



Management's Discussion and Analysis

For the three and six month periods ended June 30, 2007 and 2006
October 19, 2007

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

Forward Looking Statements

Except for the historical and present factual information certain statements contained in this Management's Discussion & Analysis ("MD&A") constitute "forward-looking statements" within the meaning of the *Securities Act (Ontario)*. These forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. Creststreet Windpower Development II LP (the "Partnership") considers the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect. Some of these risks and uncertainties as well as additional information are outlined in this MD&A.

The Partnership disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. These cautionary statements expressly qualify all forward-looking statements attributable to the Partnership.

The following is a discussion of the consolidated financial condition and results of operation of the Partnership for the three and six month periods ended June 30, 2007, and it should be read in conjunction with the Partnership's unaudited interim consolidated financial statements for the same period, along with the MD&A and consolidated financial statements for the year ended December 31, 2006. 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 Windpower Development II LP.

Overview

In March 2006, the Partnership raised \$3.29 million to invest in Canadian companies engaged in the development of commercial-scale windpower projects. A focus of the Partnership is to maximize financing expenditures that qualify as Canadian Renewable and Conservation Expenses ("CRCE") which are 100% tax deductible in the period incurred and that can

be renounced to investors via flow-through shares. The Partnership entered into financing commitments of \$2.09 million during 2006. In 2007 the Partnership invested in an additional \$260,000 flow-through investments and an additional \$126,000 in non CRCE investments. In aggregate, the Partnership has invested, committed or intends to invest \$2.48 million in wind energy companies. The remainder of the funds raised have been set aside for expenses of the Partnership.

The Partnership has invested in flow-through shares of Canadian companies: Dokie Wind Energy Inc., Grand Valley Wind Farms Inc., Buffalo Atlee Wind Energy Inc. and Bonavista Wind Power Inc., Windrise Power Inc. ("Windrise") and Benchlands Wind Power Corp. (together the "Wind Energy Companies"). The objective of the Partnership is to finance the development by Wind Energy Companies of projects that, upon completion, will produce wind energy and provide long-term cash flow and capital appreciation.

The Dokie Wind Energy Inc. ("Dokie") project is situated in the Peace River region of British Columbia, in the foothills of the Rocky Mountains. This project is expected to have the potential for an installed capacity of up to 600 MW of renewable energy. After completing key development studies and accumulating wind data at various locations on the site, Dokie submitted bids for two separate projects to acquire an Electricity Purchase Agreement ("EPA") with BC Hydro. During the third quarter of 2006, Dokie was awarded a 20-year, fixed-price EPA with BC Hydro for its planned 180 MW project and received its environmental assessment certificate which allows the project to expand to up to 300 MW. It is anticipated that this project will be completed no later than 2011. In October 2006, Dokie also received a second environmental assessment for a 70.5 MW project at Wartenbe, another wind project in the vicinity of the Dokie project. In the third quarter of 2006, Dokie completed a private placement of equity for \$10.64 million of Class A shares to raise money to fund development work on the project. In the fourth quarter of 2006, Dokie completed an additional equity private placement for \$8.04 million. In July 2007, Dokie completed another equity private placement for \$15.0 million. In August 2007 Dokie received its land tenures for the Dokie and Wartenbe projects.

On August 31, 2007 the shareholders of Dokie also approved the restructuring of Dokie. The Restructuring was completed with a view to proceeding to an initial public offering. The Restructuring enables the i) simplification of the capital structure of the Corporation by redesignating the Class A Shares of the Corporation as Common Shares, creating Convertible Preferred Shares and changing all of the issued and outstanding Class B Shares of the Corporation and Preferred Shares of the Corporation into Common Shares and Convertible Preferred Shares that automatically convert into Common Shares on the achievement of certain milestones, ii) internalization of the joint venture by the Corporation acquiring all of the issued and outstanding shares of certain affiliates of Creststreet and EFE in exchange for Convertible Preferred Shares, and iii) the Corporation to secure certain executives and management, administrative and other services necessary to proceed with the construction, development and financing of the Project and to carry out its other business activities.

Grand Valley Wind Farms Inc. ("Grand Valley") is situated near Grand Valley, Ontario, and is expected to have the development potential for an installed capacity of up to 40 MW of renewable energy. Grand Valley has been developed to the extent that it was ready to bid for a PPA from the Ontario Power Authority and was awarded three standard offer contracts in January 2007 for a total capacity of 30 MW. Work is underway to complete the next steps to obtain all the environmental permits.

Buffalo Atlee Wind Energy Inc. ("Buffalo Atlee"), is situated near Brooks, Alberta, and is expected to have the development potential for an installed capacity of up to 360MW of renewable energy. This site is at an early stage of development. Over the next year, preliminary development activities will be undertaken, including measuring the wind resource and various environmental and engineering studies.

Bonavista Wind Power Inc.'s ("Bonavista") project is situated near Burnt Ridge, Newfoundland, and is expected to have the development potential for an installed capacity of up to 40 MW of renewable energy. Bonavista has been developed to the extent that it is ready to bid for a power purchase agreement ("PPA") from Newfoundland and Labrador Hydro. A bid was placed in August 2006 and Bonavista was not successful in obtaining a PPA. In October Bonavista was able to re-submit their bid for a PPA, however it was again unsuccessful in obtaining a PPA. Limited work will occur on this project until the next PPA bid, which is expected to occur in 2007. The General Partner believes that the Bonavista project continues to be one of the most attractive wind energy projects in Newfoundland. However, the General Partner has ensured that its bids to obtain PPA's have been at prices that are economically viable to proceed with construction of the project. Other bidders have been successful at obtaining PPA's at lower prices, however, no projects have yet gone into construction in Newfoundland.

Windrise Power Inc.'s ("Windrise") project is situated near Fort Macleod, Alberta, and is expected to have the development potential for an installed capacity of up to 100 MW of renewable energy. Windrise has conducted most of the required environmental, wind resource, and engineering studies. Because this project is in a transmission constrained area, its interconnection to the transmission grid is dependent on the construction of a new transmission line which presently is expected to be completed in 2009.

Benchlands Wind Power Corp.'s ("Benchlands") project is situated near Tompkins, Saskatchewan, and is expected to have the development potential for an installed capacity of up to 70 MW of renewable energy. Benchlands filed a bid for a PPA with SaskPower in November 2005. Benchlands was not successful in obtaining a PPA and limited work will occur on this project until the next PPA bid, which is expected to occur in 2010. Benchlands also signed a PPA with SaskPower in early 2006 for 4.5 MW which has since been terminated because it was uneconomic given its small size and high interconnection costs.

Results of Operations

For the three and six month periods ended June 30, 2007, the Partnership earned \$7,806 (2006 - \$13,297) and \$19,108 (2006 - \$13,297), respectively in interest income on short term investments. We paid management fees for the three and six months period ended June 30, 2007 of \$47,700 (2006 - \$48,150) and \$95,400 (2006 - \$55,916), respectively, and incurred administrative costs of \$25,291 (2006 - \$10,163) and \$47,169 (2006 - \$17,439), respectively for the three and six month periods ended June 30, 2007, related to the operation of the Partnership. All of the Wind Energy Companies are in their development stages and have not started operations.

Semi - Annual Financial Information

(In thousands except per unit amounts)	From inception to June 30, 2006	Six months ended December 31, 2006	Total
Revenue	\$13	\$30	\$43
Net loss	\$(60)	\$(110)	\$(170)
Net loss per unit	\$(0.31)	\$(0.31)	\$(0.56)

Six months ended June 30, 2007	
Revenue	\$19
Net loss	(124)
Net loss per unit	\$(0.96)

Financial Condition

> Liquidity

Cash and cash equivalents at June 30, 2007, amounted to \$665,293 including cash held in escrow and was provided by the offering of limited partnership units of the Partnership less amounts expended on investments in Wind Energy Companies, issue costs of the offering and administrative expenses.

> Assets and Liabilities

At June 30, 2007, we had total assets of \$3,541,941. The total assets include \$1,826,000 of long-term investments and net working capital of \$518,175.

> Contractual Obligations

As at June 30, 2007 the following commitments to purchase shares were made by the Partnership:

	Total Investment	Investment pursuant to subscription agreements	Debt and other hard \$ investment	Total amount advanced	Amount remaining to be advanced
Dokie	\$1,240	\$1,240	\$ --	\$1,240	\$--
Grand Valley	650	400	250	600	50
Bonavista	210	210	--	210	--
Benchlands	24	12	12	18	6
Buffalo Atlee	222	207	15	222	--
Windrise	130	81	49	110	20
Total	\$2,476	\$2,150	\$326	\$2,400	\$76

Creststreet Capital Corporation (“CCC”) a related party with common management has entered into letters of intent with the developer of each wind energy project, which contemplates the provisions of joint participation in the development, financing, construction and operation of the projects. The matters covered in the letters of intent include the fees to be paid to CCC and the developers related to construction management services and operating and maintenance services. The details of these provisions are subject to the economic viability of each specific project and entering into definitive agreements.

The Wind Energy Companies have entered into a number of lease agreements with respect to the sites for the wind energy projects. The term and the rent payable under each of these lease agreements vary, based on the size of the location, capacity, and duration.

> Related Party Transactions

The General Partner is reimbursed for reasonable costs incurred by it in acting as registrar and transfer agent and in attending to the administration of the Partnership.

Pursuant to joint venture agreements, CCC will earn monthly fees of \$1,500 for financial and administrative services from Grand Valley. The Joint Venture Partner Land’s End Corporation will earn monthly fees for services related to the development of projects at Grand Valley. In addition, CCC and Land’s End Corporation are entitled to certain out-of-pocket reimbursement. For the three and six months ended June 30, 2007, fees incurred to CCC and Land’s End Corporation under these agreements were \$50,524 and \$97,049 (2006 - \$nil), respectively including out-of-pocket reimbursements.

CCC is entitled to a monthly fee of \$15,000 in accordance with the Management Agreement for administrative services provided to the Partnership. For the three and six months ended June 30, 2007 fees incurred to CCC were \$47,845 and \$95,581 (2006 - \$48,150 and \$55,916), respectively, including out-of-pocket reimbursements.

The amounts incurred to (from) related parties were as follows:

	Three months ended		Six months ended	
	June 30 2007	June 30 2006	June 30 2007	June 30 2006
CCC	\$52	\$48	\$105	\$56
Land’s End Corp.	46	-	88	-
Creststreet Power Income Fund	2	-	2	-
Creststreet Windpower Development LP (“CWDLP”)	(50)	-	(50)	-
	\$50	\$48	\$145	\$56

The amounts due to (from) related parties as at June 30, 2007 and December 31, 2006 are as follows:

	June 30, 2007	December 31, 2006
CWDLP	(\$52)	(\$2)
Creststreet Power Income Fund	2	-
Windrise	20	-
Benchlands	6	-
	(\$24)	(\$2)

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

Change in Partners' Capital and Retained Earnings

Partners' capital and retained earnings decreased to \$2.79 million at June 30, 2007, from \$3.01 million at December 31, 2006. The decrease was primarily due to a net loss from operations of \$123,461 and an increase in the future income taxes of \$99,000. Future income taxes were recorded based on the amount of renunciation of Canadian Renewable and Conservation Expenses ("CRCE") to June 30, 2007, and were offset against partners' equity to reflect the value of tax deductions flowed through to limited partners.

Outlook

The General Partner continues to evaluate attractive windpower projects for investment by the Partnership. We are pleased with the portfolio of high quality investments made to date and are working with our joint venture partners to develop the projects efficiently and expeditiously to completion.

The General Partner is pleased that Dokie was awarded a 180 MW EPA with BC Hydro and that it received its environmental certificate for up to 300 MW in the Dokie Ridge Region. The EPA was the largest windpower contract to be awarded in British Columbia. With the receipt of a second environmental assessment certificate for 70.5 MW, the Wartenbe project is also well positioned for the upcoming power call in B.C.

We expect to obtain liquidity on the Dokie investment by the end of 2007. This project represents a significant portion of the Partnership's investments.

Dokie has agreed to acquire the remainder of the Partnership investments as part of its preparation for its Initial Public Offering. The purchase price payable by Dokie to acquire the Partnership's equity interests in Bonavista, Benchlands, Windrise, Buffalo Atlee and Grand Valley is expected to be paid by Dokie by issuing 1,018,553 Common Shares based on an issue price of \$2.00 per share. Upon successful completion of Dokie's IPO, the Partnership will undertake steps to provide liquidity to the limited partners, which is anticipated to occur by the end of the first quarter of 2008.

Risks and Uncertainties

Readers are cautioned that risks and uncertainties are discussed in the Partnership's MD&A for the year ended December 31, 2006.

Consolidated Balance Sheets

(Unaudited, In thousands)

June 30, 2007 December 31, 2006

Assets:			
Current Assets			
Cash and cash equivalents	\$	663	\$ 1,178
Cash held in escrow (Note 3)		2	2
Accounts receivable		7	4
Due from related parties (Note 7)		52	2
		724	1,186
Deferred development costs (Note 4)		760	537
Pre-operating costs (Note 5)		232	167
Long-term investment (Notes 1 and 6)		1,826	1,590
	\$	3,542	\$ 3,480
Liabilities:			
Current Liabilities			
Accounts payable and accrued liabilities	\$	178	\$ 67
Due to related parties (Note 7)		28	-
		206	67
Future income tax liability (Note 13)		195	99
Non-controlling interest		350	300
		751	466
Partners' capital		3,085	3,184
Deficit		(294)	(170)
	\$	3,542	\$ 3,480

Commitments (Note 6)

See accompanying notes to unaudited consolidated financial statements

General Partner Limited as General Partner on behalf of
Creststreet Windpower Development LP II



Donna Shea
Director



Robert J. Toole
Director

Consolidated Statement of Loss and Deficit

(Unaudited, In thousands, except per unit information)

	Three Months ended		Six month ended	
	June 30, 2007	June 30, 2006	June 30, 2007	From inception on March 17, 2006 to June 30, 2006
Investment Income				
Interest income	\$ 8	\$ 13	\$ 19	\$ 13
Expenses:				
Management fees (Note 7)	48	48	96	56
Administrative costs	25	10	47	17
	73	58	143	73
Net loss	\$ (65)	\$ (45)	\$ (124)	\$ (60)
Deficit, beginning of period	(229)	(15)	(170)	-
Deficit, end of period	\$ (294)	\$ (60)	\$ (294)	\$ (60)
Net loss per unit - basic and diluted	\$ (0.84)	\$ (0.31)	\$ (0.84)	\$ (0.31)
Weighted average number of units	352	191	352	191

Consolidated Statements of Partners' Capital

(Unaudited, In thousands)

	Three Months ended		Six month ended	
	June 30, 2007	June 30, 2006	June 30, 2007	From inception on March 17, 2006 to June 30, 2006
Partners capital - beginning of period	\$ 3,085	\$ 1,423	\$ 3,184	\$ -
Proceeds from issue of units	-	1,745	-	3,290
Payment of costs of issue	-	(2)	-	(47)
Payment of agents' fees	-	(88)	-	(165)
Future income tax resulting from renunciation (Note 8)	-	-	(99)	-
Partners capital - end of period	\$ 3,085	\$ 3,078	\$ 3,085	\$ 3,078

See accompanying notes to unaudited consolidated financial statements

Consolidated Statements of Cash Flows

(Unaudited, In thousands)	Three Months ended		Six month ended	From inception on
	June 30, 2007	June 30, 2006	June 30, 2007	March 17, 2006 to June 30, 2006
Cash flows from operating activities:				
Net loss	\$ (65)	\$ (45)	\$ (124)	\$ (60)
Change in working capital:				
Increase in accounts receivable	1	-	(3)	-
Increase in accounts payable and accrued liabilities	68	(49)	111	11
Increase in amounts due to/from related parties	(22)	16	(22)	17
	(18)	(78)	(38)	(32)
Cash flows from financing activities:				
Proceeds from issue of units	-	1,656	-	3,290
Issue costs	-	-	-	(212)
Issue of shares to minority interest	50	-	50	-
	50	1,656	50	3,078
Cash flows from investing activities:				
Increase in deferred development costs & pre-operating co	(111)	-	(291)	-
Increase in long-term investment	(126)	(1,540)	(236)	(1,540)
	(237)	(1,540)	(527)	(1,540)
Net decrease in cash	(205)	38	(515)	1,506
Cash and cash equivalents, beginning of period	868	1,468	1,178	-
Cash and cash equivalents, end of period	\$ 663	\$ 1,506	\$ 663	\$ 1,506
Supplemental cash information				
Interest and cash taxes paid	\$ -	\$ -	\$ -	\$ -

See accompanying notes to unaudited consolidated financial statements

Notes to Consolidated Financial Statements

Three and six month periods ended June 30, 2007 and 2006
(All tabular amounts in thousands of dollars, except per unit information)

1. Business and Structure of the Partnership

Creststreet Windpower Development II LP (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on March 17, 2006. The Partnership was established to invest in securities of Canadian companies that are engaged in the development of commercial scale wind power projects. The objective of the Partnership is to finance the development of projects by Wind Energy Companies that, upon completion, will provide predictable energy production from wind, long-term cash flow and capital appreciation.

As at June 30, 2007, the Partnership has invested in flow-through shares of Dokie Wind Energy Inc. ("Dokie"), Grand Valley Wind Farms Inc. ("Grand Valley"), Bonavista Wind Power Inc. ("Bonavista"), and Buffalo Atlee Wind Energy Inc. ("Buffalo Atlee"), Windrise Power Inc. ("Windrise") and Benchlands Wind Power Corp. ("Benchlands") that will construct and then operate wind energy projects to generate electricity for sale to the provincial electricity utilities.

The General Partner of the Partnership is Creststreet Windpower Development General Partner Limited II ("General Partner"). The General Partner has a 0.01% beneficial interest in the Partnership. The Partnership has entered into an agreement with the General Partner, pursuant to which the General Partner will perform certain management, administration and other services for the Partnership.

The General Partner is a wholly owned subsidiary of Creststreet Capital Corporation ("CCC").

These unaudited financial statements present the consolidated financial position and results of operations of the Partnership and accordingly, do not, and are not intended to, include all 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 net loss.

2. Significant Accounting Policies

The accompanying interim period consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and applied on a consistent basis with those used to prepare the audited consolidated statements for the year ended December 31, 2006 and should be read in conjunction with those statements. 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. In management's opinion, the accompanying unaudited consolidated interim financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of the Partnership as at June 30, 2007 and December 31, 2006 and the consolidated results of operation and cash flows for the three and six month periods ended June 30, 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.

Basis of Consolidation

As at June 30, 2007, the Partnership owned 62% of the voting shares of Grand Valley and has consolidated the results of Grand Valley in its consolidated unaudited financial statements. As at June 30, 2007, Creststreet Windpower Development LP ("CWDLP"), a related party of the Partnership, owned the remaining 38% of the voting shares.

The Partnership owns 6.5% of the voting shares of Dokie, 8% of the voting shares of Bonavista, 37% of Buffalo Atlee, 18% of Windrise and 12% of Benchlands as such the Partnership does not control but has significant influence over these companies. Entities which are not controlled but over which the Partnership has the ability to exercise significant influence are accounted for using the equity method.

As at June 30, 2007, Creststreet Windpower Development LP ("CWDLP"), a related party of the Partnership, owned 53% of the voting shares of Bonavista, 63% of the voting shares of Buffalo Atlee, 82% of the voting shares of Windrise and 88% of Benchlands (collectively these companies are referred to as the "Wind Energy Companies"). CWDLP is the primary beneficiary and has consolidated the results of the Wind Energy Companies in its financial statements.

To date, the Partnership has not earned revenues from wind production and is considered to be in the development stage.

Non controlling interest on the balance sheet represents the 38% interest held by CWDLP in the Class A voting shares of Grand Valley at June 30, 2007.

3. Cash Held in Escrow

The Partnership entered into share subscription agreements to purchase \$1.24 million of shares of Dokie, \$300,000 of shares of Grand Valley, \$210,000 of shares of Bonavista and \$140,000 of shares of Buffalo Atlee upon receipt of satisfactory evidence of expenditures qualifying for Canadian Renewable Conservation Expenses ("CRCE"). Accordingly, cash received under the subscription agreements was held in escrow. At June 30, 2007, the amounts held in escrow account were \$2,170.

4. Deferred Development

	June 30, 2007	December 31, 2006
Grand Valley		
Deferred development costs, beginning of period	\$537	\$508
Additions	226	37
Reduction in tax rates	(3)	(8)
Total deferred development costs, end of period	\$760	\$537

The deferred development costs shown above have been funded from a combination of investments by CWDLP and the Partnership.

5. Pre-operating Costs

	June 30, 2007	December 31, 2006
Grand Valley		
Pre-operating costs, beginning of period	\$167	\$156
Additions	65	11
Total Pre-operating costs, end of period	\$232	\$167

The pre-operating costs shown above have been funded from a combination of investments by CWDLP and the Partnership.

6. Commitments

As at June 30, 2007 the following commitments to purchase shares were made by the Partnership:

	Total Investment	Investment pursuant to subscription agreements	Debt and other hard \$ investment	Total amount advanced	Amount remaining to be advanced
Dokie	\$1,240	\$1,240	\$ --	\$1,240	\$--
Grand Valley	650	400	250	600	50
Bonavista	210	210	--	210	--
Benchlands	24	12	12	18	6
Buffalo Atlee	222	207	15	222	--
Windrise	130	81	49	110	20
Total	\$2,476	\$2,150	\$326	\$2,400	\$76

CCC has entered into letters of intent with the developer of each wind energy project, which contemplate the provisions of joint participation in the development, financing, construction and operation of the projects. The matters covered in the letters of intent include the fees to be paid to CCC and the developers related to construction management services and operating and maintenance services. The details of these provisions are subject to the economic viability of each specific project and entering into definitive agreements.

The Wind Energy Companies have entered into a number of lease agreements with respect to the sites for the wind energy projects. The term and the rent payable under each of these lease agreements vary, based on the size of the location, capacity, and duration.

7. Related Party Transactions

Payments to General Partner

The General Partner is reimbursed for reasonable costs incurred by it in acting as registrar and transfer agent and in attending to the administration of the Partnership.

Payments to Related Parties

Pursuant to joint venture agreements, CCC will earn monthly fees of \$1,500 for financial and administrative services from Grand Valley. The Joint Venture Partner Land's End Corporation will earn monthly fees for services related to the development of projects at Grand Valley. In addition, CCC and Land's End Corporation are entitled to certain out-of-pocket reimbursement. For the three and six months ended June 30, 2007, fees incurred to CCC and Land's End Corporation under these agreements were \$50,524 and \$97,049 (2006 - \$nil) respectively including out-of-pocket reimbursements.

CCC is entitled to a monthly fee of \$15,000 in accordance with the Management Agreement for administrative services provided to the Partnership. For the three and six months ended June 30, 2007 fees incurred to CCC were \$47,845 and \$95,581(2006 - \$48,180 and \$55,916) respectively, including out-of-pocket reimbursements.

The amounts due to (from) related parties as at June 30, 2007 and December 31, 2006 are as follows:

	June 30, 2007	December 31, 2006
Creststreet Windpower Development LP ("CWDLP")	(\$52)	(\$2)
Creststreet Power Income Fund	2	-
Windrise	20	-
Benchlands	6	-
	(\$24)	(\$2)

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

8. Flow Through Shares

Resource expenditure deductions for income tax purposes related to development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation and pursuant to the terms of flow-through share agreements. Accordingly, partners' capital will be reduced and a future tax liability will be recorded equal to the estimated amount of future income taxes payable by Grand Valley as a result of the renunciations, when the renunciations were made. At June 30, 2007 \$207,360 was recorded as a reduction of partner' capital for renunciations.

9. Financial Instruments

At June 30, 2007 the carrying amount of cash, accounts payable, accrued liabilities and due to/from related parties approximate fair value due to their short-term nature.

10. Income Taxes

The tax effects of temporary differences that gave rise to the future tax liabilities at June 30, 2007, were a result of the tax renunciations related to deferred development costs and pre-operating costs:

	June 30, 2007	December 31, 2006
Grand Valley	\$195	\$99

11. Filing Exemption

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

12. Subsequent Events:

The Partnership has negotiated the sale of Bonavista, Benchlands, Buffalo Atlee, Windrise and Grand Valley to Dokie subject to certain conditions including the successful completion of an initial public offering by Dokie. The purchase price payable by Dokie is expected to be paid by issuing 1,018,553 Common Shares based on an issue price of \$2.00 per share for the Partnership's share.

Creststreet Windpower Development II LP

Directors of the General Partner

Donna Shea

Vice President, Finance
Creststreet Capital Corporation

Robert J. Toole

Managing Director
Creststreet Capital Corporation

Derren Newell

Vice President, Finance & CFO, Windpower
Creststreet Capital Corporation

Officers of the General Partner

Robert J. Toole

President, Chief Executive Officer

Derren Newell

Vice-President, Finance, Chief Financial Officer

Erich Ossowski

Vice-President, Windpower

Arlene McLean

Secretary & Treasurer

Legal Counsel

McCarthy Tétrault LLP
Calgary, Alberta

Auditors

Ernst & Young LLP
Calgary, Alberta

Toronto Office

Suite 1450, 70 University Avenue
Toronto, Ontario M5J 2M4
Tel: (416) 864-6330
Toll Free: 1-866-864-6330
Fax: (416) 862-8950

Calgary Office

Creststreet Windpower Development II LP
Suite 300, 805-10th Avenue S.W.,
Calgary, Alberta T2R 0B4
Tel: (403) 513-0777
Toll Free: 1-877-513-0777
Fax: (403) 265-4438

E-mail: info@creststreet.com
Website: www.creststreet.com