



CRESTSTREET

Creststreet Windpower Development LP





CRESTSTREET

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 power projects with a focus on maximizing the amount of 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 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 \$8,000,000 with four Canadian wind energy projects. These four projects have over 800 megawatts of potential windpower development capacity. The Partnership presently estimates 55% of a Limited Partner's investment will qualify for certain deductions from income for 2004 income tax purposes.

Investments

Kettles Hill Wind Energy Inc.

The Partnership committed to invest \$4,500,000 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. Proceeds of the investment will be used to finance preliminary expenditures on a planned 63 megawatt wind energy project near Pincher Creek, Alberta. Subsequent to our investment commitment Kettles Hill signed a letter of intent with Vestas Wind Systems

A/S to be supplied with up to 35 V80 wind turbines and towers at a fixed price. Construction is scheduled to commence in mid 2005. Kettles Hill plans to finance the first "test" phase of the project via an initial public offering of partnership units of a new windpower flow-through limited partnership to be structured and marketed by Creststreet in late spring of 2005.

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.

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.

Bonavista Wind Power Inc.

Finally 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 Burnt Ridge, Newfoundland which is expected to have the potential for an installed capacity of up to 40 megawatts of renewable energy.

Outlook

Creststreet continues to evaluate attractive windpower projects for investment by the Partnership. Over \$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 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
March 28, 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 March 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 (the "Partnership") has invested in flow-through shares of four Canadian companies, Kettles Hill Wind Energy Inc., Dokie Wind Energy Inc, Bonavista Wind Power Inc. and 4246667 Canada Inc. (together the "Wind Energy Companies"). On January 26, 2005, 2426667 Canada Inc. changed its name to Windrise Power Inc. 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 and 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.

Liquidity

Cash at December 31, 2004 amounted to \$6,030,416 and was provided by the offering of limited partnership units of the Partnership less amounts expended on investments in Wind Energy Companies, issue costs of the offering and administrative expenses.

Assets and Liabilities

At December 31, 2004, the Partnership had total assets of \$12,745,995 including \$4,062,904 of cash held in escrow, deferred development costs of \$4,387,248 and net working capital of \$3,770,242. The deferred development costs relate to pre-construction development and were funded primarily from cash held in escrow. Further pre-construction development costs to be incurred subsequent to December 31, 2004 are approximately \$3.6 million.

Contractual Obligations

At December 31, 2004 the Partnership has entered into subscription agreements with the Wind Energy Companies to subscribe for Class A shares to fund the companies' expenditures as follows:

	Investment Pursuant To Subscription Agreements	Amount Advanced	Amount in Escrow	Amount Remaining to be Advanced
Kettles Hill	\$ 4,500,000	\$ 2,968,071	\$ 612,904	\$ 919,025
Dokie	2,500,000	50,000	2,450,000	-
Bonavista	500,000	-	500,000	-
Windrise	500,000	-	500,000	-
	<u>\$ 8,000,000</u>	<u>\$ 3,018,071</u>	<u>\$4,062,904</u>	<u>\$ 919,025</u>

Kettles Hill has signed a letter of intent with Vestas Wind Systems A/S to supply up to 35 V80 wind turbines and towers at a fixed price and plans to commence construction in mid 2005.

Related Party Transactions

Pursuant to a Joint Venture Agreement dated October 28, 2004 between two of the shareholders of Dokie, Creststreet Capital Corporation ("CCC") and Earth First Energy Inc. ("EFE"), CCC will earn a monthly fee of \$5,000 for financial and administrative services and EFE will earn a monthly fee of \$30,000 for services related to the development of the project.

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.

The amounts paid to related parties during 2004 are as follows:

Earth First Energy	\$ 64,200
Creststreet Capital Corporation	50,911
	<u>\$ 115,111</u>

Partners' Equity

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 the offering. Partner's equity was also reduced by the net loss from operations of \$330,411.

Results of Operations

For the period from inception at August 12, 2004 to December 31, 2004, the Partnership earned interest income of \$22,730, paid administrative costs of \$304,991 and management fees of \$48,150.

Outlook

Creststreet continues to evaluate attractive windpower projects for investment by the Partnership. Over \$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.

Auditor's Report

To the Directors of Creststreet Windpower Development General Partner Limited:

We have audited the consolidated balance sheet of Creststreet Windpower Development LP (a limited partnership) as at December 31, 2004 and the consolidated statement of operations, partners' equity and cash flows for the period from August 12 to December 31, 2004. These consolidated financial statements are the responsibility of the general partner of Creststreet Windpower Development LP. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at December 31, 2004, the results of its operations and its cash flows for the period from August 12 to December 31, 2004 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
March 28, 2005



Chartered Accountants

Consolidated Balance Sheet

As at December 31, 2004

2004

Assets:	
Current Assets	
Cash and cash equivalents	\$ 1,967,512
Cash held in escrow (Note 3)	4,062,904
Accounts receivable	67,900
Due from related parties (Note 5)	2,260,431
	8,358,747
Deferred development costs (Note 4)	4,387,248
	\$ 12,745,995
Liabilities:	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 525,601
Minority interest	1,351,539
Partners' equity	10,868,855
	\$ 12,745,995

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 August 12 to December 31, 2004

2004

Investment Income:	
Interest income	\$ 22,730
Expenses:	
Management fees (Note 5)	48,150
Administrative costs	304,991
	353,141
Net loss	\$ (330,411)

Consolidated Statement of Partners' Equity

For the period from August 12 to December 31, 2004	2004
Partners' equity - beginning of period	\$ -
Proceeds from Issue of Units (Note 8)	12,000,010
Payment of Agents' Fees	(586,000)
Payment of Costs of Issue	(214,744)
Net loss	(330,411)
Partners' equity - end of period	\$ 10,868,855

See accompanying notes to financial statements

Statement of Cash Flows

For the period from August 12 to December 31, 2004	2004
Cash flows from Operating activities:	
Net loss	\$ (330,411)
Increase in accounts receivable	(67,900)
Increase in accounts payable	435,358
	37,047
Cash flows from financing activities:	
Issue of Units	12,000,010
Issue costs	(800,744)
Increase in amounts due from related parties	(2,260,431)
	8,938,835
Cash flow from investing activities:	
Expenditure on deferred development costs	(3,035,709)
Increase in accounts payable for additions to deferred development costs	90,243
	(2,945,466)
Net increase in cash	6,030,416
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 6,030,416
Cash and cash equivalents is comprised of:	
Cash	\$ 1,967,512
Cash in escrow	4,062,904
	\$ 6,030,416

See accompanying notes to financial statements

Notes to Consolidated Financial Statements

December 31, 2004

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 December 31, 2004, 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.

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) Cash and Cash Equivalents

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

(b) Consolidation

These consolidated financial statements include the accounts of the Partnership and the accounts of Kettles Hill Dokie, Bonavista and Windrise in its financial statements. All inter-entity transactions have been eliminated.

(c) 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.

(d) Capital Assets and Deferred Development Costs

The windpower energy assets of Kettles Hill, Dokie, Bonavista and Windrise are accounted for at cost. Cost includes development costs and the cost of acquiring and constructing support facilities and wind turbines. Interest on debt incurred to construct capital assets is capitalized during the construction period. Costs of developing the windpower energy assets have been deferred until the assets are put into production. The capital assets are depreciated on a straight-line basis over 20 years.

The capital assets will be constructed on leased land. The Kettles Facility land leases have terms of 25 years and are renewable for a further period of 20 years. Leases for the other facilities will be put in place prior to construction.

(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, Dokie, Bonavista and Windrise are taxable Canadian corporations, subject to federal and provincial income taxes and capital taxes. The corporations will account for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying value and the tax basis of assets and liabilities. Future tax assets and liabilities are measured using enacted or substantively 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) Asset Retirement Obligation

Kettles Hill, Dokie, Bonavista and Windrise have adopted new accounting requirements of the Canadian Institute of Chartered Accountants as issued in Section 3110 "Accounting for Asset Retirement Obligations", which requires the Companies to record an asset and related liability for the costs associated with the retirement of long-lived tangible assets when a legal liability to retire such assets exists. The provisions of Section 3110 require the asset retirement obligations to be recorded at fair value at the time the liability is incurred. Accretion expense is recognized as an operating expense using the credit-adjusted risk-free interest rate in effect when the liability was recognized. The associated asset retirement obligations are capitalized as part of the carrying amount of the long-lived asset and depreciated over the estimated useful life of the asset.

The adoption of Section 3110 will not have a significant effect on the consolidated results of operations or financial position of the Partnership at December 31, 2004. As required under the standard, the Companies will make periodic assessments as to the reasonableness of its asset retirement obligation estimates and revise those estimates accordingly.

(g) 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. Cash Held in Escrow

In 2004, the Partnership entered into flow-through share subscription agreements to purchase \$3,425,000 of shares of Kettles Hill, \$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 December 31, 2004, the amount held in escrow was \$4,062,904.

4. Deferred Development Costs

On October 29, 2004, Kettles Hill acquired assets related to the wind energy project from Benign Energy Canada Inc. for consideration of 125 Class B shares, 250 preferred shares, and up to an additional 975 preferred shares. As at the year end the 975 shares were still not issued but are expected to be issued during 2005. The preferred shares have been recorded at their redemption value of \$1,225,000 which amount has also been attributed to the value of the development costs acquired. The preferred shares are represented as minority interest on the consolidated balance sheet and are entitled to a 7% cumulative annual dividend commencing January 1, 2005. These shares are redeemable at the option of the holder or Kettles Hill for \$1,000 per share at any time after the Partnership has completed an initial public offering.

On December 16, 2004, Dokie acquired assets related to the wind energy project from Earth First Energy Inc. for consideration of 15,000 preferred shares. The fair value of the deferred development costs was \$82,337 and the fair value of the preferred shares was \$82,337. The preferred shares are represented as minority interest on the consolidated balance sheet and the holders of the shares are not entitled to receive dividends from the Company. Holders are entitled to exchange a portion of their preferred shares dependant upon the forecasted energy output of each wind energy project being financed for construction. Such portion of preferred shares may be exchanged into Class A Shares at a price per share issued to finance the first stage of each respective wind energy project.

On December 31, 2004, Windrise acquired assets related to the wind energy project from Windbreaker Energy Corp. for consideration of up to 500 preferred shares. The fair value of the deferred development costs was \$44,202 and the fair value of the preferred shares was \$42,202. The preferred shares have not been issued at year end, but are expected to be issued during 2005. The number of preferred shares to issued expected to be 44 shares. The preferred shares are represented as minority interest on the consolidated balance sheet and the holders of these share are not entitled to receive dividends of the Company. The shares are redeemable at the option of the holder or the Company upon the closing of the Phase I construction financing.

On December 31, 2004, Bonavista has not yet incurred any deferred development costs.

The following summarizes the deferred development costs to December 31, 2004:

Kettles Hill Wind Energy Inc.	December 31, 2004
Deferred development costs beginning of period	\$ -
Development costs deferred	4,199,555
Deferred development costs, end of period	\$ 4,199,555
Dokie Wind Energy Inc.	December 31, 2004
Deferred development costs beginning of period	\$ -
Development costs deferred	143,491
Deferred development costs, end of period	\$ 143,491
Windrise Power Inc.	December 31, 2004
Deferred development costs beginning of period	\$ -
Development costs deferred	44,202
Deferred development costs, end of period	\$ 44,202
Total deferred development costs, end of period	\$ 4,387,248

5. Related Party Transactions

Pursuant to a Joint Venture Agreement dated October 28, 2004 between two of the shareholders of Dokie, Creststreet Capital Corporation (“CCC”) and Earth First Energy Inc. (“EFE”), CCC will earn a monthly fee of \$5,000 for financial and administrative services and EFE will earn a monthly fee of \$30,000 for services related to the development of the project. Dokie incurred \$62,580 in 2004 under these agreements.

The Partnership agreed to pay 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 December 31, 2004, fees paid to CCC were \$48,150.

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

	December 31, 2004
Due from the General Partner	\$ 2,368,442
Creststreet Capital Corporation	(18,811)
Creststreet 2004 Limited Partnership	(25,000)
Earth First Energy Inc.	(64,200)
	\$ 2,260,431

The amount due from the General Partner represents proceeds from the issuance of units in the Partnership. Such funds were transferred to the Partnership shortly after year-end.

6. Commitments

The following commitments to purchase shares were made by the Partnership during 2004:

	Investment Pursuant To Subscription Agreements	Amount Advanced	Amount in Escrow	Amount Remaining to be Advanced
Kettles Hill	\$ 4,500,000	\$ 2,968,071	\$ 612,904	\$ 919,025
Dokie	2,500,000	50,000	2,450,000	-
Bonavista	500,000	-	500,000	-
Windrise	500,000	-	500,000	-
	\$ 8,000,000	\$ 3,018,071	\$4,062,904	\$ 919,025

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 letter of intent with Vestas Canadian Wind Technology (“Vestas”) providing for the purchase of 35 wind turbines for a wind energy project facility. The matters covered in the letter of intent include the instalments to be paid to Vestas and the timing of the associated wind turbines deliveries amongst other details. The details are subject to entering into definitive agreements. At December 31, 2004, a deposit of \$1,987,096 was made to Vestas.

During the year, the Kettles Hill entered into an agreement with Plava Ventures Corp. to pay success fees of \$50,000 upon the closing of the Phase I construction financing and another \$50,000 upon the completion of Phase II construction.

Creststreet Capital Corporation has entered into letters of intent with the developer of each wind project that contemplate the provisions of joint participation in the development, financing, construction and operation of the projects. The matters covered in the letters of intent include the fees to be paid to CCC and the developers related to construction management services. The details of these provisions are subject to the economic viability of each specific project and entering into definite agreements.

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.

8. Sale of Units

In December 2004 the Partnership issued 1,200,001 Limited Partnership Units for a total consideration of \$12,000,010 before the deduction of issuance costs.

9. Fair Value of Instruments

At December 31, 2004 the carrying amount of cash, accounts receivable, accounts payable and due from related parties approximates fair value due to their short-term nature.

10. Subsequent Event

On January 10, 2005, Kettles entered into an option agreement to purchase EUR 20,000,000 at an exercise price of 1.6515 CAD per EUR for consideration of \$510,000. The option will expire on June 30, 2005.

The option agreement is used to reduce foreign exchange rate exposure on future purchases of wind turbines and was not entered into for trading or speculative purposes.

Creststreet Corporate Information

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Managing Director
Creststreet Capital Corporation

Donna Shea, C.A.
Vice-President, Finance
Creststreet Capital Corporation

Robert J. Toole
Managing Director
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