



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 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 and the MD&A and unaudited interim consolidated financial statements for the period ended March 31, 2007. The Partnership prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis with those used to prepare the prior year consolidated financial statements, except as noted in the consolidated financial statements. All dollar amounts in this MD&A are in Canadian dollars unless otherwise stated. Where we say "we," "us," or the "Partnership," we mean Creststreet Windpower Development LP.

Overview

In late 2004, the Partnership raised \$12.00 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 year incurred and that can be renounced to investors via flow-through shares. The Partnership entered into flow-through financing commitments of \$6.55 million during 2004 and \$1.67 million during 2005, and invested in a \$900,000 note receivable and \$550,000 in equity investments in 2004 and 2005, respectively. During, 2006 the Partnership invested a further \$135,000 in equity investments. In 2007, the Partnership invested a further \$50,000. In aggregate, the Partnership has invested and committed to invest \$9.80 million in wind energy companies. The remainder of the funds raised have been set aside for issue costs and expenses of the Partnership.

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

On July 11, 2005, the Partnership's first investment in a developing wind energy company, Kettles Hill Wind Energy Inc. ("Kettles Hill"), moved into the construction phase when Creststreet Kettles Hill Windpower LP ("CKHLP"), a related party of the Partnership, completed its initial public offering, raising gross proceeds of \$40.00 million. The net proceeds of the initial public offering were used to finance the CRCE Phase as well as a portion of the Infill Phase of the planned 63 megawatt ("MW") Kettles Hill windpower project. CKHLP's investment in Kettles Hill reduced the Partnership's interest from 100% to 16.85% and resulted in a dilution gain of \$1.98 million. As of July 11, 2005, the Partnership no longer controlled Kettles Hill and as a result ceased consolidation accounting and commenced equity accounting for its investment.

The Kettles Hill project is situated near Pincher Creek, Alberta, approximately 200 kilometres south of Calgary and approximately 20 kilometres east of the Rocky Mountains. The site is adjacent to a 138 kV transmission line. In December 2005, Kettles Hill announced the closing of a senior secured debt facility of up to \$42.50 million and a commitment from Creststreet Power & Income Fund LP ("CPIF") to purchase up to \$31.00 million of subordinated notes. Additional investments by CPIF of up to \$4.90 million in subordinated notes of Kettles Hill were approved at a special meeting of CPIF Unitholders on September 6, 2006. As at June 30, 2007, \$34.00 million has been advanced by CPIF and \$37.5 million out of the \$42.50 million senior debt facility has been drawn. CPIF agreed to invest an additional \$1.9 million in subordinated promissory notes of Kettles Hill subsequent to June 30, 2007. Kettles Hill erected and commissioned five test wind turbines as of March 2006 ("CRCE Phase") and is producing and selling power to the provincial grid. On July 28, 2006, Kettles Hill successfully completed its 120-day test period and commenced construction activities to erect its remaining 30 wind turbines (the "Infill Phase"). Kettles Hill announced on July 30, 2007 that it had achieved substantial completion of the windpower facility. All 35 turbines are now fully erected and are producing electricity. On March 5, 2007, the independent directors (the "Independent Committee") of the General Partner of Creststreet Kettles Hill Windpower LP announced that they have appointed an independent advisor to assist the Independent Committee on its mandate to provide liquidity to the Unitholders of the Partnership within six months of the completion of the erection of the windpower facility, as outlined in the Partnership's initial public offering prospectus. Blair Franklin Capital Partners Inc. will serve as the independent advisor. This process to provide liquidity has now commenced following substantial completion.

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 further 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. Subsequent to this second private placement the Partnership no longer controlled Dokie and as a result ceased consolidation accounting and commenced equity accounting for its investment. During 2006, Creststreet Windpower Development (II) LP ("CWDLP"), a related party of the Partnership through common management entered into subscription agreements to subscribe for Class A shares of Dokie. The Partnership realized a dilution gain of \$2.74 million as a result of the private equity placement and realized a dilution gain of \$430,598 which was recorded to contributed surplus for the CWDLP II investment that occurred in 2006. Subsequent to June 30, 2007, Dokie completed an additional private placement raising \$15.0 million to fund preliminary construction work on the project. 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.

The Windrise Power Inc. ("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.

The Bonavista Wind Power Inc. ("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.

The Benchlands Wind Power Corp. ("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.

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 is ready to bid for a PPA from the Ontario Power Authority. Grand Valley 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. In the second and fourth quarter of 2006, Creststreet Windpower Development (II) LP ("CWDLP II"), a related party of the Partnership entered into subscription agreements to subscribe for Class A shares of Grand Valley. Following these investments, the Partnership no longer controlled Grand Valley and as a result ceased consolidation accounting and commenced equity accounting for its investment. A dilution gain of \$82,820 was recorded after the CWDLP II investment.

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.

Results of Operations

For the three and six month periods ended June 30, 2007, the Partnership earned \$29,110 (2006 - \$32,767) and \$58,055 (2006 - \$60,057), respectively in interest income, primarily on the Kettles Hill note receivable. This was offset by a loss on the Kettles Hill investment of (\$49,805) and (\$89,012) for the three and six months period ended June 30, 2007, respectively due to the project only having five turbines operating for the first half of 2007. In 2006, the loss for Kettles Hill was recorded for the full year in the fourth quarter. 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 - \$96,300), respectively, and incurred administrative costs of \$56,305 (2006 - \$10,593) and \$99,844 (2006 - \$44,948), 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 with the exception of Kettles Hill which is in full operation with all 35 turbines operating since July 2007, (2006 – 5 turbines).

Quarterly Financial Information

(In thousands except per unit amounts)

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FY 2005
Revenue	\$18	\$16	\$79	\$27	\$140
Net income (loss)	\$(141)	\$(62)	\$1,995	\$(181)	\$1,611
Net income (loss) per unit	\$(0.12)	\$(0.05)	\$1.66	\$(0.15)	\$1.34

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Total
Revenue	\$8 ¹	\$108 ¹	\$(68) ¹	\$(55)	\$(7)
Net income (loss)	\$(55)	\$(26)	\$1,987 ²	\$493	\$2,399
Net income (loss) per unit	\$(0.05)	\$(0.02)	\$1.66	\$0.41	\$2.00

⁽¹⁾ The above quarterly Revenue numbers have been updated to reflect the quarterly equity income (loss) on Kettles Hill for (\$19), \$75 and (\$98) for Q1, Q2 and Q3 respectively.

⁽²⁾ Differs from previously reported net loss, for the change in dilution gain of \$2,012.

	Q1 2007	Q2 2007
Revenue	\$(10)	\$(21)
Net income (loss)	\$(102)	\$(125)
Net income (loss) per unit	\$(0.09)	\$(0.10)

On July 11, 2005, CKHLP's investment in Kettles Hill reduced the Partnership's interest from 100% to 16.85% and resulted in a dilution gain of \$1.98 million in the third quarter of 2005. During 2006, the Partnership recorded equity loss from Kettles Hill of \$126,237. For the first quarter of 2007, the Partnership recorded an equity loss of \$39,207 and an equity loss of \$49,805 in the second quarter of 2007 due to Kettles Hill only operating the five CRCE turbines during the six months of 2007.

During the third and fourth quarter of 2006, Dokie completed a private placement and issued 8.29 million shares and raised gross proceeds of \$18.68 million. This private placement reduced the Partnership's interest in Dokie from 72% to 24%. The Partnership no longer controlled Dokie and as a result ceased consolidation accounting following the November 3, 2006, private placement when the percentage of voting shares decreased from 45% to 43% and commenced equity accounting for its investment. Following the private placement investment in Dokie a dilution gain of \$2.74 million was recorded to the income statement during the third and fourth quarter of 2006. During 2006, Creststreet Windpower Development (II) LP ("CWDLP II"), a related party of the Partnership also entered into subscription agreements to subscribe for Class A Shares of Dokie. Following CWDLP II investment, a dilution gain of \$430,598 was recorded to the investment and to contributed surplus.

During 2006, CWDLP II, entered into subscription agreements to subscribe for Class A shares of Grand Valley. CWDLP II's investment in Grand Valley reduced the Partnership's interest from

100% to 40.1%. As of December 12, 2006, the Partnership no longer controlled Grand Valley and as a result ceased consolidation accounting and commenced equity accounting for its investment. Following CWDLP II investment in Grand Valley a dilution gain was recorded of \$82,820 to the investment and to contributed surplus.

For the first quarter in 2007, the Partnership earned \$28,945 (2006 - \$27,290) in interest income, primarily on the Kettles Hill note receivable. This was offset by a loss on the Kettles Hill investment of (\$39,207) due to the project only having five turbines operating for the first quarter of 2007.

Financial Condition

> Liquidity

Cash and cash equivalents and cash held in escrow decreased to \$0.76 million at June 30, 2007, from \$0.78 million at December 31, 2006, primarily due to the funding of deferred development costs, offset by Windrise obtaining \$130,000, Buffalo Atlee obtaining \$82,000 and Benchlands obtaining \$24,000 subscription agreement fundings from CWDLP II during 2007.

> Assets and Liabilities

At June 30, 2007, we had total assets of \$14.21 million compared with \$14.11 million at December 31, 2006. The total assets include \$0.09 million of cash held in escrow, deferred development costs of \$2.18 million, pre-operating costs of \$0.23 million, long-term investments of \$9.84 million and net working capital of \$0.49 million. The deferred development costs and pre-operating costs were related to pre-construction development of the Wind Energy Companies projects and were funded primarily from cash held in escrow.

> Contractual Obligations

As at June 30, 2007, the Partnership has entered into subscription agreements with the Wind Energy Companies to subscribe for Class A shares to fund the companies' development costs as follows:

	Total investment	Investment pursuant to subscription agreements	Debt and other hard dollar investments	Total Amount advanced	Amount Remaining to be advanced
Kettle Hill	\$4,500	\$3,425	\$1,075	\$4,500	\$-
Dokie	3,100	2,725	375	3,100	-
Bonavista	550	550	-	550	-
Windrise	805	740	65	805	-
Benchlands	245	215	30	245	-
Grand Valley	350	300	50	300	50
Buffalo Atlee	300	260	40	300	-
	\$9,850	\$8,215	\$1,635	\$9,800	\$50

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 for financial and administration services and to the developers for 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.

The Joint Venture Partners and CS Capital Partners Ltd. own Class B and Class C shares of the Wind Energy Companies. Holders of these shares are entitled to dividends based on performance of the Wind Energy Companies.

> Related Party Transactions

Pursuant to joint venture agreements, for the three and six month periods ended June 30, 2007 Creststreet Capital Corporation (“CCC”), a related party with common management earned \$13,638 (2006 - \$13,500) and \$27,139 (2006 - \$27,000), respectively for financial and administrative services and Windbreaker Energy Inc., Windworks Energy Corp., and Windcor Power Systems (collectively the “Joint Venture Partners”) earned \$1,438 (2006 - \$141,565) and \$21,439 (2006 - \$239,104), respectively for services related to the development of the projects, including certain out-of-pocket reimbursement.

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 month periods ended June 30, 2007, fees incurred to CCC were \$50,642 (2006 - \$51,992) and \$95,642 (2006 - \$96,992), respectively including certain out-of-pocket reimbursement.

In 2005, the Partnership invested in a \$900,000 subordinated note with Kettles Hill to finance Kettles Hill pre-development costs. Interest is charged at a rate of 10% per annum, maturing on July 31, 2025. For the three and six month periods ended June 30, 2007, the Partnership earned \$22,438 (2006 - \$22,438) and \$44,630 (2006 - \$44,630), respectively of interest income from the note.

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

	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2007	2006	2007	2006
Earth First Energy Inc.	\$-	\$122	\$-	\$262
CCC	61	81	123	162
Land's End Corp.	-	65	-	135
Windbreaker Energy Inc.	1	35	9	80
Windcor Power Systems	-	87	11	117
Windworks Energy Corp.	-	18	-	39
Wind Project Inc.	-	2	-	3
Kettles Hill	(18)	(22)	(37)	(45)
Dokie	113	-	227	-
	\$157	\$388	\$333	\$754

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
Kettles Hill, net	(\$211)	(\$176)
CCC	-	7
CWDLP II	(26)	-
Windbreaker Energy Inc.	-	2
Windcor Power Systems	-	42
Dokie ⁽¹⁾	407	180
Grand Valley	52	2
	\$222	\$57

⁽¹⁾ This relates to interest that has been earned on cash that is held in escrow and in the operating bank accounts. It is paid into the Partnership's bank account and due back to Dokie.

> Correction of Error

In 2005, Benchlands acquired assets related to the wind energy project from WindWorks Energy Corp (the joint venture partner in Benchlands) for a consideration of 140 preferred shares issued at \$1,000 per preferred share. The fair value of the deferred development costs was \$140,000. This amount was not recorded in 2005 in error. This should be recorded as a deferred development asset and to non controlling interest. This is a non cash item. The impact is as follows:

For the years ended December 31	2006	2005
Deferred Development costs as previously reported	\$1,970	\$4,135
Adjustment for Benchlands asset acquired	140	140
Deferred Development costs adjusted	\$2,110	\$4,275
Non Controlling interest as previously reported	\$332	\$127
Adjustment for Benchlands preferred shares issued	140	140
Non Controlling interest adjusted	\$472	\$267

Change in Partners' Capital and Retained Earnings

Partners' capital and retained earnings decreased to \$12.35 million at June 30, 2007, from \$12.64 million at December 31, 2006. The decrease was primarily due to a net loss from operations of \$226,201 and an increase in the future income taxes of \$109,900. 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. During the first quarter of 2007, CWDLP II entered into a subscription agreement to subscribe for Class A shares of Windrise of \$110,000. CWDLP II's investment in Windrise reduced the Partnership's interest from 100% to 84%. Following CWDLP II investment in Windrise a dilution gain of \$6,114 was recorded in contributed surplus in the first quarter of 2007. During the second quarter of 2007, CWDLP II entered into another subscription agreement to subscribe for Class A shares of Windrise of \$20,000, this reduced the Partnership's interest from 84% to 82%. Following this investment in Windrise a dilution loss of \$2,856 was recorded in contributed surplus in the second quarter of 2007. In addition, CWDLP II invested in subscription agreements of \$24,000 in Benchlands in the second quarter of 2007, this reduced the Partnership's interest from 100% to 88% creating a dilution gain of \$1,115 which was recorded in contributed surplus. CWDLP II also invested in Buffalo Atlee through subscription agreements in the second quarter of 2007 of \$82,000, this resulted in the Partnership's interest reducing from 75% to 63% and creating a dilution gain of \$38,052 recorded to contributed surplus.

Outlook

The General Partner is pleased with the Partnership's portfolio of investments and with its Joint Venture Partners who continue to develop the windpower projects within the Wind Energy Companies. The Partnership's first investment, totaling 37.5% of its gross raised capital, was Kettles Hill, which is producing and selling electricity from 35 turbines including the five CRCE Phase turbines. The project announced substantial completion on July 30, 2007. On March 5, 2007, CKHWP announced it had retained a financial advisor to assist the Independent Committee of its Board of Directors on its mandate to provide liquidity to its unitholders after completion of the wind power project. The completion of that process is expected before the end of 2007. The Partnership is expected to sell its ownership in Kettles Hill in the same process.

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 and the Dokie investment by the end of 2007 and the Kettles Hill investment prior to the end of the first quarter of 2008. These two projects represent 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 ("IPO"). 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 1,679,447 Common Shares based on an issue price of \$2.00 per share. 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

(In thousands, unaudited)

	As at June 30, 2007	Restated As at December 31, 2006
Assets:		
Current Assets		
Cash and cash equivalents	\$ 675	\$ 716
Cash held in escrow (Note 3)	86	64
Accounts receivable	43	48
Prepaid expense	-	27
Due from related parties (Note 6)	249	187
	1,053	1,042
Deferred development costs (Note 4)	2,182	2,110
Pre-operating costs (Note 5)	232	172
Note receivable from Kettles Hill (Note 7)	900	900
Long-term investment (Note 7)	9,845	9,884
	\$ 14,212	\$ 14,108
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 90	\$ 214
Due to related parties (Note 6)	471	244
	561	458
Future income tax liability (Note 10)	637	538
Non-controlling interest	666	472
	1,864	1,468
Partners' capital	8,894	8,960
Retained earnings	3,454	3,680
	\$ 14,212	\$ 14,108

Commitments (Note 12)

See accompanying notes to unaudited consolidated financial statements

Approved by Creststreet Windpower Development General Partner Limited as
General Partner on behalf of Creststreet Windpower Development LP



Robert J. Toole
Director



Donna Shea
Director

Consolidated Income Statements

(In thousands, except per unit information)
(Unaudited)

	Three Months ended		Six Months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Investment Income				
Interest income	\$ 29	\$ 33	\$ 58	\$ 60
Equity loss - Kettles Hill (Note 7)	(50)	-	(89)	-
	(21)	33	(31)	60
Expenses:				
Management fees	48	48	95	96
Administrative costs	56	11	100	45
	104	59	195	141
Net loss	\$ (125)	\$ (26)	\$ (226)	\$ (81)
Retained earnings, beginning of period	3,579	1,226	3,680	1,281
Retained earnings, end of period	\$ 3,454	\$ 1,200	\$ 3,454	\$ 1,200
Net loss per unit - basic and fully diluted	\$ (0.10)	\$ (0.02)	\$ (0.19)	\$ (0.07)
Weighted average number of units	1,200	1,200	1,200	1,200

Consolidated Statements of Partners' Capital

(In thousands, unaudited)

	Three Months ended		Six Months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Partners capital - beginning of period	\$ 8,857	\$ 8,385	\$ 8,961	\$ 8,927
Contributed surplus (Note 7)	37	-	43	-
Future income tax resulting from renunciation (Note 8)	-	19	(110)	(523)
Partners capital - end of period	\$ 8,894	\$ 8,404	\$ 8,894	\$ 8,404

See accompanying notes to unaudited consolidated financial statements

Consolidated Statements of Cash Flows

(In thousands, unaudited)

	Three Months ended		Six Months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Cash flows from operating activities:				
Net Loss	\$ (125)	\$ (26)	\$ (226)	\$ (81)
Equity loss - Kettles Hill (Note 7)	50	-	89	-
	(75)	(26)	(137)	(81)
Change in working capital:				
Decrease in accounts receivable	-	70	5	104
Decrease in prepaid expense	1	-	27	-
Increase (decrease) in accounts payable and accrued liabilities	(80)	(71)	(62)	(134)
Increase (decrease) in amounts due to/from related parties	57	(111)	165	(142)
	(97)	(138)	(2)	(253)
Cash flows from financing activities:				
Decrease (increase) in cash held in escrow	-	353	(22)	2,160
Increase in non-controlling interest	126	1,540	236	1,540
	126	1,893	214	3,700
Cash flows from investing activities:				
Increase in deferred development costs & pre-operating costs	(50)	(863)	(203)	(2,754)
Increase in long-term investment	(50)	-	(50)	-
	(100)	(863)	(253)	(2,754)
Net increase (decrease) in cash	(71)	892	(41)	693
Cash and cash equivalents, beginning of period	746	829	716	1,028
Cash and cash equivalents, end of period	\$ 675	\$ 1,721	\$ 675	\$ 1,721
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 LP (the "Partnership") was formed as a limited partnership under the laws of the Province of Ontario on August 12, 2004. 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"), Bonavista Wind Power Inc. ("Bonavista"), Windrise Power Inc. ("Windrise"), Benchlands Wind Power Corp. ("Benchlands"), Grand Valley Wind Farms Inc. ("Grand Valley"), Buffalo Atlee Wind Energy Inc. ("Buffalo Atlee") and Kettles Hill Wind Energy Inc. ("Kettles Hill") 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 ("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 53% of the voting shares of Bonavista, 82% of the voting shares of Windrise, 88% of Benchlands, and 63% of Buffalo Atlee (collectively these companies are referred to as the "Wind Energy Companies"). The Partnership 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.

As of July 11, 2005, the Partnership no longer controlled Kettles Hill and as a result ceased consolidation accounting and commenced equity accounting for its investment in Kettles Hill. As at June 30, 2007, the Partnership owned 17% of the voting shares of Kettles.

During 2006, Creststreet Windpower Development (II) LP ("CWDLP II"), a related party of the Partnership entered into subscription agreements to subscribe for Class A shares of Grand Valley. CWDLP II's investment in Grand Valley reduced the Partnership's interest from 100% to 40%. As of December 12, 2006, the Partnership no longer controlled Grand Valley and as a result ceased consolidation accounting and commenced equity accounting for its investment. As at June 30, 2007, the Partnership owned 38% of the voting shares of Grand Valley.

As of November 3, 2006, the Partnership no longer controlled Dokie and as a result has ceased consolidation accounting and commenced equity accounting for its investment in Dokie. As at June 30, 2007, the Partnership owned 24% of the voting shares of Dokie.

Entities which are not controlled but over which the Partnership has the ability to exercise significant influence are accounted for using the equity method. Under this method the investment is carried at cost plus the Partnership's related share of undistributed earnings, less dividends received.

3. Cash Held in Escrow

The Partnership entered into share subscription agreements to purchase shares, 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.

	June 30, 2007	December 31, 2006
Bonavista	\$42	\$42
Windrise	7	7
Benchlands	15	15
Buffalo Atlee	22	-
	\$86	\$64

4. Deferred Development

	June 30, 2007	Restated December 31, 2006
Dokie		
Deferred development costs beginning of period	\$-	\$2,737
Development costs deferred	-	1,739
Deconsolidation of Dokie (Note 7)	-	(4,476)
Deferred development costs, end of period	\$-	\$-
Bonavista		
Deferred development costs beginning of period	\$609	\$498
Development costs deferred	1	139
Reduction in tax rates	(4)	(28)
Deferred development costs, end of period	\$606	\$609
Windrise		
Deferred development costs beginning of period	\$761	\$611
Development costs deferred	57	184
Reduction in tax rates	(4)	(34)
Deferred development costs, end of period	\$814	\$761
Benchlands		
Deferred development costs beginning of period as reported	\$205	\$122
Adjustment (see below)	140	140
Development costs deferred	12	94
Reduction in tax rates	(1)	(11)
Deferred development costs, end of period	\$356	\$345
Grand Valley		
Deferred development costs beginning of period	\$-	\$152
Development costs deferred	-	356
Deconsolidation of Grand Valley (Note 7)	-	(508)
Deferred development costs, end of period	\$-	\$-
Buffalo Atlee		
Deferred development costs beginning of period	\$395	\$15
Development costs deferred	13	392
Reduction in tax rates	(2)	(12)
Deferred development costs, end of period	\$406	\$395
Total deferred development costs, end of period	\$2,182	\$2,110

In 2005, Benchlands acquired assets related to the wind energy project from WindWorks Energy Corp (the joint venture partner in Benchlands) for a consideration of 140 preferred shares issued at \$1,000 per preferred share. The fair value of the deferred development costs was \$140,000. This amount was not recorded in 2005 in error. This should be recorded as a deferred development asset and to non controlling interest. This is a non cash item. The impact is as follows:

For the years ended December 31	2006	2005
Deferred Development costs as previously reported	\$1,970	\$4,135
Adjustment for Benchlands asset acquired	140	140
Deferred Development costs adjusted	\$2,110	\$4,275
Non Controlling interest as previously reported	\$332	\$127
Adjustment for Benchlands preferred shares issued	140	140
Non Controlling interest adjusted	\$472	\$267

5. Pre-operating Costs

	June 30, 2007	December 31, 2006
Dokie		
Pre-operating costs, beginning of period	\$-	\$85
Pre-operating costs deferred	-	178
Deconsolidation of Dokie (Note 7)	-	(263)
Pre-operating costs, end of period	\$-	\$-
Bonavista		
Pre-operating costs, beginning of period	\$28	\$13
Pre-operating costs deferred	1	15
Pre-operating costs, end of period	\$29	\$28
Windrise		
Pre-operating costs, beginning of period	\$65	\$29
Pre-operating costs deferred	18	36
Pre-operating costs, end of period	\$83	\$65
Benchlands		
Pre-operating costs, beginning of period	\$29	\$9
Pre-operating costs deferred	9	20
Pre-operating costs, end of period	\$38	\$29
Grand Valley		
Pre-operating costs, beginning of period	\$-	\$1
Pre-operating costs deferred	-	155
Deconsolidation of Grand Valley (Note 7)	-	(156)
Pre-operating costs, end of period	\$-	\$-

Buffalo Atlee		
Pre-operating costs, beginning of period	\$50	\$-
Pre-operating costs deferred	32	50
Pre-operating costs, end of period	\$82	\$50
Total Pre-operating costs, end of period	\$232	\$172

6. Related Party Transactions

Pursuant to joint venture agreements, for the three and six month periods ended June 30, 2007 Creststreet Capital Corporation (“CCC”), a related party with common management earned \$13,638 (2006 - \$13,500) and \$27,139 (2006 - \$27,000), respectively for financial and administrative services and Windbreaker Energy Inc., Windworks Energy Corp., and Windcor Power Systems (collectively the “Joint Venture Partners”) earned \$1,438 (2006 - \$141,565) and \$21,439 (2006 - \$239,104), respectively for services related to the development of the projects, including certain out-of-pocket reimbursement.

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 month periods ended June 30, 2007, fees incurred to CCC were \$50,642 (2006 - \$51,992) and \$95,642 (2006 - \$96,992), respectively including certain out-of-pocket reimbursement.

In 2005, the Partnership invested in a \$900,000 subordinated note with Kettles Hill to finance Kettles Hill pre-development costs. Interest is charged at a rate of 10% per annum, maturing on July 31, 2025. For the three and six month periods ended June 30, 2007, the Partnership earned \$22,438 (2006 - \$22,438) and \$44,630 (2006 - \$44,630), respectively of interest income from the note.

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
Kettles Hill , net	(\$211)	(\$176)
CCC	-	7
CWDLP II	(26)	-
Windbreaker Energy Inc.	-	2
Windcor Power Systems	-	42
Dokie ⁽¹⁾	407	180
Grand Valley	52	2
	\$222	\$57

⁽¹⁾ This relates to interest that has been earned on cash that is held in escrow and in the operating bank accounts. It is paid into the Partnership’s bank account and due back to Dokie.

7. Investments

On July 11, 2005, Creststreet Kettles Hill Windpower LP (“CKHLP”), a related party of the Partnership completed its initial public offering and raised gross proceeds of \$40.00 million to finance the CRCE phase as well as a portion of the Infill phase of the planned 63 MW Kettles Hill wind power project. CKHLP’s investment in Kettles Hill reduced the Partnership’s interest from

100% to 16.85%. As at June 30, 2007, the carrying value of the investment is \$4.18 million (2006 - \$4.40 million). The cost of the investment was \$3.60 million which was decreased by the impact of tax renunciation of \$1.15 million in 2005 and decreased by the Kettles Hill loss in 2006 of \$126,237, and by the loss in the first six months of 2007 of \$89,012. Prior to July 11, 2005, Kettles had received \$26,796 in interest income on account of the subordinated notes that were issued by CWDLP to Kettles Hill. The acquisition of Kettles Hill by CKHLP resulted in a dilution gain of \$1.98 million recorded in 2005.

As of July 11, 2005, the Partnership no longer controlled Kettles Hill and as a result ceased consolidation accounting and commenced equity accounting for its investments.

In addition to the equity investment of Kettles Hill, CWDLP also invested \$900,000 in subordinated notes ("the note") during 2005 to finance pre-development costs.

During 2006, Creststreet Windpower Development (II) LP ("CWDLP II"), a related party of the Partnership entered into subscription agreements to subscribe for Class A shares of Grand Valley. CWDLP II's investment in Grand Valley reduced the Partnership's interest from 100% to 40.1%. As of December 12, 2006, the Partnership no longer controlled Grand Valley and as a result ceased consolidation accounting and commenced equity accounting for its investment. The cost of the investment was \$300,000 which was decreased by the impact of the tax renunciation of \$108,360. Following CWDLP II investment in Grand Valley a dilution gain was recorded of \$82,820 to the investment and to contributed surplus. During the second quarter of 2007, the Partnership invested a further \$50,000 in Grand Valley for Class A shares. As at June 30, 2007, the carrying value of the investment was \$324,460.

During the third and fourth quarter of 2006, Dokie completed a private placement and issued 8.29 million shares and raised gross proceeds of \$18.68 million. This private placement reduced the Partnership's interest in Dokie from 70% to 24%. The Partnership no longer controlled Dokie and as a result ceased consolidation accounting and commenced equity accounting for its investment. As at June 30, 2007 the carrying value of the investment was \$5.34 million. The cost of the investment was \$3.10 million which was decreased by the impact of tax renunciation of \$929,770. During 2006, CWDLP II also entered into subscription agreements to subscribe for Class A Shares of Dokie. Following CWDLP II investment, a dilution gain of \$430,598 was recorded to the investment and to contributed surplus. Following the private placement investment in Dokie a dilution gain of \$2.74 million was recorded to the investment with a credit to the income statement during 2006.

During 2006, CWDLP II entered into subscription agreements to subscribe for Class A shares of Bonavista and Buffalo Atlee. CWDLP II's investment in Bonavista and Buffalo Atlee reduced the Partnership's interest from 57% and 100% to 53% and 70% respectively. Following CWDLP II investments in Bonavista and Buffalo Atlee a dilution gain of \$29,121 and \$32,734 respectively was recorded in contributed surplus.

During the first quarter of 2007, CWDLP II entered into subscription agreements to subscribe for Class A shares of Windrise. CWDLP II's investment in Windrise reduced the Partnership's interest from 100% to 84%. Following CWDLP II investments in Windrise a dilution gain of \$6,114 was recorded in contributed surplus.

During the second quarter of 2007, CWDLP II entered into additional subscription agreements for Class A shares in Windrise, Benchlands and Buffalo Atlee for \$20,000, \$24,000 and \$82,000 respectively. These investments reduced the Partnership's interest from 84%, 100% and 75% to 82%, 88% and 63% respectively. Following CWDLP II's investments a dilution gain (loss) was recorded to contributed surplus of (\$2,856), \$1,115 and \$38,052 respectively.

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 has been reduced and a future tax liability has been recorded equal to the estimated amount of future income taxes payable by Bonavista, Windrise, Buffalo Atlee and Benchlands as a result of the renunciations, when the renunciations are made. For the six month periods ended June 30, 2007 \$109,900 (2006 - \$228,698) was recorded as a reduction of partner' capital for renunciations.

Partner's capital has also been reduced by renunciations made of \$313,080 in 2006 (2005 - \$1.88 million) in Dokie, Grand Valley and Kettles Hill prior to their deconsolidation from the Partnership.

9. Financial Instruments

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

As at June 30, 2007 the carrying amount of notes receivable approximates fair value due to the terms of the agreements.

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 related to the entities presented below:

	June 30, 2007	December 31, 2006
Bonavista	\$247	\$181
Windrise	211	215
Buffalo Atlee	114	75
Benchlands	66	67
	\$637	\$538

11. Reclassification

Certain prior year balances have been reclassified to conform to the presentation adopted in the current year.

12. Commitments

As at June 30, 2007, the Partnership has entered into subscription agreements with the Wind Energy Companies to subscribe for Class A shares to fund the companies' development costs as follows:

	Total investment	Investment pursuant to subscription agreements	Debt and other hard dollar investments	Total Amount advanced	Amount Remaining to be advanced
Kettle Hill	\$4,500	\$3,425	\$1,075	\$4,500	\$-
Dokie	3,100	2,725	375	3,100	-
Bonavista	550	550	-	550	-
Windrise	805	740	65	805	-
Benchlands	245	215	30	245	-
Grand Valley	350	300	50	300	50
Buffalo Atlee	300	260	40	300	-
	\$9,850	\$8,215	\$1,635	\$9,800	\$50

13. 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.

14. Subsequent Events

Subsequent to June 30, 2007, 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 1,679,447 Common Shares based on an issue price of \$2.00 per share for the Partnership's share.

Creststreet Windpower Development LP

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