<b>Net realized and unrealized loss on investments</b>	<u>(3,259,716)</u>	<u>(1,708,229)</u>
<b>Decrease in net assets from operations</b>	<u>\$ (3,956,820)</u>	<u>\$ (1,062,906)</u>

### Statements of Operations (continued)

Decrease in net assets from operations, Series A	\$ (3,631,926)	\$ (434,712)
Decrease in net assets from operations per share, Series A	<u>(0.69)</u>	<u>(0.07)</u>
Decrease in net assets from operations, Series B	\$ (180,578)	\$ (478)
Decrease in net assets from operations per share, Series B	<u>(0.67)</u>	<u>(0.42)</u>

## Statements of Operations (continued)

Decrease in net assets from operations, Series F	\$	(2,019)	\$	-
Decrease in net assets from operations per share, Series F		(0.06)		-
				<hr/>
Decrease in net assets from operations, Series 2010**	\$	(142,297)	\$	(627,716)
Decrease in net assets from operations per unit, Series 2010		(0.12)		(0.30)
				<hr/>

See accompanying notes to the financial statements.

## Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2011		2010	
<b>Net assets at the beginning of period</b>	\$	34,345,017	\$	24,995,969
Decrease in net assets from operations		(3,956,820)		(1,062,906)
<b>Dividends to shareholders:</b>				
Income distribution (note 4)		(1,441,940)		
<b>Share Capital transactions</b>				
Proceeds from the issue of shares		5,661,476		9,039,183
Amounts paid on redemption of shares		(11,195,563)		(5,259,012)
<b>Net assets at the end of period - GAAP NAV (note 2)</b>	\$	<b>24,835,362</b>	\$	<b>27,713,234</b>
Adjustment from bid market prices to last traded market prices		335,696		90,445
<b>Net asset value at the end of period - Pricing NAV (note 2)</b>	\$	<b>25,171,058</b>	\$	<b>27,803,679</b>

### Series A

<b>Net assets at the beginning of period, Series A</b>	\$	26,057,564	\$	24,995,969
Decrease in net assets from operations, Series 2010		(3,631,926)		(434,712)
<b>Dividends to shareholders:</b>				
Income distribution (note 4)		(1,441,940)		
<b>Capital transactions</b>				
Proceeds from the issue of shares		5,436,530		90,258
Shares issued on reinvestment of dividends		1,423,192		-
Amounts paid on redemption of shares		(4,119,295)		(3,938,245)
Net capital unit transactions		2,740,427		(3,847,987)
<b>Net assets at the end of period - GAAP NAV, Series A (note 2)</b>	\$	<b>23,724,125</b>	\$	<b>20,713,270</b>
Adjustment from bid market prices to last traded market prices		320,675		67,600
<b>Net asset value at the end of period - Pricing NAV, Series A (note 2)</b>	\$	<b>24,044,800</b>	\$	<b>20,780,870</b>

### Series B

<b>Net assets at the beginning of period, Series B</b>	\$	1,345,444	\$	-
Decrease in net assets from operations, Series B		(180,578)		(478)
<b>Capital transactions</b>				
Proceeds from the issue of shares		212,835		4,900
Amounts paid on redemption of shares		(376,630)		-
<b>Net assets at the end of period - GAAP NAV, Series B (note 2)</b>	\$	<b>1,001,071</b>	\$	<b>4,422</b>
Adjustment from bid market prices to last traded market prices		13,532		15
<b>Net asset value at the end of period - Pricing NAV, Series B (note 2)</b>	\$	<b>1,014,603</b>	\$	<b>4,437</b>

## Statements of Net Changes (continued)

### Series F

Net assets at the beginning of the period, Series F	\$	358,210	\$	-
Decrease in net assets from operations, Series F		(2,019)		
<b>Capital transactions</b>				
Proceeds from the issue of shares		12,111		-
Amounts paid on redemption of shares		(258,136)		-
<b>Net assets at the end of period - GAAP NAV, Series F (note 2)</b>	<b>\$</b>	<b>110,166</b>	<b>\$</b>	<b>-</b>
Adjustment from bid market prices to last traded market prices		1,489		-
<b>Net asset value at the end of period - Pricing NAV, Series F (note 2)</b>	<b>\$</b>	<b>111,655</b>	<b>\$</b>	<b>-</b>

### Series 2010\*\*

Net assets at the beginning of period, Series 2010	\$	6,583,799	\$	-
Decrease in net assets from operations, Series 2010		(142,297)		(627,716)
<b>Capital transactions</b>				
Proceeds from the issue of shares		-		8,944,025
Amounts paid on redemption of shares		(6,441,502)		(1,320,767)
<b>Net assets at the end of period - GAAP NAV, Series 2010 (note 2)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>6,995,542</b>
Adjustment from bid market prices to last traded market prices		-		22,830
<b>Net asset value at the end of period - Pricing NAV, Series 2010 (note 2)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>7,018,372</b>

See accompanying notes to the financial statements.

## Statement of Investment Portfolio

As at June 30, 2011

Issuer	Number of Securities	Type of Security	Cost	Fair Value
Sherritt International Corp.	335,000	Common shares	\$ 2,559,510	\$ 2,056,899
Arcan Resources Ltd.	350,000	Common shares	1,628,300	1,900,499
Migao Corp.	350,000	Common shares	2,171,504	1,553,999
Athabasca Oil Sands Corp.	100,000	Common shares	478,526	1,515,000
First Nickel Inc.	8,000,000	Common shares	986,670	1,280,000
Mercator Minerals Ltd.	340,000	Common shares	1,180,734	972,400
Cline Mining Corp.	400,000	Common shares	918,695	912,000
Strategic Oil & Gas Ltd.	875,000	Common shares	836,291	813,750
Century Iron Mines Corp	231,700	Common shares	675,610	685,832
Tourmaline Oil Corp.	20,000	Common shares	360,000	640,000
Champion Minerals Inc.	400,000	Common shares	900,781	600,000
North American Palladium Ltd.	150,000	Common shares	544,230	594,000
Trevali Mining Corporation	350,000	Common shares	665,000	514,500
Cardero Resource Corp.	425,000	Common shares	348,409	514,250
Canexus Income Fund	75,000	Income Trust	492,458	501,000
Xinergy Ltd.	100,000	Common shares	379,698	434,000
Roca Mines Inc.	1,800,000	Common shares	480,990	414,000
Donner Metals Ltd.	1,500,000	Common shares	401,600	405,000
Canada Fluorspar Inc.	750,000	Common shares	375,000	382,500
Seaview Energy Inc.	375,000	Class A common shares	428,315	367,500
Castle Resources Inc.	500,000	Common shares	160,000	315,000
Whitecap Resources Inc.	50,000	Common shares	311,500	312,500
Selwyn Resources Ltd.	1,390,000	Common shares	250,200	298,850
Legacy Oil + Gas Inc.	25,000	Common shares	308,745	292,500
Apogee Silver Ltd.	1,172,076	Common shares	328,181	251,996
Sandstorm Metals & Energy Ltd.	500,000	Common shares	225,000	232,500
Magma Metals Ltd.	1,000,000	Common shares	283,809	232,479
Bernum Petroleum Ltd.	225,000	Common shares	225,000	225,000
First Nickel Inc.	3,746,000	Warrants	-	224,824
Magma Metals Ltd.	840,000	Common shares	460,642	222,600
Balmoral Resources Ltd.	250,000	Common shares	174,250	222,500
Karnalyte Resources Inc.	19,700	Common shares	169,420	215,715
Helio Resource Corp.	525,000	Common shares	210,000	199,500
Wild Stream Exploration Inc.	17,500	Common shares	202,125	199,500
North American Tungsten Corp.	650,000	Common shares	325,000	195,000
Kimber Resources Inc.	120,000	Common shares	178,951	187,200
Castle Resources Inc.	500,000	Warrants	-	186,923
Globex Mining Enterprises Inc.	100,000	Common shares	250,000	185,000
Reliable Energy Ltd.	500,000	Common shares	150,000	180,000
Aldridge Minerals Inc.	200,000	Common shares	300,000	174,000
West Kirkland Mining Inc.	175,000	Common shares	207,531	171,500
Midland Exploration Inc.	100,000	Common shares	176,000	171,000
Beaufield Resources Inc.	590,000	Common shares	264,871	168,150
Palliser Oil & Gas Corp.	125,000	Common shares	237,500	165,000
Zenyatta Ventures Ltd.	416,700	Common shares	250,020	141,678
GMV Minerals Inc.	500,000	Warrants	-	136,984

## Statement of Investment Portfolio (Continued)

As at June 30, 2011

Issuer	Number of Securities	Type of Security	Cost	Fair Value
Platinum Group Metals Ltd.	75,000	Common shares	160,660	126,000
Nextraction Energy Corp.	150,000	Common shares	159,000	123,000
Vena Resources Inc.	500,000	Common shares	250,000	115,000
Candente Copper Corp.	100,000	Common shares	205,000	112,000
Rogue Resources Inc.	400,000	Common shares	100,000	108,000
Windstorm Resources Inc.	625,000	Common shares	250,000	106,250
Portex Minerals Inc.	1,000,000	Common shares	120,000	100,000
CuOro Resources Corp.	50,000	Common shares	100,000	97,500
Sage Gold Inc.	500,000	Common shares	101,250	75,000
Fancam Exploration Ltd.	200,000	Common shares	150,000	68,000
Frontline Gold Corp.	750,000	Common shares	112,500	52,500
Canada Fluorspar Inc.	375,000	Warrants	-	47,044
Nevado Resources Corp.	125,000	Common shares	51,463	42,500
Helio Resource Corp.	262,500	Warrants	-	38,381
Balmoral Resources Ltd.	125,000	Warrants	-	35,839
Portex Minerals Inc.	1,000,000	Warrants	-	31,662
Rogue Resources Inc.	200,000	Warrants	-	25,687
Sandstorm Metals & Energy Ltd.	250,000	Warrants	-	18,750
Aldridge Minerals Inc.	100,000	Warrants	-	18,303
Windstorm Resources Inc.	312,500	Warrants	-	16,107
Frontline Gold Corp.	750,000	Warrants	-	14,692
North American Tungsten Corp.	325,000	Warrants	-	13,000
Roca Mines Inc.	500,000	Warrants	-	11,038
CuOro Resources Corp.	25,000	Warrants	-	9,169
Vena Resources Inc.	250,000	Warrants	-	4,202
Alexis Minerals Corp.	500,000	Warrants	-	2,743
Fancamp Exploration Ltd.	100,000	Warrants	-	2,742
DualEx Energy International Inc.	300,000	Warrants	-	10
			24,220,939	23,980,147
Transaction Costs (note 2)			(74,915)	
<b>Total investments</b>			\$ 24,146,024	\$ 23,980,147

See accompanying notes to the financial statements.

## Notes to Financial Statements

For the six months ended June 30, 2011 and 2010

### 1. Creststreet Mutual Funds Limited

Creststreet Resource Fund (the "Fund"), along with Creststreet Dividend & Income Fund (formerly Creststreet Managed Equity Index Fund), and Creststreet Alternative Energy Fund (together the "Funds") are share classes of Creststreet Mutual Funds Limited (the "Corporation"). The Corporation was formed under the Canada Business Corporations Act (the "CBCA") by articles of incorporation (the "Articles") dated October 13, 1999, as amended by articles of amendment dated July 18, 2000, May 16, 2001, December 11, 2001, January 11, 2002, December 5, 2002, May 15, 2003, April 26, 2004, September 2, 2004, December 22, 2004, March 29, 2005, February 29, 2006, January 29, 2007 and October 24, 2007, January 18, 2008, February 26, 2008, January 29, 2009 and November 6, 2009. In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at June 30, 2011 and December 31, 2010, its investments held at June 30, 2011, and the results of operations and the changes in net assets for the six months ended June 30, 2011 and 2010, and do not contain the financial statements of the Corporation. As the Funds are part of the Corporation, the Corporation as a whole is liable for the expenses and obligations of each of the Funds. There exists the possibility that the Fund could be liable for an expense or obligation of another of the Funds; however, the Manager is diligent to ensure that such a liability will not occur.

Creststreet Asset Management Limited (the "Manager") is the Manager of the Fund.

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

To date the following 12 partnerships have rolled their investment portfolios into the Resource Fund:

<b>Date</b>	<b>Partnership</b>	<b>Net Assets Transferred</b>	<b>Ratio of Mutual Fund Shares Received</b>
January 15, 2002	Creststreet 2000 Limited Partnership	\$7,286,890	0.728689
January 17, 2003	Creststreet 2001 Limited Partnership	\$15,312,298	0.738044
January 17, 2003	Creststreet 2001 (II) Limited Partnership	\$14,294,962	0.817004
January 23, 2004	Creststreet 2002 Limited Partnership	\$36,608,912	0.660476
January 21, 2005	Creststreet 2003 Limited Partnership	\$41,635,412	0.652611
January 21, 2005	Creststreet 2003 (II) Limited Partnership	\$25,510,837	0.557083
January 20, 2006	Creststreet 2004 Limited Partnership	\$63,593,587	0.584901
January 19, 2007	Creststreet 2005 Limited Partnership	\$30,175,192	0.761377
January 18, 2008	Creststreet 2006 Limited Partnership	\$15,524,619	0.490004
January 18, 2008	Creststreet 2006 (II) Limited Partnership	\$22,889,403	0.722459
May 28, 2010	Creststreet 2008 Limited Partnership	\$5,907,772	2.524966
May 28, 2010	Creststreet 2009 Limited Partnership	\$3,036,252	0.961274

Upon the above transfers, the partnerships were dissolved at which time the net assets were allocated 99.99 percent to the limited partners and 0.01 percent to the respective general partners.

Creststreet 2007 Limited Partnership ("2007 LP") was expected to transfer its assets to the Fund on or about January 23, 2009, however, the 2007 LP was not permitted to transfer its assets to the Fund since the total private securities held after the transfer would be in excess of 10% of the net assets of the Fund which is not allowed under applicable securities legislation. The 2007 LP proposed an alternative liquidity transaction to its unit holders whereby the Partnership would transfer substantially all of the public securities component of its portfolio, along with cash and certain private securities, to Creststreet Energy Opportunities Fund ("CEO") in exchange for shares of CEO of equal value. This transfer was completed on May 27, 2009. On May 31, 2010 the remaining assets in 2007 LP were transferred to CEO.

On May 28, 2010, the Fund acquired all the assets of Creststreet 2008 Limited Partnership and Creststreet 2009 Limited Partnership in exchange for 1,567,416 and 805,501 Series 2010 shares of the Fund respectively.

On May 13, 2011, the Fund transferred all the assets of Series 2010 into Series A, based on the closing net asset value per unit of Series A \$4.578.

## 2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the following is a summary of significant accounting policies followed by the Fund:

### (a) Valuation of investments

Investments are deemed to be held for trading in accordance with Section 3855 and are therefore recorded at fair value.

Fair value of securities held by the Fund that are listed on a recognized public securities exchange are valued at their closing bid price or the closing ask price for securities sold short. Securities that are not listed or traded on a public securities exchange or actively traded on an over-the-counter market, will be valued at its fair value determined by the Manager pursuant to the Manager's established pricing policies. Acquisition cost may be used as a fair value proxy, particularly if the acquisition date of the investment was within the current fiscal year. For unlisted securities, the Manager's policy is to use evidence of arm's length third party transactions, where possible, in determining the fair value. The restricted securities (including securities subject to any hold period) are valued on reported quotations in common use unless a different fair market value is determined by the Manager. The Black Scholes pricing methodology is used to price the warrants held by the Fund.

CICA Emerging Issues Committee Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173") clarifies how the Fund's own credit risk and the counterparty risk should be taken into account in determining the fair value of financial instruments. The application of the EIC-173 does not have a significant impact on the valuation of the Partnership's financial instruments or its net assets.

CICA Handbook Section 3855 impacts the valuation and the disclosure of the net assets of an investment fund for financial reporting purposes ("GAAP NAV" or "Net Assets") as the Canadian GAAP requires securities traded on a public exchange be valued at closing bid price for long positions and ask price for securities sold short. The value used to determine the Fund's daily price for purchases and redemption of shares ("Pricing NAV" or "Net Asset Value") is, however, not affected by the Section 3855 accounting policy change, as permitted by NI 81-106. This will result in a difference between the Net Assets Value (Pricing NAV) and Net Assets (GAAP NAV), which is presented in the Statements of Net Assets.

### (b) Cash and cash equivalents

Cash comprises of cash on deposit. These are deemed to be held for trading and are therefore carried at fair value.

### (c) Other assets and liabilities

Dividends receivable, due from broker and other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, redemption payable and accounts payables and accrued liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short term nature.

### (d) Brokerage commissions

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction Costs" in the Statements of Operations.

### (e) Investment transactions and income and expense recognition

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

### (f) Income taxes

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

### (g) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(h) **Net assets per share by series**

Net assets per share by series is computed by dividing the net assets of the Fund at the valuation date attributable to each series of securities (after the deduction of all expenses attributable to the Fund as a whole, and the deduction of any expenses attributable to each series individually) by the total number of shares of each series of the Fund outstanding.

(i) **Increase (decrease) in net assets from operations per share**

The increase (decrease) in net assets from operations per share by series in the statements of operations represents the change in net assets from operation attributable to each series divided by the average number of shares of that series outstanding during the period. Income, expenses, other than management fees, and realized and unrealized gain (loss) are distributed amongst the different series of shares in proportion to the amount of equity invested in them.

### 3. **Management Fees and Performance Fees**

The Manager provides investment and administrative services to the Fund. In consideration for these services, the Fund pays the Manager an annual fee of 2.0 percent for Series A and Series 2010, 1.5 percent for Series B and Series F, calculated and payable monthly in arrears. For the six months ended June 30, 2011 the management fee amounted to \$340,140 (2010 - \$279,191). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of series B and Series F units in each month. The performance fee is paid within 15 days to manager in respect of the previous fiscal quarter if the percentage gain in the NAV per share of the applicable series of the Fund over the preceding fiscal quarter or quarters since a Fund performance fee for such series was last payable, exceeds the percentage gain or loss of the benchmark, over the same period, and provided that the NAV per share of the applicable series of the Fund (including distributions) is greater than all previous values of the series at the end of each previous fiscal quarter in which a Resource Fund Performance Fee was paid. The performance fee will be equal to this excess return per share multiplied by the number of shares of the relevant series outstanding at the end of the quarter, multiplied by 20%. The performance fee expensed as at June 30, 2011 was \$nil (2010 - \$nil).

### 4. **Dividends Paid to Shareholders**

On March 11, 2011, the Fund paid a taxable dividend totalling \$1,441,940 or \$0.30 per share to Series A shareholders of record as at March 10, 2011. For the six months period ended June 30, 2011, \$1,423,192 was reinvested into the Fund. There were no dividends paid by the Fund in 2010.

### 5. **Income Taxes**

Part IV tax in the amount of \$458,931 as of December 31, 2010 has been incurred in connection with taxable dividends received in the current year. It is expected that the Part IV tax will be fully refunded on the payment of sufficient taxable dividends in subsequent years.

### 6. **Valuation of Private Investments**

The following table details the Fund's changes in the valuations for securities not traded on a public exchange during 2010 and six months ended June 30, 2011. The table is arranged in alphabetical order by investment:

	Prior fair value	New fair value	Valuation basis
<b><u>Athabasca Oil Sands Corp.</u></b>			
February 2010	\$ 4,575,000	\$ 4,875,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
March 2010	\$ 4,875,000	\$ 3,975,000	Write-down from prior value based on the value of dividend distribution received.
March 2010	\$ 3,975,000	\$ 5,400,000	Write-up from prior value based on IPO Offering. The company became a public company on April 8, 2010

	Prior fair value	New fair value	Valuation basis
<b><u>Bernum Petroleum Ltd.</u></b> <sup>(1)</sup>			
December 2009	\$ 258,750	\$ 225,000	Write-down from cost based on third party financing completed at higher value.
<b><u>Century Iron Ore Mines Corp.</u></b>			
May 2011	\$ 750,000	\$ 861,664	Became Public company as of May 24, 2011 and the security started trading in the market as of May 24, 2011
<b><u>Laricina Energy Ltd.</u></b>			
August 2009	\$ 687,500	\$ 937,500	Write-up from previous value based on third party financing completed at higher value.
March 2010	\$ 937,500	\$ 1,578,125	Write-up from previous value based on third party financing completed at higher value.
April 2010	\$ 1,578,125	\$ 1,500,000	Write-down from prior value as arm's-length third party transactions provided new valuation basis
<b><u>Tourmaline Oil Corp.</u></b> <sup>(2)</sup>			
November 2009	\$ 268,710	\$ 403,065	Write-up from cost based on third party financing completed at higher value.
March 2010	\$ 403,065	\$ 483,678	Write-up from cost based on third party financing completed at higher value.
November 2010	\$ 483,678	\$ 272,997	Write-up from prior value based on IPO Offering.
November 2010	\$ 272,997	\$ 1,844,550	Tourmaline became a public company in November 2010.

Notes:

(1) Exshaw Oil Corporation merged with Tourmaline Oil Corp during 2009.

(2) Includes security shares acquired on the rollover of one of the Limited Partnerships on May 28, 2010.

## 7. Financial Instrument Risk

The Fund's investment objectives are to provide for the long-term growth of capital, and to a lesser extent, the production of income, by investing primarily in the securities of Canadian resource issuers. Accordingly, the Fund's portfolio is comprised mainly of mid to large-capitalization Canadian resource issuers. The Fund also may invest in foreign securities up to a maximum of 50 percent of the Fund's NAV, although typically, the weighting of foreign securities does not exceed 10 percent of the Fund's NAV. The Fund could invest its cash balances in a short-term money market fund to maximize its yield on idle cash. The Fund's use of financial instruments gives rise to a number of risk factors.

### Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of volatility of market prices. Market risk is comprised of three types of risk: *currency risk*, *interest rate risk*, and *other price risk*.

### Currency Risk

Currency risk is the risk that the fair value of a financial instrument could fluctuate due to changes in foreign currency exchange rates. The Fund's functional currency is Canadian dollars, and the Fund is exposed to foreign currency risk when it invests in securities denominated in another currency since the fair value of those securities is determined by converting the price of the security into Canadian dollars.

As at June 30, 2011, had the Canadian Dollar appreciated or depreciated by 5% in relation to the applicable foreign currency, the NAV of the Fund will be higher or lower as detailed below:

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
AUD dollars	\$ 54,762	\$ -	\$ 54,762	\$ 2,738	0.011%

As of December 31, 2010, the Fund did not hold any foreign investments or currency.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market interest rates. The immediate impact of interest rate risk is greatest on debt and fixed income securities that have a relatively long duration (generally a year or more to maturity). The Fund did not hold any such securities as at June 30, 2011 and December 31, 2010, or at any time during the period.

#### Other Price Risk

Other price risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market conditions other than currency or interest rate risk. These changes could be due to a number of factors including, but not limited to; changes in relation to a specific security or the issuer of a security, changes in the prices of a market sector's underlying commodity, or changes due to shifts in overall market sentiment. The Fund's Manager mitigates other price risk by managing and allocating the investment portfolio within the parameters of the Fund's investment objectives. As at June 30, 2011 and December 31, 2010 and assuming all other variables were held constant, had the general price level of the equities markets been 5 percent higher or lower, the NAV and the NAV per unit of the Fund may have been \$928,708 and 3.74 percent higher or lower, respectively (December 31, 2010 - \$1,416,676 and 4.13 percent respectively). This estimation is based on statistical tools that measure the relationships between each security in the Fund's portfolio and how their returns relate to the return of the overall equities markets. In reality, results could differ from this estimate and the difference could be material.

#### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligations or commitments that it has entered into with the Fund. The Fund invests primarily in equity securities of Canadian Resource issuers and does not typically invest in debt securities, thereby minimizing the Fund's exposure to credit risk. The Fund is exposed to credit risk to the extent that the Fund's custodian may not be able to settle trades for cash. Canadian securities regulations require that the Fund employs a custodian that meets certain capital requirements. These regulations state that, among other things, a fund's custodian be either a bank listed in Schedule I, II, or III of the *Bank Act (Canada)*, or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. The Fund's custodian, RBC Dexia Investor Services Trust, meets all Canadian Securities Administrators' requirements to act as custodian.

#### Liquidity Risk

The Fund is subject to the possibility of net redemptions on a weekly basis. The Fund invests the majority of its net assets in securities that are traded on a public exchange and can be readily liquidated if and as required in order to meet its redemption obligations. The Fund also retains sufficient cash and cash equivalents to maintain liquidity. The Fund is also permitted to borrow up to 5 percent of its net assets to fund redemptions; however the Manager is diligent to ensure such action is not required. No such borrowings occurred during the periods.

The Fund can invest in securities that are not listed on a public stock exchange and are therefore classified as illiquid securities. CSA regulations permit a mutual fund to have up to 15 percent of its NAV invested in illiquid assets. If the illiquid assets of the Fund account for more than 15 percent of its NAV for a period of 90 days or more, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its NAV made up of illiquid assets to 15 percent or less. As of June 30, 2011, the illiquid assets were below the 15% of the Fund's NAV.

## 8. Fair value measurement

CICA Handbook Section 3862 "Financial Instruments – Disclosure" requires the Fund to present a classification of fair value measurements of the Fund's investment based on a three level of fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair value inputs is summarized as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that are easily accessible.

*Level 2:* Inputs other than quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

*Level 3:* Inputs for assets or liabilities that are not based on observable data. There is little, if any, market activity and hence the requires significant management judgment or estimation.

As at June 30, 2011:

	Level 1		Level 2		Level 3		Total
<b>Assets</b>							
Equities	\$	22,917,050	\$	-	\$	225,000	\$ 23,142,050
Warrants		31,750		806,347		-	838,097
<b>Total</b>	\$	22,948,800	\$	806,347	\$	225,000	\$ 23,980,147

As at December 31, 2010:

	Level 1		Level 2		Level 3		Total
<b>Assets</b>							
Equities	\$	30,755,510	\$	-	\$	415,000	\$ 31,170,510
Index Units		1,885,000		-		-	1,885,000
Warrants		-		1,013,758		250,000	1,263,758
<b>Total</b>	\$	32,640,510	\$	1,013,758	\$	665,000	\$ 34,319,268

The following table is a reconciliation of Level 3 fair value measurements from December 31, 2010 to June 30, 2011:

	Equities		Warrants	
Balance at December 31, 2010	\$	415,000	\$	250,000
Net purchases and sales		(247,000)		(250,000)
Net transfers in (out)		-		-
Gains (Losses)				
Realized		57,000		-
Unrealized		-		-
<b>Balance at June 30, 2011</b>	\$	225,000	\$	-

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

	Equities		Warrants	
Balance at December 31, 2009	\$	1,340,565	\$	4,575,000
Net purchases and sales		69,304		250,000
Net transfers in (out)		(1,772,337)		(4,575,000) <sup>(1)</sup>
Gains (Losses)				
Realized		777,468		-
Unrealized		-		-
<b>Balance at December 31, 2010</b>	\$	415,000	\$	250,000

(1) The significant Net Transfer Out in Equities and Warrants is related to two private companies becoming public companies during the course of the year.

## 9. Soft Dollar Commissions

Section 3.6.3 of the National Instrument 81-106 Investment Fund Continuous Disclosure requires the Fund to disclose, where ascertainable, the soft dollar portions of the total commission and other portfolio transactions cost paid to the dealer by the Fund. Soft dollar commission refers to any goods and services, beyond the amount attributed to the order execution, received directly from the dealer executing the Fund's portfolio transactions, or from a third party. Such benefits may be in the form of research, or other materials that aid the investment process, thus contributing to long-term realization of returns for the shareholders. For the six month period ended June 30, 2011, the Fund paid \$322,410 in brokerage commissions of which \$8,024 were soft dollar commissions.

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

The Canadian Accounting Standards Board (the “AcSB”) has confirmed the ability to defer the adoption of International Financial Reporting Standards (“IFRS”) to fiscal periods beginning on or after January 1, 2013 for entities applying Accounting Guideline 18, Investment Companies. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net assets per unit. IFRS is expected to have an impact on the presentation of securityholders’ equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

## 11. Comparative Balances

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

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## Creststreet Mutual Funds Limited

### Board of Directors

**Jeffrey S. Boyce\***  
Chairman and Chief Executive Officer  
SURE Energy Inc.

**Stuart P. Hensman\*\***  
Corporate Director

**John E. Thompson\***  
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Sirius Energy Inc.

**Robert J. Toole, C.A.**  
Managing Director  
Creststreet Asset Management Limited

### Officers

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President and Chief Executive Officer

**Donna E. Shea, C.A.**  
Senior Vice-President, Finance and  
Chief Financial Officer

**Sheryl J. Chiddenton**  
Vice President, Compliance & Investment  
Services

\* Member of the Audit Committee and  
Independent Review Committee

\*\* Chair of the Audit Committee and  
Independent Review Committee

### Administrator and Custodian

RBC Dexia Investor Services Trust  
Toronto, Ontario

### Prime Broker

Scotia Capital Inc.  
Toronto, Ontario

### Investment Advisor and Investment Fund Manager

Creststreet Asset Management Limited  
Toronto, Ontario

### Clearing and Settlement Services

FundSERV Inc.

### Fund Symbols

CAM100, CAM151, CAM152  
CAM300, CAM301, CAM302  
CAM400, CAM401, CAM402

### Auditors

KPMG LLP  
Toronto, Ontario

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