



CRESTSTREET

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in Energy Investing



Q3 2005

Creststreet Windpower Development LP

Message to Limited Partners

In late 2004, Creststreet Windpower Development LP (the "Partnership") raised \$12 million to invest in Canadian companies engaged in the development of commercial scale wind power projects with a focus on maximizing financing expenditures that qualify as Canadian Renewable and Conservation Expense ("CRCE") which 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 power 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 million 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 59% 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 a potential for an installed capacity of up to 70MW.

On July 11, 2005, the Partnership's first investment in a developing wind company moved into the construction phase when Creststreet Kettles Hill Windpower LP completed its initial public offering and raised \$40 million. The net proceeds of the initial public offering will be used to finance the purchase and installation of five test wind turbines and related infrastructure and to partially finance the purchase and installation of 30 additional infill wind turbines and related infrastructure for the planned 63 MW wind power project to be located near Pincher Creek, Alberta. The Partnerships has a 17% ownership interest in the company along with \$900,000 in subordinated notes.

Investments

Kettles Hill Wind Energy Inc.

The Partnership committed to invest \$4.5 million in Kettles Hill Wind Energy Inc. ("Kettles Hill"). Kettles Hill is being co-developed in joint venture with Benign Energy Canada Inc. of Calgary, Alberta. On July 11, 2005, Creststreet Kettles Hill Windpower LP completed its initial public offering and raised sufficient capital to finance the CRCE phase as well as a portion of the Infill phase of the planned 63 megawatt wind power project in Kettles Hill. As a result of this offering, the Partnership became 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 has expanded 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 positive sign of the potential for Dokie to obtain a power purchase agreement. The provincial utility plans to award power purchase agreements pursuant to this process in August 2006.

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 Windrise project. 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, and the wind monitoring program was expanded in Spring, 2005. In addition, Bonavista has initiated key developmental engineering and environmental studies. The provincially-owned power utility is expected to commence a process to award power purchase contracts to independent wind developers in the near future.

Benchlands Windpower Corp.

Finally, the Partnership has entered into a commitment to finance the development of Benchlands Wind Power Corp. with an initial investment of up to \$100,000 in a wind power 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 Capital Corporation ("Creststreet") continues to evaluate attractive windpower projects for investment by the Partnership. Approximately \$2.4 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

November 2005



Management's Discussion and Analysis

Three months and nine months ended September 30, 2005 (unaudited, all amounts stated in thousands except where otherwise stated)

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 November 28, 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 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 investment 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 is situated approximately 200 kilometres south of the city of Calgary, Alberta and 5 kilometers east of the town of Pincher Creek. Kettles Hill has commenced construction and intends to complete 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, Kettles Hill intends to erect a further 30 wind turbines ("Infill Phase") for a total installed capacity of 63 megawatts of renewable energy. Completion of construction of the Infill Phase is expected in summer of 2006.

On July 11, 2005, Creststreet Kettles Hill Windpower LP ("CKHLP"), a related party of the Partnership completed its initial public offering and raised \$40,000 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 reduces the Partnership's interest from 100% to 16.98% and resulting in a dilution gain of \$1,975. As of July 11, 2005, the Partnership no longer controls Kettles Hill but has significant influence of Kettles Hill and as a result has ceased consolidation accounting and commenced equity accounting for its investments.

The Dokie Wind Energy Inc. ("Dokie") projects are situated in the Peace River Region of British Columbia and have the potential for an installed capacity of up to 600 megawatts of renewable energy.

The Windrise Power Inc. ("Windrise") project is situated near Fort Macleod, Alberta and is expected to have the development potential for an installed capacity of up to 100 megawatts of renewable energy.

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

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

Liquidity

Cash and cash equivalents and cash held in escrow decreased by \$1,557 from \$6,031 at December 31, 2004 to \$4,474 at September 30, 2005 primarily due to an increase in the deferred development costs which was partially offset by the decrease in amounts due from related parties.

Assets and Liabilities

At September 30, 2005, the Partnership had total assets of \$11,956 compared to \$12,746 at December 31, 2004. The decrease is primarily due to Kettles Hill no longer being consolidated with the Partnership, thus reducing deferred development costs by \$4,200. Deferred development costs of \$2,093 were related to pre-construction development of Dokie, Bonavista, Windrise and Benchlands projects and were funded primarily from cash held in escrow.

Related Party Transactions

Pursuant to Joint Venture Agreements Creststreet Capital Corporation ("CCC") will earn monthly fees of \$8 for financial and administrative services and the Joint Venture Partners (Earth First Energy Inc., Windbreaker Energy Inc., Wind Project Inc., and Windworks Energy Corp.) will earn monthly fees of \$59 for services related to the development of the projects. In addition, CCC and Joint venture Partners are entitled for certain out-of-pocket reimbursement. For the three and nine months ended September 30, 2005, the projects incurred \$278 and \$699 (2004 – Nil) under these agreements.

In 2005, the Partnership paid a fee of \$25 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 in accordance with the Management Agreement for administrative services provided to the Partnership. For the three and nine months ended September 30, 2005, fees paid to Creststreet were \$48 and \$144 (2004 – Nil).

The Partnership has invested in a subordinated note with Kettles Hill for \$900 to finance Kettles Hill pre-development costs. Interest is charged at a rate of 10% per annum. For the three and nine months ended September 30, 2005, the Partnership earned \$17 and \$42 of interest income from the note.

The amounts paid to related parties are as follows:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2005	2004	2005	2004
Creststreet Capital Corporation	\$ 72	\$ -	\$ 218	\$ -
Creststreet 2004 Limited Partnership	-	-	27	-
Kettles Hill Wind Energy Inc.	367	-	942	-
Earth First Energy Inc.	160	-	375	-
Windbreaker Energy Inc.	60	-	180	-
Wind Works Energy Inc.	26	-	44	-
Wind Project Inc.	8	-	26	-
	\$ 693	\$ -	\$1,812	\$ -

Partners' Equity

For the nine months period ended September 30, 2005, Partners' equity decreased by \$544 from \$10,869 at December 31, 2004 to \$10,325 at September 30, 2005. The decrease was primarily due to a net loss from operations of \$183, dilution gain of \$1,975 and increase in the future income taxes of \$2,288. Future income taxes have been recorded based on the amount of renunciation of Canadian Renewable and Conservation Expenses to September 30, 2005 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. The Partnership paid agents fees of \$586 being 5% of the gross proceeds raised through registered dealers and incurred \$215 in issue costs to complete this offering. Partner's equity was also reduced by the net loss from operations of \$330 in 2004.

Results of Operations

For the three and nine months period ended September 30, 2005 the Partnership earned \$79 and \$112 in interest income on short-term investments, paid management fees of \$48 and \$144 and incurred administrative costs of \$11 and \$151 related to the operation of the Partnership.

Outlook

Creststreet continues to evaluate attractive windpower projects for investment by the Partnership. Approximately \$2.4 million remains to be invested and is anticipated to be invested by the end of 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.

Consolidated Balance Sheet

As at September 30, 2005 and December 31, 2004

(in thousands)	(unaudited) September 30, 2005	December 31, 2004
Assets:		
Current Assets		
Cash and cash equivalents	\$ 2,611	\$ 1,968
Cash held in escrow (Note 3)	1,863	4,063
Accounts receivable	40	68
Prepaid expense	16	-
Due from related parties (Note 5)	9	2,260
	4,539	8,359
Deferred development costs (Note 4)	2,093	4,387
Note receivable from Kettles Hill (Note 5)	900	-
Long-term investment	4,424	-
	\$ 11,956	\$ 12,746
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 320	\$ 525
	320	525
Future income tax liability	1,137	-
	1,457	525
Minority interest	174	1,352
Partners' equity	10,325	10,869
	\$ 11,956	\$ 12,746

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



Robert J. Toole
Director



Eric McFadden
Director

Consolidated Statement of Operations (unaudited)

For the three months and nine months ended September 30, 2005 and 2004

(in thousands)	Three Months ended		Nine Months ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
Investment Income				
Interest income	\$ 79	\$ -	\$ 112	\$ -
Expenses:				
Management fees (Note 5)	48	-	144	-
Administrative costs	11	-	151	-
	59	-	295	-
Income (loss) before undernoted	20	-	(183)	-
Dilution gain (Note 6)	1,975	-	1,975	-
Net income	\$ 1,995	\$ -	\$ 1,792	\$ -
Net income per unit	\$ 1.66	\$ -	\$ 1.49	\$ -

Consolidated Statement of Partners' Equity (unaudited)

(in thousands)	Three Months ended		Nine Months ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
Partners' equity -				
beginning of period	\$ 8,334	\$ -	\$ 10,869	\$ -
Net income	1,995	-	1,792	-
Payment of agent's fee	-	-	(1)	-
Future income tax resulting from renunciation	-	-	(2,288)	-
Dividends on preferred shares	(4)	-	(47)	-
Partners' equity -				
end of period	\$ 10,325	\$ -	\$ 10,325	\$ -

See accompanying notes to consolidated financial statements

Consolidated Statement of Cash Flows (unaudited)

For the three months and nine months ended September 30, 2005 and 2004

(in thousands)	Three Months ended Sept. 30, 2005	Sept. 30, 2004	Nine Months ended Sept. 30, 2005	Sept. 30, 2004
Net income	\$ 1,995	\$ -	\$ 1,792	\$ -
Add items not affecting cash				
Dilution gain	(1,975)	-	(1,975)	-
Minority interest	(1,225)	-	(1,225)	-
	(1,205)	-	(1,408)	-
Change in working capital:				
Decrease in accounts receivable	(20)	-	28	-
Increase in prepaid expense	-	-	(16)	-
Decrease in accounts payable and accrued liabilities	(24)	-	(402)	-
	(1,249)	-	(1,798)	-
Cash flows from financing activities:				
Issue costs	-	-	(1)	-
Increase in amounts due to related parties	(63)	-	2,251	-
Increase in note receivable from Kettles Hill	(900)	-	(900)	-
	(963)	-	1,350	-
Cash flows from investing activities:				
Increase in accounts payable for additions to deferred development costs	(244)	-	197	-
Increase in deferred development costs	(1,028)	-	(1,906)	-
Decrease in deferred development costs for Kettles Hill	5,693	-	4,200	-
Increase in long-term investment	(3,600)	-	(3,600)	-
	821	-	(1,109)	-
Net decrease in cash	(1,391)	-	(1,557)	-
Cash and cash equivalents, beginning of period	5,865	-	6,031	-
Cash and cash equivalents, end of period	\$ 4,474	\$ -	\$ 4,474	\$ -
Cash and cash equivalents is comprised of:				
Cash	\$ 2,611	\$ -	\$ 2,611	\$ -
Cash in escrow	1,863	-	1,863	-
	\$ 4,474	\$ -	\$ 4,474	\$ -

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

For the three months and nine months ended September 30, 2005 and 2004 (unaudited, all amounts stated in thousands except where otherwise stated)

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 power 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 September 30, 2005, the Partnership has invested in flow-through shares of five Wind Energy Companies, Kettles Hill Wind Energy Inc. ("Kettles Hill"), Dokie Wind Energy Inc. ("Dokie"), Bonavista Wind Power Inc. ("Bonavista"), Windrise Power Inc. ("Windrise") and Benchlands Wind Power Corp. ("Benchlands") that will construct and then operate wind energy projects to generate electricity for sale 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 ("Creststreet").

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 of shares of Kettles, \$2,125 of shares of Dokie, \$500 shares of Bonavista and \$500 shares of Windrise and \$100 of shares of Benchlands 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 September 30, 2005, the amount held in escrow was \$1,863 (\$4,063 at December 31, 2004).

4. Deferred Development Costs

Kettles Hill Wind Energy Inc.	September 30, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 4,200	\$ -
Development costs deferred	27,592	4,200
Transfer to long-term investments (i)	(3,600)	-
Transfer to subordinated notes (i)	(900)	-
Costs funded by CKHLP	(27,292)	-
Deferred development costs, end of period	\$ -	\$ 4,200

Dokie Wind Energy Inc.	September 30, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 143	\$ -
Development costs deferred	1,297	143
Deferred development costs, end of period	\$ 1,440	\$ 143

Windrise Power Inc .	September 30, 2005	December 31, 2004
Deferred development costs beginning of period	\$ 44	\$ -
Development costs deferred	410	44
Deferred development costs, end of period	\$ 454	\$ 44

Bonavista Wind Power Inc.	September 30, 2005	December 31, 2004
Deferred Development costs beginning of period	\$ -	\$ -
Development cost deferred	125	-
Deferred development costs, end of period	\$ 125	\$ -

Benchlands Wind Power Corp.	September 30, 2005	December 31, 2004
Deferred Development costs beginning of period	\$ -	\$ -
Development cost deferred	74	-
Deferred development costs, end of period	\$ 74	\$ -
Total deferred development costs, end of period	\$ 2,093	\$ 4,387

(i) At September 30, 2005, the Partnership has funded \$4,500 into Kettles project for its pre-development costs. The funding has been provided by the way of long-term investment of \$3,600 and subordinated note of \$900. The Partnership charges interest at 10% per annum for its note receivable.

5. Related Party Transactions

Pursuant to Joint Venture Agreements, Creststreet Capital Corporation ("CCC") will earn monthly fees of \$8 for financial and administrative services and the Joint Venture Partners (Earth First Energy Inc.,

Windbreaker Energy Inc., Wind Project Inc., and Windworks Energy Corp.) will earn monthly fees of \$59 for services related to the development of the projects. In addition, CCC and Joint Venture Partners are entitled for certain out-of-pocket reimbursement. For the three months and nine months ended September 30, 2005, the projects incurred \$278 and \$699 (2004 – Nil) under these agreements.

In 2005, the Partnership paid a fee of \$25 to Creststreet 2004 Limited Partnership as a 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 in accordance with the Management Agreement for administrative services provided to the Partnership. For the three months and nine months ended September 30, 2005, fees paid to Creststreet were \$48 and \$144 (2004 – Nil).

The amounts due from (to) related parties as at September 30, 2005 and December 31, 2004 are as follows:

	September 30, 2005	December 31, 2004
General Partner	\$ -	\$ 2,368
Creststreet Capital Corporation	(39)	(19)
Kettles Hill Wind Energy Inc.	82	-
Creststreet 2004 Limited Partnership	-	(25)
Earth First Energy Inc.	-	(64)
WindWorks Energy Corp.	(9)	-
Wind Project Inc.	(3)	-
Windbreaker Energy Inc.	(22)	-
	<u>\$ 9</u>	<u>\$ 2,260</u>

6. Investment In Kettles Hill

On July 11, 2005, Creststreet Kettles Hill Windpower LP (“CKHLP”), a related party of the Partnership completed its initial public offering and raised \$40,000 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 reduces the Partnership’s interest from 100% to 16.98% and resulting in a dilution gain of \$1,975. As of July 11, 2005, the Partnership no longer controls Kettles Hill but has significant influence of Kettles Hill and as a result has ceased consolidation accounting and commenced equity accounting for its investments.

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 has been reduced and a future tax liability has been recorded equal to the estimated amount of future income taxes payable by Dokie, Bonavista, Windrise and Benchlands as a result of the renunciations, when the renunciations are made. Renunciations made during 2005 resulted in a future tax liability of \$1,137.

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, C.A.

Managing Director

Creststreet Capital Corporation

Officers of the General Partner

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

Erich Ossowski, *Vice-President, Windpower*

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