



Management's Discussion and Analysis

For the years ended December 31, 2007 and 2006

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

Forward-Looking Statements

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

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

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

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

- Fluctuations in the value of the underlying security
- Closing of the sale of Kettles Hill Wind Energy Inc.

- Significant percentage of assets being invested in one or a small number of wind energy companies
- Tax related risks
- Reliance on the discretionary and skill of management

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

The following is a discussion of the consolidated financial condition and results of operations of Creststreet Windpower Development LP for the year ended December 31, 2007. It should be read in conjunction with the Partnership's audited consolidated financial statements for the same period. 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.

Overview

The objective of the Partnership is to finance the development of wind energy by investing in companies that, upon completion, will produce wind energy and provide long-term cash flow and capital appreciation. In late 2004, the Partnership raised \$12.00 million to invest in Canadian companies engaged in the development of commercial-scale windpower projects. The 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 an additional \$135,000 in equity investments and in 2007 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 have been designated for expenses of the Partnership.

On July 11, 2005, the Partnership's first investment in a developing wind energy company, 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.

In late 2007 the process began to liquidate the Partnership's investments in the various wind energy developments. It began with the announcement by CKHLP that it was beginning the process to provide liquidity to its unitholders.

On March 26, 2008, CKHLP announced that it had entered into a Purchase and Sale Agreement ("the CKHLP Purchase Agreement") with ENMAX Green Power Inc. ("ENMAX"), to sell all of the shares of Kettles Hill to ENMAX. ENMAX will also purchase the outstanding subordinated notes issued by Kettles Hill and all interest on such notes. On May 27, 2008, the unitholders of CKHLP approved the transaction at a special meeting of unitholders. The purchase price for the shares, subordinated notes and the interest on such notes, and assumption of Kettles Hill debt is \$163.00 million, subject to working capital adjustments.

In order for the CKHLP to be able to satisfy its obligation to sell all shares in, and all subordinated indebtedness of, Kettles Hill to ENMAX at Closing, CKHLP has entered into agreements to (i) acquire, directly or indirectly, immediately prior to the closing of transactions contemplated by the Purchase Agreement, the Class A and Class B shares of Kettles Hill not held by it, (ii) acquire, immediately prior to the closing of transactions contemplated by the Purchase Agreement, the subordinated indebtedness of Kettles Hill not held by it, and (iii) terminate all management and service agreements related to Kettles Hill and the Partnership. In addition, Kettles Hill has entered into an agreement providing for the transfer to it of certain leases related to the expansion of the Kettles Hill Windpower Facility.

The Purchase Agreement between CKHLP and ENMAX was subsequently amended to remove the purchase of the Class A shares of Kettles Hill owned by the Partnership and to have the Partnership enter into a Purchase and Sale Agreement with ENMAX directly ("the CWDLP Purchase Agreement"). This change was made to provide a more favourable potential tax treatment to unitholders of the Partnership. The amount payable to the Partnership for its Class A shares of Kettles Hill is the same amount on a per share basis as CKHLP will receive under the Purchase Agreement for its Class A shares.

In December of 2007, the Partnership reached an agreement with EarthFirst Canada Inc. ("EarthFirst") (formerly Dokie Wind Energy Inc.) to dispose of all of its long term investments other than EarthFirst and Kettles Hill in exchange for EarthFirst common shares resulting in a gain of \$1.6 million. At December 31, 2007, the Partnership's investment in EarthFirst was \$7.7 million consisting of 4,779,447 common shares.

EarthFirst, which is listed on the TSX, is a developer of renewable wind energy in Canada. With over 2,500 MW in potential windpower production capacity, which includes up to 219 MW of projects with long-term power purchase agreements or electrical purchase agreements (collectively "PPA's"). EarthFirst has one of the largest and most advanced development pipelines in Canada. Led by one of the most experienced windpower development management teams in Canada, and leveraging the anticipated growth in the overall Canadian renewable energy industry and the emerging market for Green Credits, EarthFirst expects strong growth in installed windpower capacity over the next five years.

EarthFirst's vision is to be a premier independent developer, builder, owner and operator of renewable energy projects in Canada, focusing on strong governance, operational excellence, environmental stewardship, growth and attractive returns. EarthFirst will seek to attain long-term sustainable cash flows through ownership and operation of renewable power generating facilities.

EarthFirst has up to 219 MW of windpower projects with PPA's in place. EarthFirst's most advanced project is the Dokie I Project, a 144 MW construction-ready windpower project located in the Rocky Mountain foothills of the Peace River region of northeast British Columbia. The Dokie I Project has one of the top-ranked wind resources in British Columbia according to BC Hydro's 2004 Integrated Electricity Plan, is well located adjacent to existing transmission and transportation infrastructure, has full environmental certification and all required Crown land tenure in place. The Dokie I Project was awarded a 20 year EPA with BC Hydro, the largest windpower EPA awarded to date by BC Hydro. The Dokie I Project is expected to commence construction in the spring of 2008 at an estimated capital cost of approximately \$325.00 million including approximately \$16.00 million of pre-development costs and is expected to be completed by the end of 2009.

In March 2008, EarthFirst acquired the Nuttby Mountain Project ("Nuttby") a contracted project from Atlantic Wind Power Corporation. Nuttby is situated approximately 20 km north of Truro, Nova Scotia. The project has good access to transmission facilities, roads, rail and ports. An interconnection feasibility study from Nova Scotia Power Inc. ("NSPI") has been completed; the process for obtaining an environmental assessment and other municipal and provincial permits is still underway. Nuttby is located on accessible terrain and has an excellent wind resource and has secured a 45 MW 23 year Power Purchase Agreement with NSPI. Negotiations for a turbine sale and warranty and service agreements with a well known global wind turbine manufacturer for 2009 delivery have commenced.

EarthFirst's other projects that are in an advanced state were acquired as part of the acquisitions completed on December 11, 2007. The Grand Valley Projects have been awarded three 20-year fixed price PPA's by the Ontario Power Authority ("OPA") for an aggregate of 30 MW. These projects are located approximately 15 km west of Orangeville, Ontario. The Grand Valley Projects are located near other operating windpower projects and have the possibility of constructing a further 10 MW project. The Grand Valley Projects are working towards receiving the necessary environmental permits and interconnection agreements from the respective entities of Ontario in 2008, however, it is increasingly unlikely that these permits will be received in time to commence construction in 2009.

In addition to the Dokie I Project, the Nuttby Project, and the Grand Valley Projects, EarthFirst currently has two other fully permitted windpower projects available to be tendered into BC Hydro's planned Clean Power Call. These two projects, the Wartenbe Project and the Dokie Expansion Project, are located in British Columbia's Peace River region, have an aggregate of up to 226.5 MW potential windpower capacity, have obtained environmental certification and have all required Crown land tenure from the Province of British Columbia in place. At the present time, management is not aware of any other windpower projects with environmental certification and Crown land tenure in place that are available to be tendered into BC Hydro's upcoming Clean Power Call.

EarthFirst has additional windpower projects under development across Canada that may be tendered into future power calls or built on a merchant basis. In British Columbia, EarthFirst has advanced projects with an additional 800 MW of potential windpower capacity from which management may select projects to tender into BC Hydro's future anticipated calls for clean power. In Alberta, Saskatchewan and Newfoundland and Labrador, the Corporation is developing windpower projects with an aggregate potential windpower capacity in excess of 400 MW.

Selected Annual Information

The following table sets forth certain annual information as at December 31, 2007, 2006 and 2005 for the years then ended.

(\$000, except per unit amounts)	2007	2006	2005
Revenue	\$ (1,791)	\$ (7)	\$ 140
Net income (loss) for the year	\$ (1,499)	\$ 2,399	\$ 1,611
Net income (loss) per unit – basic and fully diluted	\$ (1.25)	\$ 2.00	\$ 1.34
Total assets	\$ 11,891	\$ 14,108	\$ 13,336
Long-term liabilities	\$ -	\$ 538	\$ 1,120

Results of Operations

Annual Results

For the year ended December 31, 2007, the Partnership reported net loss of \$1.5 million compared net income for year ended December 31, 2006, of \$2.4 million. As the \$1.6 million gain on the sale of the investments in the wind power developments was substantially offset by an unrealized holding loss on the investment in EarthFirst common shares and the costs of running the Partnership. In the prior year the Partnership recognized a dilution gain of \$2.7 million on its investments in the wind power developments. Cash flow from operations for the 2007 was \$104,000, an increase of \$346,000 over the prior year.

For the year 2007, the Partnership earned interest income of \$117,000 compared to \$119,000 in 2006. The interest is primarily from the Kettles Hill note receivable. This source of revenue was offset in both years by an equity loss on the Kettles Hill investment of \$1,908,000 in 2007 and \$126,000 in 2006.

Expenses consist of management fees paid to the General Partner and normal general and administrative costs associated with carrying on the business. Management fees in 2007 were \$191,000 compared to \$192,000 for 2006. General and administrative costs for the twelve months ended 2007 were \$78,000 versus \$141,000 in 2006; primarily due to lower legal fees in 2007.

Quarterly Results

In the fourth quarter of 2007, the Partnership reported net loss of \$1,070,000 compared to net income of \$0.5 million for the corresponding period in 2006.

In the last quarter of 2007, the Partnership reported a gain on the disposition of the wind power development assets of \$1.6 million. This realized gain was partially offset by an unrealized holding loss on the investment in EarthFirst of \$1.0 million as EarthFirst's closing share price on

December 31 was \$1.80. The Partnership was carrying its investment in EarthFirst at \$2.00 per share as it had been written up to fair value as part of recording the dilution gains in the prior year.

Interest income from the Kettles Hill note receivable for the fourth quarter of 2007 was \$30,000 compared to \$29,000 the same period in 2006. The equity loss from Kettles Hill was \$1.9 million for the year ended December 31, 2007 and versus equity loss of \$126,000 for the same period in 2006.

Management fees paid to the General Partner were \$48,000 for the fourth quarter of both 2007 and 2006. In the fourth quarter of 2007 the partnership reported a recovery of administrative costs of \$101,000 resulting from the reallocation of certain costs relating to the disposition of long term investments. Administrative costs in the last quarter of 2006 were \$89,000.

Quarterly Financial Information

(\$000, except per unit amounts)	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total
Revenue	\$ (10)	\$ (21)	\$ (59)	\$ (1,701)	\$ (1,791)
Net income (loss)	\$ (102)	\$ (125)	\$ (186)	\$ (1,086)	\$ (1,499)
Net income (loss) per unit	\$ (0.09)	\$ (0.02)	\$ (0.16)	\$ (0.98)	\$ (1.25)

(\$000, except per unit amounts)	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.

Financial Condition

Liquidity and Capital Resources

At December 31, 2007, the Partnership had cash on hand of \$649,000. It is expected that the assets of the Partnership will be distributed to the limited Partners during the first half of 2008 and subsequently the Partnership wound up.

Investments

Investment in EarthFirst Canada Inc.

As at December 31, 2007, the cost of the Partnership's investment in EarthFirst Canada Inc. was \$7.7 million representing 4,779,447 common shares of EarthFirst.

Investment in Kettles Hill Inc.

As at December 31, 2007, the cost of the Partnership's investment in Kettles Hill Inc. consisted of a note receivable from Kettles Hill in the amount of \$0.9 million, and the investment in Kettles Hill of \$2.36 million represented by 3,600,000 common shares. In 2008, the Partnership entered into

a purchase and sales agreement to dispose of its interest in Kettles Hill. The transaction is expected to close in the second quarter of 2008.

Related Party Transactions

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

Pursuant to a joint venture agreement, CCC, a related party with common management, earned monthly fees of \$4,500 for financial and administrative services. For the year ended December 31, 2007, CCC earned \$51,327, including reimbursement of certain out-of-pocket expenses, and \$54,000, including reimbursement of certain out-of-pocket expenses for the corresponding period in 2006. Windbreaker Energy Inc., Windworks Energy Corp., and Windcor Power Systems (collectively the "Joint Venture Partners") earn monthly fees for services related to the development of the projects. For the year ended December 31, 2007, the projects incurred \$68,682 (2006 - \$389,332) under these Joint Venture Partners agreements, including reimbursement of out-of-pocket expenses.

In accordance with a management agreement, CCC is entitled to a monthly fee of \$15,000 for administrative services provided to the Partnership. For the year 2007, these fees totaled \$191,000 and \$192,000 for the year ended 2006.

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 years ended December 31, 2007 and 2006, the Partnership earned interest of \$117,000 and 119,000 respectively.

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

(\$000)	2007	2006
Kettles Hill, net	\$ (263)	\$ (176)
CCC	16	7
Windbreaker Energy Inc.	-	2
Windcor Power Systems	-	42
EarthFirst ⁽¹⁾	661	180
Grand Valley	-	2
	\$ 414	\$ 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 EarthFirst.

The amounts incurred during the years to related parties are as follows:

December 31	2007	2006
Creststreet Capital Corporation	\$ 243	246
Windbreaker Energy Inc.	57	112
Windworks Energy Corp.	-	39
Wind Project Inc.	-	4
Windcor Power Systems	11	233
Creststreet Holdings Limited	-	1
Kettles Hill Wind Energy Inc.	(105)	(71)
EarthFirst	471	170
Grand Valley	-	2
	\$ 677	\$ 736

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
	\$ 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

For the year ended December 31, 2007, Partners' capital decreased by \$50,427. The decrease was due to an adjustment of \$109,000, representing the future income tax effect of the renunciation of Canadian Renewable and Conservation Expenses ("CRCE"), offset by \$59,473 of contributed surplus due to dilution gain on the investments in the Seedcos from CWDLP II. Future income taxes are recorded based on the amount of renunciation of CRCE to December 31, 2007, and are offset against partners' equity to reflect the value of tax deductions flowed through to limited partners. In addition, the contributed surplus component of Partners' Capital was affected by the following transactions:

- 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;
- 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 \$17,859 which was recorded in contributed surplus;
- CWDLP II invested in Buffalo Atlee through subscription agreements in the second quarter of 2007 of \$82,000, this resulted in the Partnership's interest being reduced from 75% to 63% and creating a dilution gain of \$38,052 which was recorded in contributed surplus.

Change in Accounting Policies

Recent Accounting Pronouncements

On January 1, 2007, the Partnership adopted the Canadian Institute of Chartered Accountants "CICA" Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments - Recognition and Measurement", and Section 3865 "Hedges". As required by the new standards, prior periods have not been restated.

The adoption of these standards has had no material impact on the Partnership's cash flows. The other effects of the implementation of the new standards are discussed below.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net earnings and other comprehensive income ("OCI"). Upon adoption of Section 1530, the Partnership revised its "Consolidated Statements of Operations" to include the newly required Statement of Comprehensive Income by creating a combined statement. On the Consolidated Balance Sheet in the Partnership Capital section the line "Retained Earnings" is now Retained Earnings and Accumulated Other Comprehensive Income.

The adoption of comprehensive income has been made in accordance with the applicable transitional provisions and no amounts have been reclassified to Accumulated Other Comprehensive Income and currently the Partnership has no OCI.

Financial Instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in OCI. Financial assets

“held-to-maturity”, “loans and receivables” and “other financial liabilities” are measured at amortized cost using the effective interest method of amortization.

Cash and the EarthFirst common shares are classified as “held-for-trading” and are measured at fair value. The note receivable from Kettles Hill is classified as loans and receivables and is carried at amortized cost.

Accounts receivable and due from related parties are classified as “loans and receivables”. Accounts payable and accrued liabilities, and due to related parties, are classified as other liabilities.

The Partnership currently does not utilize hedges or other derivative financial instruments in its operations, and as a result the adoption of Section 3865 currently has no impact on the consolidated financial statements of the Partnership.

See note 1 to the consolidated financial statements for further details.

Accounting Changes

Effective January 1, 2007, the Partnership adopted the revised recommendations of CICA section 1506, “Accounting Changes.”

The new recommendations permit voluntary changes in accounting policy only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impractical to determine the period or cumulative impact of the change.

Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including these changes in earnings. The guidance was effective for all changes in accounting policies, changes in accounting estimates and corrections of prior period errors and initiated in periods beginning on or after January 1, 2007.

FUTURE CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

The CICA issued a new accounting standard, Section 1535 Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity’s objectives, policies and processes for managing capital. This new section is effective for the Partnership beginning January 1, 2008.

Financial Instruments – Disclosure and Financial Instruments Presentation

Two new accounting standards were issued by the CICA, Section 3862 Financial Instruments - Disclosures, and Section 3863 Financial Instruments - Presentation. These sections will replace Section 3861 Financial Instruments - Disclosure and Presentation once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity’s financial position and performance, the nature and extent of risks

arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for Partnership beginning January 1, 2008 and will be adopted retroactively, without restatement.

The Partnership does not expect application of these standards to have a material impact on the consolidated financial statements.

Two new accounting standards were issued by the CICA, Section 3862 Financial Instruments - Disclosures, and Section 3863 Financial Instruments - Presentation. These sections will replace Section 3861 Financial Instruments - Disclosure and Presentation once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for the Partnership beginning January 1, 2008.

The Partnership does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

In February, 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets. The new Section will be effective on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Partnership is currently evaluating the impact of the adoption of this new Section, however does not expect a material impact on its consolidated financial statements.

The CICA Accounting Standards Board ("AcSB") has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Partnership continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

Outlook

In 2007, the Partnership disposed of its long term investments in various wind project companies to EarthFirst in exchange for EarthFirst common shares. In 2008 with the announcement of the Kettles Hill sale it is anticipated that the Partnership will achieve liquidity from all of its investments. The Partnership then intends to distribute the assets of the Partnership to the limited partners in mid 2008 and subsequently the Partnership will be wound up.

Risks and Uncertainties

The value of the Partnership's portfolio will fluctuate with the underlying market price for EarthFirst common shares, energy and interest rates.

There can be no assurance that the sale of Kettles Hill Wind Energy Inc. will close in accordance with the announced transaction. If this were to occur then the ability of the Partnership to provide complete liquidity to its investors would be impaired.

There can be no assurance that a liquidity process will be available or receive all necessary regulatory and other approvals in a timely manner.

The value of units will vary, for reasons beyond the control of the Partnership, in accordance with the value of the securities acquired by the Partnership and in some cases the value of securities owned by the Partnership may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Fluctuations in the values of such securities may occur for a number of reasons beyond the control of the Partnership and there is no assurance that an adequate or any market will exist for securities acquired by the Partnership.

A significant percentage of the Partnerships resources may be invested in one or a small number of Wind Energy Companies, which may result in the net asset value of the units being more volatile than portfolios with a more diversified investment complement.

Limited Partners must rely on the discretion and skill of the Partnership in selecting and entering into subscription agreements (including flow-through agreements) with Wind Energy Companies and determining (in accordance with the Partnership's investment strategy and investment guidelines) the composition of the portfolio of securities (including flow-through shares) of Wind Energy Companies to be owned by the Partnership.

The Partnership is significantly dependent on the services of Robert J. Toole a director and officer of the General Partner of the Partnership. The loss of Mr. Toole from the General Partner could have a material adverse effect on the management and business of the Partnership.

While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity.

The General Partner, its affiliates and associates and their respective directors and officers may engage in the promotion, management or investment management of any other fund, partnership or other investment vehicle including those which invest primarily in securities, including flow-through shares, of Wind Energy Companies and certain conflicts may arise from time to time in the promotion, management or investment management of such funds, partnerships or vehicles and in determining appropriate investment opportunities. Although none of the directors or officers of the General Partner will devote his full time to the business and affairs of the General Partner or the Partnership, each will devote as much time as is necessary for the management of the business and affairs of the General Partner and the Partnership.

The General Partner, its affiliates and associates and their respective directors and officers may have interests in, and may also be entitled to receive fees, benefits and other economic incentives from, the Wind Energy Companies in which the Partnership invests and will have no liability to account to the Partnership or Partners for same.

Limited Partners may lose their limited liability in certain circumstances, including taking part in the control of the business of the Partnership, and limited liability may be unavailable under the laws of certain jurisdictions. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Limited Partners may be liable beyond their contribution and share of undistributed net income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Partnership.

Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.

There is a risk that the expenditures incurred by Wind Energy Companies and purportedly renounced to the Partnership may not qualify as CRCE, which would adversely affect the return on a Limited Partner's investment in the units.

If the Partnership sells flow-through shares, it will realize a capital gain substantially equal to the sale proceeds because the flow-through shares have a nil cost for tax purposes. There is therefore a possibility that Limited Partners will receive allocations of income (including taxable capital gains) from the Partnership without receiving a corresponding cash distribution to satisfy any resulting tax liability.

There may be disagreements with the Canada Revenue Agency with respect to certain tax consequences of an investment in units of the Partnership. The alternative minimum tax could limit tax benefits available to Limited Partners.

There can be no assurance that the income tax laws in the various jurisdictions of Canada, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Limited Partners of holding or disposing of units. In any fiscal year of the Partnership, the possibility exists that Limited Partners will receive allocations of income and capital gains without receiving cash distributions from the Partnership in such year sufficient to satisfy their tax liability with respect to such allocations.

The future profitability of Wind Energy Companies will be in part dependent upon the continuation of a favourable regulatory climate with respect to the continuing operations and the future growth and development of the independent power industry. Government regulations and incentives currently have a favourable impact on the building of wind power facilities but should they be modified, cash distributions could be adversely affected.

Management's Responsibility for Financial Reporting

These consolidated financial statements form the basis for all the financial information that appears in this annual report. The financial statements and all of the information in this annual report are the responsibility of the management of Creststreet Windpower Development LP and have been reviewed and approved by its board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities.

Management has prepared the financial statements according to Canadian generally accepted accounting principles ("GAAP"). Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present the entity's financial position and results of operations. Management has a system of internal controls designed to provide reasonable assurance that the Partnerships financial records are reliable and form a proper basis for preparing the financial statements, and that the Partnerships assets are properly accounted for and safeguarded.

Ernst & Young LLP, the Partnerships external auditors, have audited the consolidated financial statements in accordance with Canadian GAAP and their report is included in this annual report. Ernst & Young LLP has free and full access to the board's audit committee.



Robert J. Toole

President
Chief Executive Officer
Creststreet Windpower Development II
General Partner Limited
June 6, 2008



Derren Newell

Vice-President, Finance
Chief Financial Officer
Creststreet Windpower Development II
General Partner Limited

AUDITORS' REPORT

To the Partners of
Creststreet Windpower Development LP

We have audited the consolidated balance sheets of **Creststreet Windpower Development LP** as at December 31, 2007 and 2006, and the consolidated statements of operations and comprehensive income (loss), partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Canada
June 6, 2008

The signature of Ernst & Young LLP is written in a cursive, handwritten style.

Chartered Accountants

Consolidated Balance Sheets

(In thousands, unaudited)

	As at December 31, 2007	As at December 31, 2006
Assets:		
Current Assets		
Cash and cash equivalents	\$ 649	\$ 716
Cash held in escrow (Note 3)	-	64
Accounts receivable	42	48
Prepaid expense	3	27
Due from related parties (Note 6)	263	187
Note receivable from Kettles Hill (Note 7)	900	900
Investments (Note 7)	10,034	9,884
	11,891	11,826
Deferred development costs (Note 4)	-	2,110
Pre-operating costs (Note 5)	-	172
	\$ 11,891	\$ 14,108
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 123	\$ 214
Due to related parties (Note 6)	677	244
	800	458
Future income tax liability (Note 10)	-	538
Non-controlling interest	-	472
	800	1,468
Partners' capital	8,910	8,960
Retained earnings	2,181	3,680
	\$ 11,891	\$ 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



Robert J. Toole
Director



Donna Shea
Director

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

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

	Twelve Months ended	
	December 31, 2007	December 31, 2006
Investment Income		
Interest income	\$ 117	\$ 119
Equity loss - Kettles Hill (Note 7)	(1,908)	(126)
	(1,791)	(7)
Expenses:		
Management fees	191	192
Administrative costs	78	141
	269	333
Loss before undernoted	(2,060)	(340)
Realized gain on the sale of investments in the Seedcos	1,587	-
Unrealized loss on investment in EarthFirst Canada Inc.	(1,026)	-
Dilution gain (Note 8)	-	2,739
Net income (loss)	\$ (1,499)	\$ 2,399
Retained earnings, beginning of period	3,680	1,281
Net income (loss) and comprehensive income (loss)	(1,499)	2,399
Retained earnings and other comprehensive income, end of year	\$ 2,181	\$ 3,680
Net income (loss) per unit - basic and fully diluted	\$ (1.25)	\$ 2.00
Weighted average number of units	1,200	1,200

Consolidated Statements of Partners' Capital

(In thousands, unaudited)

	Twelve Months ended	
	December 31, 2007	December 31, 2006
Partners capital - beginning of year	\$ 8,960	\$ 8,927
Payment of costs of issue	-	0
Contributed surplus (Note 7)	59	575
Future income tax resulting from renunciation (Note 8)	(109)	(542)
Partners capital - end of year	\$ 8,910	\$ 8,960

See accompanying notes to unaudited consolidated financial statements

Consolidated Statements of Cash Flows

(In thousands, unaudited)

	Twelve Months ended	
	December 31, 2007	December 31, 2006
Cash flows from operating activities:		
Net Loss	\$ (1,499)	\$ 2,399
Add items not affecting cash		
Dilution Gain	-	(2,739)
Realized gain on the sale of investments in the Seedcos	(1,587)	-
Unrealized loss on investment in EarthFirst Canada Inc.	1,026	-
Cash transaction costs on the sale of the seedcos	(160)	-
Equity loss - Kettles Hill (Note 7)	1,908	126
	(312)	(214)
Change in working capital:		
Decrease in working Capital for Seedcos	13	-
Decrease in accounts receivable	-	25
Decrease in prepaid expense	(1)	(27)
Increase (decrease) in accounts payable and accrued liabilities	32	(55)
Increase in amounts due to/from related parties	372	29
	104	(242)
Cash flows from financing activities:		
increase in cash held in escrow	-	868
Increase in non-controlling interest	236	350
	236	1,218
Cash flows from investing activities:		
Deconsolidation of Seedcos cash balance	(60)	-
Deconsolidation of Dokie and Grand Valley cash balance	-	(57)
Increase in deferred development costs & pre-operating costs	(297)	(1,231)
Increase in long-term investment	(50)	-
	(407)	(1,288)
Net increase (decrease) in cash	(67)	(312)
Cash and cash equivalents, beginning of period	716	1,028
Cash and cash equivalents, end of year	\$ 649	\$ 716
Supplemental cash information		
Interest and cash taxes paid	\$ -	\$ -

See accompanying notes to unaudited consolidated financial statements

Notes to Consolidated Financial Statements

As at December 31, 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.

Prior to the fourth quarter of 2007, the Partnership had invested in flow-through shares of EarthFirst Canada Inc. (formerly Dokie Wind Energy Inc.) ("EarthFirst"), 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") with the anticipation that these companies would construct and then operate wind energy projects to generate electricity for sale to the provincial electricity utilities. In the fourth quarter of 2007, the Partnership disposed of its interests in the aforementioned companies to EarthFirst except for EarthFirst and Kettles Hill and intends to distribute its assets to the limited partners during 2008 and subsequently dissolve.

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 audited 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 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. The following is a summary of significant policies followed by the Partnership:

(a) Basis of Consolidation

Entities which are not controlled but over which the Partnership has the ability to exercise significant influence are generally 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.

As at December 31, 2006, the Partnership owned 40% of the voting shares of Grand Valley and accounted for Grand Valley using the equity method. As at December 31, 2006, Creststreet Windpower Development LP (II) ("CWDLP II"), a related party of the Partnership, owned the remaining 60% of the voting shares of Grand Valley.

Prior to December 31, 2007, the Partnership disposed of its interests in Grand Valley, Bonavista, Buffalo Atlee, Windrise and Benchlands in exchange for shares of EarthFirst Canada Inc. As at December 31, 2007, the Partnership owned 17% of the voting shares of Kettles Hill, which is accounted for using the equity method. The financial statements of the Partnership as at and for the year ended December 31, 2007, represent only those of the Partnership.

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

(b) Cash and Cash Equivalents

Cash equivalents are comprised of highly liquid investments having original terms to maturity of 90 days or less when acquired. Cash equivalents are valued at cost plus accrued interest, which approximates market value.

(c) Investment in Kettles Hill

The Partnership owns 16.9% of the voting shares of Kettles Hill and follows equity accounting for its investment.

(d) Investment in EarthFirst Canada Inc.

The investment in EarthFirst Canada Inc. is designated as held-for-trading and is carried at fair market value.

(e) Limited Partnership Unit Issue Costs

Costs incurred in connection with the issuance of units are deducted from the proceeds of the offering of units included in Partners' Capital.

(f) Plant and Equipment and Deferred Development Costs

The assets of the Wind Energy Companies are accounted for at cost. Cost includes development costs and the cost of acquiring and constructing support facilities and wind turbines. Interest on debt incurred to construct capital assets is capitalized during the construction period. The deferred development costs will be transferred to plant and equipment once commercial production commences. At the time of transfer, amortization on a straight-line basis over 20 years will commence. No amortization has taken place.

The recoverability of deferred development costs are regularly reviewed through an evaluation of the expected future cash flows from operation of the wind energy project to determine if there has being an impairment in the recoverable amount.

(g) Pre-operating Costs

Expenditures of the Wind Energy Companies that occur during the pre-operating period and relate directly to placing a new business into service but do not qualify as capital assets will be capitalized to pre-operating assets. These will be amortized over a five year period. The pre-operating period begins with the development of the site and end when commercial operations begin. No amortization has taken place.

(h) Revenue Recognition

Interest and investment income is recognized as earned.

(i) Income Taxes

The Partnership is not a taxable entity. Income taxes on its income are the responsibility of the individual partners and, accordingly have not been recorded in these consolidated financial statements.

The Wind Energy Companies are taxable Canadian corporations, subject to federal and provincial income taxes and capital taxes. The corporations account for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying value and the tax basis of assets and liabilities. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected, recovered or settled. A valuation allowance is provided to record the future tax asset at the amount that is more likely than not to be recovered.

(j) Non Controlling Interest

Non controlling interest on the balance sheet as at December 31, 2006, represents the preferred shares issued by the wind energy companies to their joint venture partners, and CS Capital Partners Ltd, and the class A, B and C shares issued to other investors.

(k) Measurement Uncertainty

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates on future periods could be significant.

(I) Prior Year Balances

Certain prior year balances have been re-classified to conform to the presentation adopted in the current year.

Change in Accounting Policies Recent Accounting Pronouncements

On January 1, 2007, the Partnership adopted the Canadian Institute of Chartered Accountants "CICA" Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments - Recognition and Measurement", and Section 3865 "Hedges". As required by the new standards, prior periods have not been restated.

The adoption of these standards has had no material impact on the Partnership's cash flows. The other effects of the implementation of the new standards are discussed below.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net earnings and other comprehensive income ("OCI"). Upon adoption of Section 1530, the Partnership revised its "Consolidated Statements of Operations" to include the newly required Statement of Comprehensive Income by creating a combined statement. On the Consolidated Balance Sheet in the Partnership Capital section the line ("Retained Earnings") is now Retained Earnings and Accumulated Other Comprehensive Income).

The adoption of comprehensive income has been made in accordance with the applicable transitional provisions and no amounts have been reclassified to Accumulated Other Comprehensive Income and currently the Partnership has no OCI.

Financial Instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in OCI. Financial assets "held-to maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization.

Cash and the EarthFirst common shares are classified as "held-for-trading" and are measured at fair value. The note receivable from Kettles Hill is classified as loans and receivables and is carried at amortized cost.

Accounts receivable and due from related parties are classified as "loans and receivables". Accounts payable and accrued liabilities, and due to related parties, are classified as other liabilities.

The Partnership currently does not utilize hedges or other derivative financial instruments in its operations, and as a result the adoption of Section 3865 currently has no impact on the consolidated financial statements of the Partnership.

See note 1 to the consolidated financial statements for further details.

Accounting Changes

Effective January 1, 2007, the Partnership adopted the revised recommendations of CICA section 1506, "Accounting Changes."

The new recommendations permit voluntary changes in accounting policy only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impractical to determine the period or cumulative impact of the change.

Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including these changes in earnings. The guidance was effective for all changes in accounting policies, changes in accounting estimates and corrections of prior period errors initiated in periods beginning on or after January 1, 2007.

FUTURE CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

The CICA issued a new accounting standard, Section 1535 Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. This new section is effective for the Partnership beginning January 1, 2008.

Financial Instruments – Disclosure and Financial Instruments Presentation

Two new accounting standards were issued by the CICA, Section 3862 Financial Instruments - Disclosures, and Section 3863 Financial Instruments - Presentation. These sections will replace Section 3861 Financial Instruments - Disclosure and Presentation once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for Partnership beginning January 1, 2008 and will be adopted retroactively, without restatement.

The Partnership does not expect application of these standards to have a material impact on the consolidated financial statements.

Two new accounting standards were issued by the CICA, Section 3862 Financial Instruments - Disclosures, and Section 3863 Financial Instruments – Presentation. These sections will replace Section 3861 Financial Instruments - Disclosure and Presentation once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for Partnership beginning January 1, 2008.

The Partnership does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets. The new Section will be effective on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Partnership is currently evaluating the impact of the adoption of this new Section, however does not expect a material impact on its consolidated financial statements.

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 as at December 31, 2007 and 2006, for the following companies was held in escrow. At December 31, 2007, the amounts held in escrow were \$nil (2006 - \$64,000).

4. Deferred Development Costs

The following table summarizes deferred development costs as at December 31, 2007 and 2006 and the changes that occurred during each year.

(\$000)	As at December 31,	
	2007	2006
EarthFirst		
Deferred development costs beginning of period	\$ -	\$ 2,737
Development costs deferred	-	1,739
Deconsolidation of EarthFirst (Note 7)	-	(4,476)
Deferred development costs, end of period	-	-
Bonavista		
Deferred development costs beginning of period	609	498
Development costs deferred	-	139
Sale of investment in Bonavista	(609)	-
Reduction in tax rates	-	(28)
Deferred development costs, end of period	-	609
Windrise		
Deferred development costs beginning of period	761	611
Development costs deferred	86	184
Sale of investment in Windrise	(847)	-
Reduction in tax rates	-	(34)
Deferred development costs, end of period	-	761
Benchlands		
Deferred development costs beginning of period as reported	345	122
Development costs deferred	-	94
Sale of investment in Benchlands	(345)	-
Adjustment (see below)	-	140
Reduction in tax rates	-	(11)
Deferred development costs, end of period	-	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	10	392
Sale of investment in Benchlands	(405)	-
Reduction in tax rates	-	(12)
Deferred development costs, end of period	-	395
Total deferred development costs, end of period	\$ -	\$ 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:

(\$000)	Years end December 31,	
	2007	2006
Deferred Development costs as previously reported	\$ -	\$ 1,970
Adjustment for Benchlands asset acquired	-	140
Deferred Development costs adjusted	\$ -	\$ 2,110
Non-controlling interest as previously reported	\$ -	\$ 332
Adjustment for Benchlands preferred shares issued	-	140
Non-controlling interest adjusted	\$ -	\$ 472

5. Pre-operating Costs

The following table summarizes pre-operating costs incurred as at December 31, 2007 and 2006 and the changes that occurred during each year.

	As at December 31,	
	2007	2006
Bonavista		
Pre-operating costs, beginning of period	\$ 28	\$ 13
Pre-operating costs deferred	11	15
Sale of investment in Bonavista	(39)	-
Pre-operating costs, end of period	-	28
Windrise		
Pre-operating costs, beginning of period	65	29
Pre-operating costs deferred	43	36
Sale of investment in Windrise	(108)	-
Pre-operating costs, end of period	-	65
Benchlands		
Pre-operating costs, beginning of period	29	9
Pre-operating costs deferred	20	20
Sale of investment in Benchlands	(49)	-
Pre-operating costs, end of period	-	29
Buffalo Atlee		
Pre-operating costs, beginning of period	50	-
Pre-operating costs deferred	49	50
Sale of investment in Buffalo Atlee	(99)	-
Pre-operating costs, end of period	-	50
EarthFirst		
Pre-operating costs, beginning of period	-	85
Pre-operating costs, deferred	-	178
Deconsolidation of EarthFirst (Note 7)	-	(263)
Pre-operating costs, end of period	-	-
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	-	-
Total Pre-operating costs, end of period	\$ -	\$ 172

6. 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 to the Partnership.

Payments to Related Parties

Pursuant to joint venture agreement, CCC, a related party with common management will earn monthly fees of \$4,500 (2006 - \$4,500) for financial and administrative services. The total incurred under this agreement for the year ended December 31, 2007 \$51,237 (2006 - \$54,000), including reimbursement of certain out-of-pocket expenses. Windbreaker Energy Inc., Windworks Energy Corp., and Windcor Power Systems (collectively the "Joint Venture Partners") will earn monthly fees for services related to the development of the projects. For the year ended December 31, 2007, the projects incurred \$68,682 (2006 - \$389,332) under these Joint Venture Partners agreements, including reimbursement of certain out-of-pocket expenses.

Prior to deconsolidation of Grand Valley and Dokie, the Partnership paid fees during 2007 to CCC for financial and administrative services for these companies of \$nil (2006 - \$78,193). For the year ended December 31, 2007 the projects incurred \$nil (2006 - \$610,632) under the Joint Venture Partners agreements, relating to fees for services related to the development of the projects to Land's End Corp. and Earth First Energy Inc. including reimbursement of certain out-of-pocket expenses, prior to deconsolidation.

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 year ended December 31, 2007, fees paid to CCC were \$190,800 (2006 - \$191,700), plus reimbursement of certain out-of-pocket expenses of \$623 (2006 - \$nil).

In 2005, the Partnership invested in a \$900,000 subordinated note with Kettles Hill to finance Kettles Hill pre-development costs due on July 31, 2025. Interest is charged at a rate of 10% per annum. The note is redeemable at any time after July 31, 2015 by Kettles Hill at par plus accrued interest. If there is a change in ownership the debt is redeemable at 105% of par plus accrued interest, unless waived in writing by CWDLP. Interest payments are deferred until the earlier of December 31, 2006 or completion of the Infill Phase whereby greater than 30 turbines are commissioned. As of December 31, 2007, the Partnership earned \$90,000 (2006 -\$90,000) of interest income from the note. Accrued interest is anticipated to be collected upon the closing of the Kettles Hill sale.

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

(\$000)	2007	2006
Kettles Hill, net	\$ (263)	\$ (176)
CCC	16	7
Windbreaker Energy Inc.	-	2
Windcor Power Systems	-	42
EarthFirst ⁽¹⁾	661	180
Grand Valley	-	2
	\$ 414	\$ 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 EarthFirst.

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 December 31, 2007, the carrying value of the investment was \$2.36 million (2006 - \$4.27 million). The cost of the investment was \$3.60 million which has decreased by the impact of tax renunciation of \$1.15 million in 2005 and decreased by the Kettles Hill equity loss in 2006 and 2007 of \$126,237, and \$1,908,000 respectively.

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

In late 2007 the process began to liquidate the Partnership's investments in the various wind energy developments. It began with the announcement by CKHLP that it was beginning the process to provide liquidity to its unitholders.

On March 26, 2008, CKHLP announced that it had entered into a Purchase and Sale Agreement ("the CKHLP Purchase Agreement") with ENMAX Green Power Inc. ("ENMAX"), to sell all of the shares of Kettles Hill to ENMAX. ENMAX will also purchase the outstanding subordinated notes issued by Kettles Hill and all interest on such notes. On May 27, 2008, the unitholders of CKHLP approved the transaction at a special meeting of unitholders. The purchase price for the shares, subordinated notes and the interest on such notes, and assumption of Kettles Hill debt is \$163.00 million, subject to working capital adjustments.

In order for the CKHLP to be able to satisfy its obligation to sell all shares in, and all subordinated indebtedness of, Kettles Hill to ENMAX at Closing, CKHLP has entered into agreements to (i) acquire, directly or indirectly, immediately prior to the closing of transactions contemplated by the Purchase Agreement, the Class A and Class B shares of Kettles Hill not held by it, (ii) acquire, immediately prior to the closing of transactions contemplated by the Purchase Agreement, the subordinated indebtedness of Kettles Hill not held by it, and (iii) terminate all management and service agreements related to Kettles Hill and the Partnership. In addition, Kettles Hill has entered into an agreement providing for the transfer to it of certain leases related to the expansion of the Kettles Hill Windpower Facility.

The Purchase Agreement between CKHLP and ENMAX was subsequently amended to remove the purchase of the Class A shares of Kettles Hill owned by the Partnership and to have the Partnership enter into a Purchase and Sale Agreement with ENMAX directly ("the CWDLP Purchase Agreement"). This change was made to provide a more favourable potential tax treatment to unitholders of the Partnership. The amount payable to the Partnership for its Class A shares of Kettles Hill is the same amount of a per share basis as CKHLP will receive under the Purchase Agreement for its Class A shares.

During the third and fourth quarter of 2006, EarthFirst 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 EarthFirst from 70% to 24%. The Partnership no longer controlled EarthFirst and as a result ceased consolidation accounting and commenced equity accounting for its investment. The cost of the investment was \$3.10 million which has 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 EarthFirst. 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 EarthFirst a dilution gain of \$2.74 million was recorded to the investment with a credit to the income statement during 2006.

On December 11, 2007, EarthFirst closed its initial public offering for \$140 million. Effective January 1, 2007, the Partnership ceased equity accounting for its investment in EarthFirst. The Partnership now has an investment in EarthFirst of 4,779,447 common shares which had a fair value of \$7.67 million at December 31, 2007.

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 as 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 as contributed surplus of (\$2,856), \$17,859 and \$38,052 respectively.

During the fourth quarter of 2007, the disposition of the interests in Bonavista, Grand Valley, Buffalo Atlee, Windrise and Benchlands and resulted in a gain on the \$1.60 million.

8. Future Income Tax Liability

In the fourth quarter of 2007, the Partnership disposed of its interests in Bonavista, Windrise, Buffalo Atlee, Grand Valley, and Benchlands. As a result the future tax liabilities associated with these investments were eliminated.

The tax effects of temporary differences that gave rise to the future tax liabilities at December 31, 2006, were a result of the tax renunciations related to deferred development costs and pre-operating costs related to the entities presented below:

(\$000)	As at December 31,	
	2007	2006
Bonavista	\$ -	\$ 181
Windrise	-	215
Buffalo Atlee	-	75
Benchlands	-	67
	\$ -	\$ 538

9. Partners' Capital

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

(\$000, except number of units)	Number of Units	Amount
Balance, December 31, 2005	1,200,001	\$ 8,927
- contributed surplus (Note 7)	-	575
- future income tax resulting from renunciation (Note 10)	-	(542)
Balance, December 31, 2006	1,200,001	8,960
- contributed surplus (Note 7)	-	59
- future income tax resulting from renunciation (Note 10)	-	(109)
Balance, December 31, 2007	1,200,001	\$ 8,910

10. 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. Pursuant to the terms of flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, partners' capital was reduced and a future tax liability was 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. Renunciations made during 2007 were \$109,900 (2006 - \$541,778).

11. Financial Instruments

At December 31, 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. The investment in EarthFirst is classified as available for sale and is carried at fair value. The investment in the Kettles Hill notes receivable is classified as loans and receivables and carried at amortized cost.

12. Commitments

As at December 31, 2007, the Partnership had fulfilled its commitments outstanding as at December 31, 2006 and prior to the end of 2007 disposed of its interests in Grand Valley, Dokie, Bonavista, Buffalo Atlee, Windrise and Benchlands.

As at December 31, 2006 the following commitments to purchase shares were made by the Partnership:

(\$000)	Total investment	Investment pursuant to subscription agreements	Debt and other non CRCE investments	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	300	300	-	300	-
Buffalo Atlee	300	260	40	260	40
	\$ 9,800	\$ 8,215	\$ 1,585	\$ 9,760	\$ 40

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

13. Indemnification

Generally, it is not the Partnership's policy to issue guarantees to non-controlled affiliates or third parties, with limited exceptions.

Many of the Partnership's agreements, specifically those related to financing, include indemnification provisions where the Partnership may be required to make payments to a vendor or purchaser for breach of fundamental representation and warranty terms in the agreements with respect to matters such as corporate status, title of assets, environmental issues, consents to transfer, employment matters, litigation, taxes payable and other potential material liabilities. The maximum potential amount of future payments that the Partnership could be required to make under these indemnification provisions is not reasonably quantifiable as certain indemnifications are not subject to a monetary limitation. At December 31, 2007, management does not believe that these indemnification provisions would require any material cash payment by the Partnership.

14. 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.

Creststreet Windpower Development LP

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Creststreet Capital Corporation

Robert J. Toole

Managing Director
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