



CRESTSTREET

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in Energy Investing



Q1 2005

Creststreet Windpower Development LP

Message to Limited Partners

In late 2004, Creststreet Windpower Development LP (the "Partnership") raised \$12,000,000 to invest in Canadian companies engaged in the development of commercial scale wind energy projects with a focus on maximizing financing expenditures that qualify as Canadian Renewable and Conservation Expense ("CRCE"). CRCE is 100% tax deductible in the year incurred and can be renounced to investors via flow-through shares.

The Canadian wind power industry is in its formative stages and Creststreet believes there are attractive investment opportunities to finance the development of commercial scale wind energy projects that, upon completion, will provide predictable energy production from wind, long-term cash flow and capital appreciation. Investments are directed towards wind energy projects that can be brought to a construction ready stage within one to three years. It is anticipated that the construction financing of each of these wind energy projects would then be arranged through a combination of additional flow-through equity, other equity and project debt.

Prior to the end of 2004 the Partnership entered into financing commitments totaling \$8,000,000 with four Canadian wind energy projects. These four projects have over 800 megawatts of potential windpower development capacity. For the year ending December 31, 2004, the Partnership provided a tax deduction of 55% of a Limited Partner's investment which will qualify for certain deductions from income for 2004 income tax purposes.

In addition, on May 4, 2005 the Partnership entered into a financing commitment with Benchlands Wind Power Corp. to fund a wind energy project that has the potential for an installed capacity of up to 70MW. On May 12, 2005, the Partnership's first investment, Kettles Hill Wind Energy Inc., entered its next financing stage when the Creststreet Kettles Hill Windpower LP filed a preliminary prospectus to finance a portion of the construction cost of its 63 megawatt windpower project. Upon completion of that financing, construction is expected to begin in July 2005.

Investments

Kettles Hill Wind Energy Inc.

The Partnership committed to invest \$4,500,000 in Kettles Hill Wind Energy Inc. ("Kettles Hill"). On May 12, 2005, Creststreet Kettles Hill Windpower LP filed a preliminary prospectus with the intent to raise sufficient capital to finance the CRCE phase as well as a portion of the Infill phase of the planned 63 megawatt wind energy project near Pincher Creek, Alberta. Upon completion of this financing, the Partnership will become a minority shareholder of Kettles Hill.

Dokie Wind Energy Inc.

The Partnership committed to invest up to \$2.5 million in Dokie Wind Energy Inc. ("Dokie"). Dokie is being co-developed in joint venture with Earth First Energy Inc. of Victoria, British Columbia. Dokie will develop and bring into production a series of wind energy projects located in the Peace River Region of British Columbia which have the potential for an installed capacity of up to 600 megawatts of renewable energy. Dokie continues to monitor the wind resource from the initial monitoring tower, and will expand its monitoring efforts in Spring, 2005. In addition, Dokie has initiated key developmental engineering and environmental studies. The provincial utility has also initiated a process to procure power from independent power producers, which is a strong sign of the potential for Dokie to obtain a power purchase agreement.

Windrise Power Inc.

The Partnership has also arranged a commitment to invest up to \$500,000 in Windrise Power Inc. ("Windrise"). Windrise is being co-developed in joint venture with Windbreaker Energy Corp. of Calgary, Alberta. The project company will develop and bring into production a wind energy project located near Fort Macleod, Alberta which is expected to have the capacity of up to 100 megawatts of renewable energy. Recently, Altalink, the transmission operator in Alberta, received approval to construct a key transmission line in southern Alberta which will allow the addition of new generation including the planned project in Windrise. Windrise continues to progress on obtaining permits and filing applications to allow the construction of its project.

Bonavista Wind Power Inc.

The Partnership has arranged a commitment to invest up to \$500,000 in Bonavista Wind Power Inc. ("Bonavista"). Bonavista is being co-developed in joint venture with Wind Project Inc. of Milton, Ontario. Bonavista will develop and bring into production a wind energy project located near Bonavista, Newfoundland which is expected to have the potential for an installed capacity of up to 40 megawatts of renewable energy. Bonavista has completed more than one year of wind data collection. This wind monitoring program will be expanded in Spring, 2005. In addition, Bonavista has initiated key developmental engineering and environmental studies.

Benchlands Windpower Corp.

Finally, the Partnership has entered into commitments to finance the development of Benchlands Wind Power Corp with an initial investment of up to \$100,000 in a wind energy project located near Tompkins, Saskatchewan which has the potential for an installed capacity of up to 70 MW. The project is being co-developed

in joint venture with Wind Works Energy Corp. of Calgary, Alberta.

Outlook

Creststreet continues to evaluate attractive windpower projects for investment by the Partnership. Approximately \$3 million remains to be invested and is anticipated to be invested by year end 2005. We are pleased with the portfolio of high quality investments made to date and are actively working with our joint venture partners to develop the projects efficiently and expeditiously to completion.

Respectfully submitted,

On behalf of Creststreet Windpower Development LP

by its General Partner

Creststreet Windpower Development General Partner Limited



Robert J. Toole

President and Chief Executive Officer

May 30, 2005

Management Discussion and Analysis

Overview

The following discussion and analysis may contain forward-looking statements regarding the future performance of Creststreet Windpower Development LP (the "Partnership") based on assumptions the Manager of the Partnership considered reasonable at the time it was prepared on May 30, 2005. All forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward looking statements.

Creststreet Windpower Development LP (the "Partnership") has invested in flow-through shares of five Canadian companies, Kettles Hill Wind Energy Inc., Dokie Wind Energy Inc, Bonavista Wind Power Inc., Windrise Power Inc. and Benchlands Wind Power Corp. (together the "Wind Energy Companies"). The Partnership's commitment to invest in Benchlands Wind Power

Corp. was made on May 4, 2005. The objective of the Partnership is to finance the development by Wind Energy Companies of projects that, upon completion, will provide predictable energy production from wind, long-term cash flow and capital appreciation.

The Kettles Hill Wind Energy Inc. ("Kettles Hill") project will be situated approximately 200 kilometres south of the city of Calgary, Alberta approximately 5 kilometres east of the town of Pincher Creek. Kettles Hill intends to erect 5 test wind turbines in the fourth quarter of 2005 ("CRCE Turbine Phase") and following a 120 day test period, and subject to satisfactory test results during such period to erect a further 30 wind turbines ("Infill Construction Phase") for a total installed capacity of 63 megawatts of renewable energy.

The Dokie Wind Energy Inc. ("Dokie") project will be situated in the Peace River Region of British Columbia which has the potential for an installed capacity of up to 600 megawatts of renewable energy.

The Windrise Power Inc. ("Windrise") project will be situated near Fort Macleod, Alberta and is expected to have a capacity of up to 100 megawatts of renewable energy.

The Bonavista Wind Power Inc. ("Bonavista") project will be situated near Burnt Ridge Newfoundland and is expected to have the development potential for an installed capacity of up to 40 megawatts of renewable energy.

The Benchlands Wind Power Corp ("Benchlands") project will be situated near Tompkins, Saskatchewan and is expected to have an installed capacity of up to 70 MW.

Liquidity

Cash and cash equivalents and cash held in escrow increased by \$837,394 from \$6,030,416 at December 31, 2004 to \$6,867,810 at March 31, 2005 primarily due to cash received from General Partner related to the net proceeds of limited partnership offering, partially offset by an increase in deferred development costs.

Assets and Liabilities

At March 31, 2005, the Partnership had total assets of \$12,601,322 compared to \$12,745,995 at December 31, 2004. The deferred development costs of \$5,616,885 were related to pre-construction development of Kettles Hill, Dokie and Windrise projects and were funded primarily from cash held in escrow. Further pre-construction development costs to be incurred subsequent to March 31, 2005 are approximately \$2,383,115.

Contractual Obligations

Kettles Hill has entered into a Turbine Supply Agreement with Vestas pursuant to which Vestas will supply and deliver five

Vestas V80 wind turbines for the CRCE Turbine Phase and thirty Vestas V80 turbines for the Infill Construction Phase. The Company has also entered into a Warranty, Maintenance and Service Agreements (“WMS Agreement”) with Vestas which provides for certain warranties in connection with the wind turbines to be installed at the wind energy project and which also provides for ongoing service and maintenance, obligations in connection with the turbines. The WMS Agreement includes a facility-wide warranty, which commences on substantial completion of the Infill Construction Phase, related to power curve performance and availability of the facility. In the event that the facility fails to perform as warranted, the WMS Agreement provides that the Company will be entitled to liquidated damages to offset any lost revenue. The contract is for a 5-year period commencing on the date that the turbines come into service. The total commitment to Vestas under both of these agreements is approximately \$78,325,000 which is comprised of two portions Cdn\$27,774,651, and 30,608,889. A European style put option allowing Kettles Hill the option to sell Canadian dollars for Euros for a principal amount of 20,000,000 expires on July 5, 2005. This option provides protection for the company against a portion of its foreign currency exposure incurred in the Turbine Supply Agreement with Vestas.

Related Party Transactions

Pursuant to Joint Venture Agreements CCC will earn monthly fees of \$7,000 for financial and administrative services and the Joint Venture Partners will earn monthly fees of \$50,000 for services related to the development of the projects. The projects incurred \$171,000 for the period ended March 31, 2005 under these agreements.

The Partnership agreed to pay a fee of \$25,000 paid to Creststreet 2004 Limited Partnership as compensation for waiving its right of first refusal in respect of certain wind power investments made by the Partnership.

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 period ended March 31, 2005, fees paid to CCC were \$48,150.

The amounts paid to related parties during the first quarter of 2005 are as follows:

	1st Qtr of 2005
Earth First Energy Inc.	\$ 90,000
Windbreaker Energy Inc.	60,000
Wind Project Inc.	1,540
Creststreet 2004 Limited Partnership	25,000
Creststreet Capital Corporation	79,200
	\$ 255,740

Partners' Equity

For the period ended March 31, 2005, Partners' equity decreased by \$2,419,044 from \$10,868,855 at December 31, 2004 to \$8,449,811 at March 31, 2005. The decrease was primarily due to a net loss from operations of \$141,207 and an increase in the future income tax liability of \$2,255,900. Future income taxes have been recorded based on the amount of Canadian Renewable and Conservation Expenses that has been renounce and are offset against Partners' equity to reflect the value of tax deductions flowed through to limited partners.

In December 2004, the Partnership completed its offering of limited partnership units raising gross proceeds of \$12,000,010. The Partnership paid agents fees of \$586,000 being 5% of the gross proceeds raised through registered dealers and incurred \$214,744 in issue costs to complete this offering. Partner's equity was also reduced by the net loss from operations of \$330,411.

Results of Operations

For the period ended March 31, 2005 the Partnership earned \$17,765 in interest income on short-term investments, paid management fees of \$48,150 and incurred administrative costs of \$110,822 related to the operation of the Partnership.

Outlook

Creststreet continues to evaluate attractive windpower projects for investment by the Partnership. Approximately \$3 million remains to be invested and is anticipated to be invested by year-end 2005. We are pleased with the portfolio of high quality investments made to date and are busy working with our joint venture partners to develop the projects efficiently and expeditiously to completion.

Directors of the General Partner

Eric McFadden

Managing Director

Creststreet Capital Corporation

Donna Shea, C.A.

Vice-President, Finance

Creststreet Capital Corporation

Robert J. Toole

Managing Director

Creststreet Capital Corporation

Officers of the General Partner

Robert J. Toole, C.A., *President, Chief Executive Officer*

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

Erich Ossowski, *Vice-President, Windpower*

Sheryl J. Chiddenton, *Secretary and Treasurer*

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Consolidated Balance Sheet

As at March 31, 2005 and December 31, 2004

	(Unaudited) March 31, 2005	December 31, 2004
Assets:		
Current Assets		
Cash and cash equivalents	\$ 3,222,804	\$ 1,967,512
Cash held in escrow (Note 3)	3,645,006	4,062,904
Accounts receivable	116,627	67,900
Due from related parties (Note 5)	-	2,260,431
	6,984,437	8,358,747
Deferred development costs (Note 4)	5,616,885	4,387,248
	\$ 12,601,322	\$ 12,745,995
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 489,532	\$ 525,601
Dividends payable by Kettles Hill to Minority Interest (Note 5)	21,437	-
Due to related parties (Note 5)	33,103	-
	544,072	525,601
Future income tax liability	2,255,900	-
Minority interest	1,351,539	1,351,539
Partners' equity	8,449,811	10,868,855
	\$ 12,601,322	\$ 12,745,995

Commitments (Note 6)

See accompanying notes to consolidated financial statements

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



Director



Director

Consolidated Statement of Operations

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter ended March 31, 2005	(Unaudited) Quarter ended March 31, 2004
Investment Income:		
Interest income	\$ 17,765	\$ -
Expenses:		
Management fees (Note 5)	48,150	-
Administrative costs	110,822	-
	158,972	-
Net loss	\$ (141,207)	\$ -

Consolidated Statement of Partners' Equity

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter ended March 31, 2005	(Unaudited) Quarter ended March 31, 2004
Partners' equity - beginning of period	\$10,868,855	\$ -
Proceeds from Issue of Units (Note 8)	-	-
Payment of Agents' Fees	(500)	-
Payment of Costs of Issue	-	-
Net loss	(141,207)	-
Future income tax resulting from renunciation	(2,255,900)	-
Dividends on preferred shares	(21,437)	-
Partners' equity - end of period	\$ 8,449,811	\$ -

See accompanying notes to consolidated financial statements

Consolidated Statement of Cash Flows

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter Ended March 31, 2005	(Unaudited) Period Ended March 31, 2004
Net loss	\$ (141,207)	\$ -
Cash flows from financing activities:		
Issue costs	(500)	-
Decrease in amounts due from related parties	2,293,534	-
	2,151,827	-
Cash flow from investing activities		
Increase in deferred development costs	(1,229,637)	-
Decrease in accounts payable for additions to deferred development costs	(36,069)	-
Increase in accounts receivable	(48,727)	-
	(1,314,433)	-
Net increase in cash	837,394	-
Cash and cash equivalents, beginning of period	6,030,416	-
Cash and cash equivalents, end of period	\$ 6,867,810	\$ -
Cash is comprised of:		
Cash and cash equivalents	\$ 3,222,804	\$ -
Cash held in escrow	3,645,006	-
	\$ 6,867,810	\$ -

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

March 31, 2005

1. Creststreet Windpower Development LP

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 energy projects ("Wind Energy Companies"). The objective of the Partnership is to finance the development by Wind Energy Companies of projects that, upon completion, will provide predictable energy production from wind, long-term cash flow and capital appreciation.

As at March 31, 2005, the Partnership has invested in flow-through shares of four Wind Energy Companies, Kettles Hill Wind Energy Inc. ("Kettles Hill"), Dokie Wind Energy Inc. ("Dokie"), Bonavista Wind Power Inc. ("Bonavista") and Windrise Power Inc. ("Windrise") that will construct and then operate wind energy projects to generate electricity for sale to 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 percent 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").

2. Basis of presentation

The interim period consolidated financial statements have been prepared by the Partnership in accordance with Canadian generally accepted accounting principles. The preparation of the financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated statements. The accompanying unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These financial statements have been prepared using the same accounting principles as used in the annual audited financial statements and should be read in conjunction with the audited annual consolidated financial statements and the accompanying notes included in the Partnership's 2004 Annual Report. The results of operations of any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

3. Cash Held in Escrow

The Partnership has entered into flow-through share subscription agreements to purchase \$3,475,000 of shares of Kettles, \$2,125,000 of shares of Dokie, \$500,000 shares of Bonavista and \$500,000 shares of Windrise upon receipt of satisfactory evidence of expenditures qualifying for Canadian Renewable Conservation Expenses ("CRCE"). Accordingly, cash received under the subscription agreements was held in escrow. At March 31, 2005, the amount held in escrow was \$3,645,006 (\$4,062,904 at December 31, 2004).

4. Deferred Development Costs

Kettle Hill Wind Energy Inc.	March 31, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 4,199,555	\$ -
Development costs deferred	933,520	4,199,555
Deferred development costs, end of period	\$ 5,133,075	\$ 4,199,555
Dokie Wind Energy Inc.	March 31, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 143,491	\$ -
Development costs deferred	160,154	143,491
Deferred development costs, end of period	\$ 303,645	\$ 143,491
Windrise Power Inc.	March 31, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 44,202	\$ -
Development costs deferred	129,695	44,202
Deferred development costs, end of period	\$ 173,897	\$ 44,202
Bonavista Wind Power Inc.	March 31, 2005	December 31, 2004
Deferred Development costs beginning of period	\$ -	\$ -
Development cost deferred	6,268	-
Deferred development costs, end of period	\$ 6,268	\$ -
Total deferred development costs, end of period	\$ 5,616,885	\$ 4,387,248

5. Related Party Transactions

Pursuant to Joint Venture Agreements CCC will earn monthly fees of \$7,000 for financial and administrative services and the Joint Venture Partners will earn monthly fees of \$50,000 for services related to the development of the projects. The projects incurred \$171,000 for the period ended March 31, 2005 under these agreements.

In 2005, the Partnership paid a fee of \$25,000 to Creststreet 2004 Limited Partnership as compensation for waiving its right of first refusal in respect of certain wind power investments made by the Partnership.

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 period ended March 31, 2005, fees paid to CCC were \$48,150.

The amounts due from (to) related parties as at March 31, 2005 and December 31, 2004 are as follows:

	March 31, 2005	December 31, 2004
General Partner	\$ -	\$ 2,368,442
Creststreet Capital Corporation	(10,038)	(18,811)
Creststreet 2004 Limited Partnership	-	(25,000)
Windbreaker Energy Inc.	(21,400)	-
Wind Project Inc.	(1,665)	-
Earth First Energy Inc.	-	(64,200)
	\$ (\$33,103)	\$ 2,260,431

6. Commitments

Kettles Hill has entered into a Turbine Supply Agreement with Vestas pursuant to which Vestas will supply and deliver five Vestas V80 wind turbines for the CRCE Turbine Phase and thirty Vestas V80 turbines for the Infill Construction Phase. The Company has also entered into a Warranty, Maintenance and Service Agreements ("WMS Agreement") with Vestas which provides for certain warranties in connection with the wind turbines to be installed at the wind energy project and which also provides for ongoing service and maintenance, obligations in connection with the turbines. The WMS Agreement includes a facility-wide warranty, which commences on substantial completion of the Infill Construction Phase, related to power curve performance and availability of the facility. In the event that the facility fails to perform as warranted, the WMS Agreement provides that the Company will be entitled to liquidated damages to offset any lost revenue. The contract is for a 5-year period commencing at the date that the turbines come into service. The total commitment to Vestas is approximately \$78,325,000 which is comprised of two portions Cdn\$27,774,651, and 30,608,889. A European style call Euro against the Canadian dollar has been set up for 20,000,000 which settles on July 5, 2005 to hedge a portion of the foreign currency exposure.

7. 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' equity will be reduced and a future tax liability will be recorded equal to the estimated amount of future income taxes payable by Kettles Hill, Dokie, Bonavista and Windrise as a result of the renunciations, when the renunciations are made. Renunciations made during 2005 resulted in a future tax liability of \$2,255,900.

8. Subsequent Events

Creststreet Kettles Hill Windpower LP filed a preliminary prospectus on May 12, 2005 with the intent to raise sufficient capital to finance the CRCE phase as well as a portion of the Infill phase of the planned 63 megawatt wind power project near Pincher Creek, Alberta. Upon completion of this financing, the Partnership will become a minority shareholder of Kettles Hill and will no longer consolidate Kettles Hill.

The Partnership has entered into commitments to finance the development of Benchlands Wind Power Corp with an initial investment of up to \$100,000 in a wind energy project located near Tompkins, Saskatchewan which has the potential for an installed capacity of up to 70 MW. The project is being co-developed in joint venture with Wind Works Energy Corp. of Calgary, Alberta.