



CRESTSTREET



Q1  
2002

2001 (II)

CRESTSTREET 2001 (II)  
LIMITED PARTNERSHIP

## Dear Unitholder:

We are pleased to present the March 31, 2002 interim report for Creststreet 2001 (II) Limited Partnership.

The Partnership's investment strategy has been to focus on natural gas producers in order to capitalize on anticipated tightening of natural gas supplies in North America over the next 3 to 5 years. This strategy began to yield results in the first quarter of 2001. After trading as low as \$2.73 per million cubic feet in the first quarter of 2002, Canadian natural gas prices averaged \$4.35 per million cubic feet in April, 2002. Accordingly, the partnership's investment portfolio performed well. As of May 17, 2002 the net asset value of the partnership was \$8.86 per unit. This net asset value represents an attractive 27.0% after-tax return for an individual investor in Ontario taxable at the highest marginal tax rate.

Improving natural gas prices in the first quarter were a result of improved demand due to a resumption of economic growth in North America combined with an increasing recognition of longer term North American natural gas supply concerns. We expect natural gas prices to continue to perform well through late 2002 and into 2003 as natural gas supply begins to tighten due to the natural production decline rates of existing natural gas reserves.

The partnership has a solid portfolio of high quality natural gas producers and is well positioned to take advantage of continuing improvement in natural gas prices.

Creststreet has recently launched a new flow-through fund for the 2002 taxation year. For further information please contact your investment advisor or Sheryl Chiddenton of Creststreet at 1-866-864-6330 or [sheryl@creststreet.com](mailto:sheryl@creststreet.com).

We encourage investors to visit our website at [www.creststreet.com](http://www.creststreet.com) for timely updates on their investment.

Respectfully submitted,



Robert J. Toole  
Managing Director  
May 24, 2002

## Management Discussion and Analysis

No comparison to prior periods has been provided as the Partnership was not in operation during the first quarter of 2001.

**Financial Condition** – As of March 31, 2002 the Partnership had net working capital of \$40,827 and had investments in flow-through shares of resource companies of \$13,460,738. The Partnership may adjust its investment portfolio prior to year end, in order to maximize unitholder after-tax returns.

**Results From Operations** – For the period of January 1, 2002 to March 31, 2002, the Partnership paid management fees of \$66,930 being 1/12 of 2% of the net assets of the Partnership at the end of each month.

**Change in Net Assets** – The increase in net assets of \$939,222 during the period related to the appreciation of the Partnership's investment portfolio by \$1,006,187 primarily as a result of improved resource commodity prices for natural gas in particular.

**Outlook** – The partnership has a solid portfolio of high quality resource companies and natural gas producers in particular. The Partnership is well positioned to take advantage of continuing improvement in natural gas prices.

**Statement of Net Assets***As at March 31, 2002 and December 31, 2001**Unaudited*

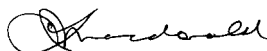
	March 31 <b>2002</b>	December 31 <b>2001</b>
<b>Assets:</b>		
Investments in Public Resource Companies	\$ 13,460,738	\$ 12,454,551
Cash and Short-Term Investments	106,369	422,591
	13,567,107	12,877,142
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	65,542	314,799
<b>Net Assets</b>	<b>\$13,501,565</b>	<b>\$12,562,343</b>
<b>Represented by:</b>		
Partners' Capital Contributions	\$ 15,000,010	\$ 15,000,010
Costs of Issue – Agents' Fees	(1,012,500)	(1,012,500)
– Other	(344,472)	(339,753)
Retained Earnings	(191,491)	(129,245)
Unrealized Appreciation (Depreciation) of Investments	50,018	(956,169)
<b>Partner's Equity at End of Period</b>	<b>\$13,501,565</b>	<b>\$12,562,343</b>

*See accompanying notes to financial statements*

Approved Creststreet 2001 (II) Management Limited as General  
Partner on behalf of Creststreet 2001 (II) Limited Partnership



Director



Director

## Statement of Operations and Retained Earnings

For the Period March 31, 2002 and December 31, 2001

Unaudited

	Quarter Ended March 31 <b>2002</b>	Year Ended December 31 <b>2001</b>
<b>Revenues:</b>		
Interest Income	\$ 1,028	\$ 19,289
<b>Expenses:</b>		
Management Fees (Note 3)	66,931	40,938
Administrative Costs	(3,657)	107,596
<b>Net Operating Loss Before Change in Unrealized Depreciation of Investments</b>	<b>(62,246)</b>	<b>(129,245)</b>
<b>Change in Unrealized Depreciation of Investments</b>	<b>1,006,187</b>	<b>(956,169)</b>
<b>Retained Earnings (Deficit) End of Period</b>	<b>\$ 943,941</b>	<b>\$ (1,085,414)</b>

See accompanying notes to financial statements

## Statement of Retained Surplus (Deficit)

For the Period March 31, 2002 and December 31, 2001

Unaudited

	Quarter Ended March 31 <b>2002</b>	Year Ended December 31 <b>2001</b>
Deficit Beginning of Period	\$ (129,245)	\$ —
Loss Before Change in Unrealized Depreciation of Investments	(62,246)	(129,245)
Deficit End of Period	\$ (191,491)	\$ (129,245)

## Statement of Change in Net Assets

For the Period March 31, 2002 and December 31, 2001

Unaudited

	Quarter Ended March 31 <b>2002</b>	Year Ended December 31 <b>2001</b>
<b>Operations:</b>		
Net Operating Income (Loss)	\$ (62,246)	\$ (129,245)
Change in Net Unrealized Appreciation (Depreciation) of Investments	1,006,187	(956,169)
	943,941	(1,085,414)
<b>Unitholder Transactions:</b>		
Proceeds from Issue of Units	—	15,000,010
Payment of Agents' Fees	—	(1,012,500)
Payment of Costs of Issue	(4,719)	(339,753)
	(4,719)	13,647,757
<b>Net Increase (Decrease) in Net Assets</b>	<b>939,222</b>	<b>12,562,343</b>
<b>Net Assets at the Start of Period</b>	<b>12,562,343</b>	<b>—</b>
<b>Net Assets at the End of Period</b>	<b>\$13,501,565</b>	<b>\$12,562,343</b>

See accompanying notes to financial statements

## Statement of Investment Portfolio

As at March 31, 2002

Unaudited

<b>Description</b>	<b>Number of Shares</b>	<b>Market Value</b>
Ashton Mining of Canada Inc.	272,727	\$ 730,908
Ashton Mining of Canada Inc. – Warrants	136,364	174,545
Atlas Energy Ltd.	456,098	729,757
Canadian 88 Energy	697,675	1,758,141
Canadian Superior Energy Inc.	352,941	705,882
Cavell Energy Corporation	842,100	909,468
Cougar Hydrocarbons Inc.	400,000	500,000
Compton Petroleum Corp.	454,546	1,840,911
Devlan Exploration Inc.	181,818	418,182
Equatorial Energy Inc.	100,000	229,000
Gentry Resources Ltd.	325,000	403,000
High Point Energy Corp.	392,250	235,350
Kensington Energy Ltd.	444,444	168,889
Lexxor Energy Inc.	222,500	489,500
Meota Resources Corp.	100,000	495,000
Purcell Energy Ltd.	185,000	551,300
Real Resources Inc.	125,000	477,500
Saddle Resources Inc.	400,000	166,000
Tempest Energy Corp.	146,667	608,668
True Energy Inc.	263,684	152,937
Ventus Energy Ltd.	349,200	1,396,800
Zapata Energy Corporation	110,000	319,000
<b>Total Investment Portfolio</b>		<b>\$13,460,738</b>

## Notes to FINANCIAL STATEMENTS

*For the period ended March 31, 2002 – Unaudited*

### 1. Creststreet 2001 (II) Limited Partnership

CRESTSTREET 2001 (II) LIMITED PARTNERSHIP (the “Partnership”) was formed as a limited partnership under the laws of the Province of Ontario on September 12, 2001. The principal purpose of the Partnership is to invest in flow-through shares of resource companies involved in oil and gas exploration in Canada. Pursuant to a prospectus dated October 31, 2001, Limited Partners subscribed for 1,500,000 units of limited partnership interest. The General Partner of the Partnership is CRESTSTREET 2001 (II) MANAGEMENT LIMITED (the “General Partner”).

### 2. Summary of Significant Accounting Policies

These financial statements should be read in conjunction with the Partnership’s financial statements for the year ended December 31, 2001. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of application as the Partnership’s financial statements for the year ended December 31, 2001.

### 3. Related Party Transactions

The General Partner is entitled to receive a fee equal to 2.0% per annum of the net value of the Partnership, calculated and payable monthly in arrears. In the first quarter 2002, the management fee amount was \$66,930. The General Partner also has a 0.01% beneficial interest in the Partnership. The General Partner is reimbursed for reasonable costs related to maintaining the register of the Partnership and preparation and distribution of financial statements and other documents sent the Limited Partners which costs amounted to \$nil.

### 4. Liquidity of Partnership Units and Termination of the Partnership

On or about January 15, 2003, the Partnership is currently scheduled to transfer all of its assets to Creststreet Resource Fund (III) Limited, an open end mutual fund (the “Mutual Fund”) in exchange for shares of the Mutual Fund. Upon this transfer the Partnership will be dissolved at which time the net assets will be allocated 99.99% to the Limited Partners and 0.01% to the General Partner. Upon dissolution, the Limited Partners will receive their pro rata share of the shares of the Mutual Fund.

### 5. Tax Shelter Identification Number – TS 066951

The identification number issued for this tax shelter Partnership shall be included in any income tax return filed by the Limited Partners. Issuance of the identification number is for administration purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

## **Directors of the General Partner**

Gordon J. Bogden  
*Managing Director*  
Beacon Group Advisors Inc.

John P. A. Budreski  
*Managing Director*  
Scotia Capital Inc.

Larry J. Macdonald  
*Chairman*  
Pointwest Energy Inc.

Robert J. Toole  
*Managing Director*  
Creststreet Asset Management Limited

## **Officers of the General Partner**

Robert J. Toole, President  
Sheryl Chiddenton, Secretary Treasurer

## **Lead Agent**

Scotia Capital Inc.  
Toronto, Ontario

## **Legal Counsel**

Fasken Martineau DuMoulin LLP  
Toronto, Ontario

## **Auditors**

KPMG LLP  
Toronto, Ontario

## **Registered Address**

Creststreet 2001 (II) Limited Partnership  
Suite 2320, 130 Adelaide Street West  
Toronto, Ontario M5H 3P5

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