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Q3 2005

Creststreet Kettles Hill Windpower LP

Message to Unitholders

Creststreet Kettles Hill Windpower LP (the "Partnership") is pleased to issue the first report to unitholders and reports good progress in the third quarter of 2005. The Partnership closed its initial public offering of $40.0 million on July 11, 2005 and has invested substantially all of the net proceeds, after offering expenses and reserves, in Kettles Hill Wind Energy Inc. ("Kettles Hill") by way of flow through shares and subordinated notes.

Kettles Hill is situated near Pincher Creek, Alberta, approximately 200 kilometers south of Calgary and approximately 20 kilometers east of the Rocky Mountains. The site is adjacent to a 138kV transmission line.

The net proceeds of the offering are being used by the Partnership to finance the CRCE Phase which includes the purchase and installation of five test wind turbines with the related infrastructure including roads, buildings and interconnection transmission facilities with the Alberta electricity transmission grid. Should Kettles Hill proceed with the Infill Phase, the remainder of such funds will be used to partially finance the purchase and installation of 30 additional infill turbines and related infrastructure. The General Partner anticipates that most of the cost of the CRCE Phase qualifies for Canadian Renewable and Conservation Expense ("CRCE") which can be written off 100% by Limited Partners.

To date, roads, underground and overhead power lines, the substation and other related infrastructure have been constructed. Construction of the foundations for the five CRCE turbines is in process. The delivery of the towers for the five CRCE turbines is expected in late November, approximately 5 weeks behind schedule although Kettles Hill is entitled to compensation for the delay. The blades and nacelles, which house the generators, are on schedule for delivery in the first week of December. As a result, the General Partner expects the CRCE Phase to be completed four weeks late in the first half of January 2006. The interconnection agreement from the project to the transmission grid for Kettles Hill has been executed.

The total project remains on budget at an estimated total project cost of $111 million and its contingency remains unused. The balance of plant budget for the entire project, being approximately 25% of the capital cost of the project, is now expected to be $3.8 million over-budget due to the high activity levels in the Alberta construction market and the scarcity of resources. To date this has been offset by a continued depreciation in the Euro verses the Canadian dollar resulting in potential savings on the cost of the turbines sufficient to offset the expected balance of plant cost-overruns. The General Partner cautions that a reversal in the Canadian dollar could reduce these savings. The Partnership hedged 74% of its negative exposure on the Euro upon closing of the initial public offering to prevent material cost overruns on the cost of the turbines.

Capital spending for the Kettles Hill during the quarter totalled $31.5 million reflecting payments under the Turbine Supply Agreement and the Engineering, Procurements and Construction Services Agreement. Construction in progress costs now total $33.5 million representing 30.2% of the estimated total cost of the project.

Upon final commissioning of the CRCE Phase, the project will enter a 120 day test period required to qualify the expenses for CRCE tax treatment. Upon satisfactory completion of the test period, construction of the Infill Phase will commence to install and commission a remaining 30 wind turbines at Kettles Hill. Kettles Hill is negotiating a Construction Loan Facility to finance the Infill Phase with a financial institution which is scheduled for closing in December, 2005. In addition, Kettles Hill is negotiating a subordinated debt facility with another party to complete the funding requirements for the project.

We look forward to the completion of the CRCE Phase of Kettles Hill early in January 2006 at which time power production of the CRCE turbines will commence. Despite the delay, completion of the entire project is still scheduled for the end of the summer 2006 at which time the Partnership expects to enter into a process to provide liquidity for unitholders via an auction of the Partnership or the listing of its units.

The growth of wind power in Canada continues to be strong and the owner of the General Partner, Creststreet Capital Corporation ("Creststreet") continues to be active in the sector. Wind power government initiatives are under way in several provinces as both the public and industry expand their recognition of the environmental benefits, growing productivity and cost effectiveness of wind power. Creststreet's windpower financing structure has successfully financed three windpower projects and the Partnership is committed to capitalizing on the growth opportunities available in Canada.

On behalf of Creststreet Kettles Hill Windpower LP by its General Partner.

Eric McFadden
President and Chief Executive Officer
Creststreet Kettles Hill Windpower General Partner Limited

November 2005

Management Discussion and Analysis

For the three and nine months ended September 30, 2005 and 2004
(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 Kettles Hill Windpower LP (the "Partnership") based on assumptions the Manager of the Partnership considered reasonable at the time it was prepared on November 22, 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.

In July 2005, the Partnership completed its initial public offering of limited partnership units, raising gross proceeds of $40,000. The Partnership is investing in flow-through shares and subordinated notes of Kettles Hill Wind Energy Inc ("Kettles Hill"), which will construct and then operate a 63 MW wind energy project to generate electricity for sale to the Alberta power market at prevailing market prices. Substantially all of the cost of construction of the initial phase of the wind energy project will qualify as Canadian Renewable and Conservation Expense ("CRCE ") under the Income Tax Act (Canada). CRCE eligible expenses are 100% deductible for income tax purposes and will be flowed through to investors of the Partnership.

Kettles Hill is situated near Pincher Creek, Alberta, approximately 200 kilometers south of Calgary and approximately 20 kilometers east of the Rocky Mountains. The site is adjacent to a 138kV transmission line. Kettles Hill plans to erect 5 test wind turbines by December 2005 (the "CRCE" Phase or "Phase 1") and following a 120-day test period, and subject to satisfactory test results during such period, intends to erect a further 30 wind turbines (the "Infill Phase" or "Phase II").

The net proceeds of the offering are being used by the Partnership to finance the CRCE Phase, being the purchase and installation of five test wind turbines with the related infrastructure including roads, buildings and interconnection transmission facilities with the Alberta electricity transmission grid, and should Kettles Hill proceed with the Infill Phase, the remainder of such funds will be used to partially finance the purchase and installation of 30 additional infill turbines and related infrastructure.

Results of Operations

Operations have not yet commenced at the Kettles Hill facility. Revenues will commence at the completion of the construction of the initial five turbines.

For the three and nine months period ended September 30, 2005, the partnership earned $34 and $34 in interest income on short term investments, paid management fees of $471 and $471 and incurred administrative costs of $47 and $47 related to the operations of Partnership. Prior to July 11, 2005, the Partnership was inactive.

Financial Condition

Liquidity

Cash and cash equivalents and cash held in escrow amounted to $10,952 at September 30, 2005 and was provided by the initial public offering less amounts expensed on construction of Kettles Hill project, issue costs of the offering and administrative expenses.

Assets and Liabilities

At September 30, 2005 the Partnership had total assets of $44,644 including $4,801 of cash held in escrow, construction in progress of $33,464, and a net working capital position of $9,168. The construction in progress relates to 5 CRCE Phase Turbines, along with payments under the Engineering, Procurements and Construction Services Agreement. The funding was primarily provided from the initial public offering.

Business Acquisition

During the quarter, the Partnership acquired 17,603 shares for $23,588 to obtain 83.02% interest in the assets of Kettles Hill. The Partnership is obligated to subscribe for a further 168 shares in Kettles Hill for consideration of $225.

Contractual Obligations

Kettles Hill has entered into five lease option agreements with respect to the site for the wind energy project. The term of each lease agreement is 25 years, renewable for up to 20 years. The annual rent payable under each lease agreement is 2.5% of revenue.

Kettles Hill has entered into a Turbine Supply Agreement with Vestas-Canadian Wind Technology (“Vestas”) providing for the purchase of 35 wind turbines for a wind energy project facility.

Kettles Hill has also entered into a Warranty, Maintenance and Service Agreements (“WMS Agreement”) with Vestas which provided for certain warranties in connection with the wind turbines 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 only on substantial completion of the Phase II, 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 Kettles Hill 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 $5,613 to complete Phase I under the Turbine Supply Agreement and the WMS Agreement.

Kettles Hill has entered into an Engineering, Procurement and Construction Services Agreement ("EPCS") with Ramco Electrical Consulting Ltd. to design all non-turbine related aspects of the development project, purchase any non-turbine equipment purchases and manage the construction.

Kettles Hill has entered into a Consulting Agreement with Benign Energy Canada Inc. ("BECI"), a shareholder of Kettles Hill. The Consulting Agreement has a term ending on the date of substantial completion of Phase I. BECI will assist with supervision of the construction and administration of the EPCS and Turbine Supply Agreement. BECI will be paid:

i. A consulting fee of $1.0 million, payable upon Substantial Completion of the CRCE Phase ($320) on Substantial Completion of the Infill Phase ($320) and equal monthly instalments of $30 each beginning in August, 2005 and ending 12 months later.

ii. An incentive fee equal to 25 percent of the remaining unused Contingency payable upon Substantial Completion of Phase I and Phase II. The maximum fee payable to BECI under the Consulting Agreement is $1,875. In addition to this BECI will also be reimbursed for any out-of pocket expenses incurred in providing the services.

Kettles Hill has also entered into a Management Services Agreement with BECI to assist in the day-to-day operations of the facility which has a initial term of five years and will be renewed automatically unless BECI provides one year's prior written notice of its intention not to renew. BECI will be paid a monthly base fee of $6.7 from the Substantial Completion of Phase I until Substantial Completion of Phase II, following which the monthly base fee shall be increased to $16.7, or $200 annually, indexed to inflation. BECI will also be reimbursed for any out of pocket expenses.

Derivative Instruments

Kettles Hill entered into three option agreements to purchase Euro's to reduce foreign rate exposure on future purchases of wind turbines which were not entered into for trading or speculative purposes.

Date Entered	Principal Amount	Exercise Price	Cost	Expiry Date
July 11, 2005	EUR 5,000	$1.51 CAD per EUR	$168	April 7, 2006
July 11, 2005	EUR 10,000	$1.51 CAD per EUR	$349	April 28, 2006
July 11, 2005	EUR 5,000	$1.51 CAD per EUR	$206	June 15, 2006

Related Party Transactions

Creststreet Kettles Hill Management Limited (the "Manager") is entitled to a base fee equal to $40 per month from completion of the Initial Public offering until December 31, 2006, payable in equal monthly installments in arrears, and thereafter $500 per annum increased every twelve months in accordance with the percentage increases in the Canadian Consumers Price Index (the "CPI") plus 25% of any increase in distributions per unit above one dollar per unit (the "Manager's Fee"). The Manager has agreed to forfeit the Manager's Fee if and only if the Partnership is acquired by another entity managed by Creststreet Capital Corporation, such as Creststreet Power & Income Fund LP. In addition, the Manager was paid a one-time fee of $320 upon completion of the Initial Public offering. The Manager is also entitled to an incentive fee equal to 25 percent of the remaining unused Contingency payable upon Substantial Completion of the CRCE Phase and the Infill Phase, and reimbursement of its operating expenses incurred in providing the services under the Management Agreement.

Creststreet Kettles Hill Windpower General Partner Limited (the "General Partner") is reimbursed for reasonable costs incurred by it in acting as registrar and transfer agent and in attending to the administration of the Partnership.

Kettles Hill has entered a Financial Administration Agreement with Creststreet Capital Corporation ("CCC") to maintain the minute books and records of the Company and to provide it with other general accounting and cash management services in return for the reimbursement of expenses and a fee of $1.5 per month in the first year of the agreement, and thereafter a fee of $7.5 per month for the remaining term, subject to adjustments and inflation.

Kettles Hill issued 1.225 non-voting preferred shares to BECI for $1,225. The dividends were cumulative and to be paid equal to 7% per annum of the redemption price of $1 per share upon the completion of initial public offering. On July 11, 2005, the preferred shares were redeemed at the price of $1 per share for $1,225 and $46 of cumulative dividends were paid at the same time.

For the nine months period ended September 30, 2005, Creststreet Holdings Ltd.("CHL") was paid $64 to reimburse CHL for costs it had directly paid on behalf of the Partnership.

The amounts paid to related parties are as follows:

	Three months ended Sept. 30,		**Nine months ended Sept. 30,**	
	2005	2004	2005	2004
BECI	$1,335	$ -	$1,335	$ -
Manager	471	-	471	-
CHL	64	-	64	-
CCC	5	-	5	-
	$1,875	$ -	$1,875	$ -

Change in Partners' Equity

On July 11, 2005, the Partnership completed its offering of limited partnership units raising gross proceeds of $40,000. The Partnership paid agents fees of $2,700 being 6.75% of the gross proceeds raised through registered dealers and incurred $652 in issue costs to complete the offering. Partner's equity was also reduced by the net loss from operations of $484 for the nine months period ended September 30, 2005.

Outlook

The Manager continues to closely monitor construction of Kettles Hill. High activity levels in the Alberta construction market will continue to put pressure on construction costs. Although the depreciation of the Euro has provided potential savings on the cost of turbines, they cannot be realized until the commencement of the Infill Phase. The Manager monitors the ability to lock in some currency savings through additional hedging but those hedges carry substantive costs also.

The Partnership's subsidiary, Kettles Hill, has also signed a non-binding termsheet with a financial institution to provide $40 million of senior secured debt financing in connection with Phase II and is proceeding with documentation.

As of the close of its initial public offering, the Partnership received from Creststreet Power & Income Fund LP a non-binding expression of interest to invest in Kettles Hill to assist in funding Phase II construction and potentially acquire ownership of the project after completion of construction expected in late summer of 2006.

Risks and Uncertainties

The following is a list of risks and uncertainties related to the Partnership. For more detail on these risks and uncertainties, unitholders should refer to the prospects for the initial public offering.

- **Volatility in Revenues, Market Price for Electricity and Green Credits**
- **Availability of Wind Resource and Associated Wind Energy Production**
- **Variable Wind Resource**
- **Construction and Development Risks**
- **Fixed Costs under the Turbine Supply Agreement**
- **Possible Failure of the Test Phase**
- **WPPI Risk**
- **CRCE Risk**
- **Debt and Other Financing Facilities to Complete the Infill Construction Phase**
- **Turbine Design and Local Climatic Conditions**
- **No Liquidity**
- **Reliance on Supplier**
- **Regulatory Regime**
- **Permits**
- **Reliance on the General Partner and the Manager and the Potential for Conflicts of Interest**
- **Contract Performance**
- **Tax Related**
- **Force Majeure**
- **Insurance Limits**
- **Return of Distributions**
- **Indemnity Obligation**
- **Property Damage**
- **Loss of Limited Liability**

Consolidated Balance Sheet

As at September 30, 2005 and December 31, 2004

(All balances in thousands)		(unaudited) **Sept. 30, 2005**		**Dec. 31, 2004**
Assets:				
Current Assets				
Cash	$	6,151	$	-
Cash held in escrow (Note 5)		4,801		-
Accounts receivable		180		-
Prepaid expense		48		-
		11,180		-
Construction in progress (Note 6)		33,464		-
	$	44,644	$	-
Liabilities:				
Current Liabilities				
Accounts payable and accrued liabilities		1,862	-	-
Due to related parties (Note 8)		150		-
		2,012		-
Subordinated note payable (Note 8)		900		-
Future income tax liability (Note 9)		1,151		-
		4,063		-
Minority interest		4,417		-
Partners' equity (Note 10)		36,164		-
	$	44,644	$	-

Commitments (Note 7 and 8)

See accompanying notes to consolidated financial statements

Approved by Creststreet Kettles Hill Windpower General Partner Limited on behalf of Creststreet Kettles Hill Windpower LP

Robert J. Toole
Director

Eric McFadden
Director

Consolidated Income Statement (unaudited)

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

(All balances in thousands)	Three Months ended Sept. 30, 2005	Three Months ended Sept. 30, 2004	Nine Months ended Sept. 30, 2005	Nine Months ended Sept. 30, 2004
Revenue				
Interest income	$ 34	$ -	$ 34	$ -
Expenses:				
Management fees	471	-	471	-
Administrative fees	47	-	47	-
Total expenses	518	-	518	-
Net loss	$ (484)	$ -	$ (484)	$ -
Net loss per unit	$ (0.12)	$ -	$ (0.12)	$ -

Consolidated Statement of Partners' Equity (unaudited)

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

(All balances in thousands)	Three Months ended Sept. 30, 2005	Three Months ended Sept. 30, 2004	Nine Months ended Sept. 30, 2005	Nine Months ended Sept. 30, 2004
Partners' equity - beginning of period	$ -	$ -	$ -	$ -
Net loss	(484)	-	(484)	-
Proceeds from initial public offering	40,000	-	40,000	-
Payment of cost of issue	(652)	-	(652)	-
Payment of agents' fees	(2,700)	-	(2,700)	-
Partners' equity - end of period	$ 36,164	$ -	$ 36,164	$ -

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

(All balances in thousands)	Three Months ended Sept. 30, 2005	Three Months ended Sept. 30, 2004	Nine Months ended Sept. 30, 2005	Nine Months ended Sept. 30, 2004
Cash flows from operating activities:				
Net loss	$ (484)	$ -	$ (484)	$ -
Non-cash operating working capital:				
Increase in accounts receivable	(180)	-	(180)	-
Increase in prepaid expense	(48)	-	(48)	-
Increase in amounts due to related parties	150	-	150	-
	(562)	-	(562)	-
Cash flows from financing activities:				
Proceeds from issue of units	40,000	-	40,000	-
Cost of issuing / agent fees	(3,352)	-	(3,352)	-
Issue of share capital by subsidiary to minority interest	3,600	-	3,600	-
Issue of subordinated notes by subsidiary to minority interest	900	-	900	-
Preferred Share dividend by subsidiary	(46)	-	(46)	-
	41,102	-	41,102	-
Cash flows from investing activities:				
Expenditures on construction in progress	(31,450)	-	(31,450)	-
Increase in accounts payable and accrued liabilities	1,862	-	1,862	-
	(29,588)	-	(29,588)	-
Net increase in cash	10,952	-	10,952	-
Cash and cash equivalents, beginning of period	-	-	-	-
Cash and cash equivalents, end of period	$ 10,952	$ -	$ 10,952	$ -
Cash is comprised of:				
Cash	$ 6,151	$ -	$ 6,151	$ -
Cash held in escrow	4,801	-	4,801	-
	$ 10,952	$ -	$ 10,952	$ -
Supplemental cash information:				
Interest paid	$ -	$ -	$ -	$ -

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

As of September 30, 2005 and September 30, 2004
(unaudited, all amounts stated in thousands except where otherwise stated)

1. Creststreet Kettles Hill Windpower LP

Creststreet Windpower (II) LP was established as a limited partnership under the laws of the Province of Ontario on January 30, 2004. Effective on April 28, 2005, Creststreet Windpower (II) LP changed its name to Creststreet Kettles Hill Windpower LP (the "Partnership"). The Partnership was established to invest in flow-through shares and subordinated notes of Kettles Hill Wind Energy Inc ("Kettles Hill"), a Canadian company that will construct and then operate a wind energy project to generate electricity for sale to the Alberta power market at then prevailing market prices. At December 31, 2004 the Partnership had issued ten Units for ten dollars in cash consideration. The Partnership completed its initial public offering on July 11, 2006 and commenced developmental activities on July 11, 2005.

Kettles Hill wind energy project is located near Pincher Creek, Alberta. Kettles Hill plans to erect 5 test wind turbines by December 2005 ("Phase I") and following a 120-day test period, and subject to satisfactory test results during such period, intends to erect a further 30 wind turbines ("Phase II").

The general partner of the Partnership is Creststreet Kettles Hill Windpower General Partner Limited ("General Partner"). The General Partner has a 0.01 percent beneficial interest in the Partnership. The Manager of the Partnership is Creststreet Kettles Hill Windpower Management Limited (the "Manager"), a subsidiary of Creststreet Capital Corporation.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the following is a summary of significant accounting policies followed by the Partnership:

(a) Consolidation

The Partnership has consolidated Kettles Hill. At September 30, 2005, the Partnership owned 83.02% of the voting shares, and another partnership owns 16.98% of the voting shares of Kettles Hill. Pursuant to a flow-through share agreement between the Partnership and Kettles Hill, the Partnership will subscribe for up to 83.15% of the voting shares of Kettles Hill.

(b) 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 Limited Partners' Equity.

(c) Construction In Progress and Capital Assets

The assets of Kettles Hill are accounted for at cost. Cost includes construction in progress 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 construction in progress will be transferred to capital assets once commercial production commences. At the time of transfer, depreciation on a straight-line basis over 20 years will commence.

The Partnership regularly reviews the recoverability of construction in progress through an evaluation of the expected future cash flows from operation of the wind energy project to determine if there has been an impairment in the recoverable amount. Research and development costs which do not meet criteria for capitalization, including reasonable assurance regarding recoverability, are charged to earnings in the period incurred.

The capital assets will be constructed on leased land. Kettles Hill has entered into five lease option agreements with terms of each lease being 25 years, renewable for up to a further 20 years.

(d) Revenue Recognition

Revenue from electricity sales is recorded at the time electrical energy is delivered at market rates in the Alberta Power Pool.

(e) Income Taxes

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

Kettles Hill is a taxable Canadian corporation, subject to federal and provincial income taxes and capital taxes. The corporation accounts 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.

(f) Derivative Instruments

Option agreements are used to reduce foreign currency exposure on construction contracts. Kettles Hill does not enter into option agreements for trading or speculative purposes. However, the option agreements do not qualify for hedge accounting and, as such, are recorded at their fair value on the balance sheet, with changes in fair value recognized in income in the period they occur. Currently as Kettles Hill is a development stage company all such income/expense is deferred under deferred development costs.

(g) Minority Interest

Minority interest on the balance sheet represents the 16.98% interest held by Creststreet Windpower Development LP in the Class A voting shares of Kettles Hill at September 30, 2005 and the nominal interest of the Class B non-voting shares of Kettles Hill.

(h) Use of Estimates

The preparation of 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 financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

3. Business Acquisition

During the quarter, the Partnership acquired 17,603 shares for $23,588 to obtain 83.02% interest in the assets of Kettles Hill. The Partnership is obligated to subscribe for a further 168 shares in Kettles Hill for consideration of $225.

4. Option Agreements

On July 11, 2005, Kettles Hill entered into option agreements to purchase (i) EUR 5,000 at an exercise price of 1.5100 CAD per EUR for consideration of $168, expiring April 7, 2006; (ii) EUR 10,000 at an exercise price of 1.5100 CAD per EUR for consideration of $349, expiring April 28, 2006; (iii)EUR 5,000 at an exercise price of 1.5100 CAD per EUR for consideration of $206, expiring on June 15, 2006.

These option agreements are used to reduce foreign rate exposure on future purchases of wind turbines and were not entered into for trading or speculative purposes.

5. Cash held in Escrow

The Partnership entered into an escrow agreement dated June 30, 2005 in connection with the Partnership's remaining liability of $4,801 to Vestas-Canadian Wind Technology Inc. ("Vestas") for Phase I turbines. The escrow amounts will be released in two stages $3,201 to be released when the Phase I turbines are delivered and the remaining $1,600 to be released once the turbines have been commissioned and the required performance tests have been completed.

6. Construction In Progress

	Sept. 30, 2005	Dec. 30, 2004
Beginning of period	$ -	$ -
Deferred	33,464	-
End of period	$33,464	$ -

7. Commitments

Kettles Hill has entered into five lease option agreements with respect to the site for the wind energy project. The term of each lease agreement is 25 years, renewable for up to a further 20 years. The annual rent payable under each lease agreement is 2.5% of revenue.

Kettles Hill has entered into a Turbine Supply Agreement with Vestas-Canadian Wind Technology ("Vestas") providing for the purchase of 35 wind turbines for a wind energy project facility.

Kettles Hill has also entered into a Warranty, Maintenance and Service Agreements ("WMS Agreement") with Vestas which provided for certain warranties in connection with the wind turbines 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 only on substantial completion of the Phase II, 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 Kettles Hill 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 remaining commitment to Vestas at September 30, 2005 is $5,613 to complete Phase I under the Turbine Supply Agreement and the WMS Agreement.

Kettles Hill has entered into an Engineering, Procurement and Construction Services Agreement ("EPCS") with Ramco Electrical Consulting Ltd. to design all non-turbine related aspects of the development project, purchase any non-turbine equipment purchases and manage the construction.

Kettles Hill has entered into a Consulting Agreement with a shareholder, Benign Energy Canada Inc. ("BECI"). The Consulting Agreement has a term ending on the date of substantial completion of the Phase II. BECI will assist with supervision of the construction and administration of the EPCS and Turbine Supply Agreement. BECI will be paid:

i. A consulting fee of $1.0 million, payable upon Substantial Completion of the Phase I ($320) on Substantial Completion of the Phase II ($320) and equal monthly installments of $30 each beginning in August 2005 and ending 12 months later.

ii. An incentive fee equal to 25 percent of the remaining unused Contingency payable upon Substantial Completion of the Phase I and the Phase II respectively. The maximum fee payable to BECI under the Consulting Agreement is $ 1,875. In addition to this BECI will also be reimbursed for any out-of pocket expenses incurred in providing the services.

Kettles Hill has also entered into a Management Services Agreement with BECI to assist in the day-to-day operations of the facility which has an initial term of five years and will be renewed automatically unless BECI provides one year's prior written notice or its intention not to renew. BECI will be paid a monthly base fee of $6.7 from the substantial completion of the Phase I until Substantial Completion of the Phase II, following which the monthly base fee shall be increased to $16.7, or $200 annually, indexed to inflation. BECI will be reimbursed for any out of pocket expenses.

Kettles Hill has entered into an agreement with Plava Ventures Corp. to pay success fees of $50 upon the closing of Phase I construction financing and another $50 upon the completion of Phase II construction.

8. 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 of the Partnership.

Payments to the Manager

The Partnership has entered Management Agreement with the Manager dated May 31, 2005. The Manager is entitled to a base fee equal to $40 per month from completion of the initial public offering until December 31, 2006 and thereafter $500 per annum, payable monthly in arrears, and increased every twelve months in accordance with the percentage increases in the Canadian Consumer Price Index (the "CPI). The Manager is also entitled to an incentive fee per Unit outstanding as at December 31 of each year, payable annually, equal to 25 percent of the amount by which the three-year rolling average of cash distributions, (except in 2008, in which cash distributions will be used and in 2009, when the average of cash distributions in 2008 and 2009 will be used) calculated on a per Unit basis, exceeds $1.00 per Unit.

In addition, the Manager was paid a one-time fee of $320 upon completion of the initial public offering.

The Manager is also entitled to reimbursement of its operating expenses incurred in providing the services under the Management Agreement.

Kettles Hill has entered a Financial Administration Agreement with CCC to maintain the minute books and records of the Company and to provide it with other general accounting and cash management services in return for the reimbursement of expenses and a fee of $1.5 per month in the first year of the agreement, and thereafter a fee of $7.5 per month for the remaining term, subject to adjustments and inflation.

Kettles Hill issued 1.225 non-voting preferred shares to BECI for $1,225. The dividends were cumulative and to be paid equal to 7% per annum of the redemption price of $1 per share upon the completion of initial public offering. On July 11, 2005, the preferred shares were redeemed at the price of $1 per share for $1,225 and $46 of cumulative dividends were paid at the same time.

Kettles Hill has entered into a subordinated note with Creststreet Windpower Development LP ("CWDLP") for $900 to finance pre-development costs. Interest is charged at a rate of 10% per annum. As at September 30, 2005, the Partnership incurred and capitalized $42 interest expense to CWDLP.

For the nine months period ended September 30, 2005, fees charged by the Manager and General Partner in accordance with the Management Agreement and Financial Service Agreement amounted to $475.

For the nine months period ended September 30, 2005, Creststreet Holdings Ltd. ("CHL") was paid $64 to reimburse CHL for costs it had directly paid on behalf of the Partnership.

For the nine months period ended September 30, 2005, fees charged by the BECI in accordance with the Consulting Service Agreement amounted to $110.

The amounts due to related parties as at September 30, 2005 are as follows:

	Sept. 30, 2005	Dec. 31, 2004
Due to BECI, an investor in Kettles Hill	$ 3	$ -
Due to CCC	2	-
Due to CWDLP, an investor in Kettles Hill	81	-
Due to CHL., a related party of CCC	64	-
	$150	$ -

9. 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 as a result of the renunciations, when the renunciations are made. Renunciations made during 2005 resulted in a future tax liability of $1,151.

10. Sale of Units

On July 11, 2005 the Partnership issued 4,000 Limited Partnership Units for a total consideration of $40,000 before the deduction of issuance costs.

11. Fair Value of Instruments

At September 30, 2005 the carrying amount of cash, accounts receivable, accounts payable and due to related parties approximates fair value due to their short-term nature. The option agreements had a nominal fair value.

Directors of the General Partner

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President
Pivotal Capital Advisory Group

John P. A. Budreski
President and Chief Executive Officer,
Orion Securities Inc. and Orion Financial Inc.

Eric McFadden
Managing Director
Creststreet Capital Corporation

David P. Smith
Managing Partner
Enterprise Management Capital Inc.

Robert J. Toole
Managing Director
Creststreet Capital Corporation

Officers of the General Partner

Eric McFadden, *President and Chief Executive Officer*
Donna Shea, *Vice-President, Finance*
Mark Stewart, *Treasurer*
Arlene McLean, *Secretary*

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