



Creststreet 2007 Limited Partnership

Annual Information Form dated May 29, 2009

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Notice to Unitholders

CRESTSTREET 2007 LIMITED PARTNERSHIP IS ORGANIZED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF A LIMITED PARTNERSHIP AGREEMENT WHICH PROVIDES THAT NO UNITS MAY BE OWNED BY, AMONG OTHERS, A PERSON WHO IS A "NON-RESIDENT" OF CANADA FOR PURPOSES OF THE *INCOME TAX ACT* (CANADA) OR A PARTNERSHIP OR A PERSON WHO HAS FINANCED THE ACQUISITION OF THE UNITS WITH A BORROWING OR OTHER INDEBTEDNESS FOR WHICH RECOURSE IS, OR IS DEEMED TO BE, LIMITED FOR THE PURPOSES OF THE *INCOME TAX ACT* (CANADA).

Forward-looking statements

This Annual Information Form contains forward-looking statements. Statements contained in this Annual Information Form that are not historical facts are forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, but are not limited to, (i) the expected timing of the Final Transfer (as defined below) and Final Distribution (as defined below), (ii) the ability of the parties to the Final Transfer Agreement (as defined below) to fulfill their obligations thereunder, and (iv) the ability of Creststreet 2007 Limited Partnership to sell its securities of private issuers prior to May 27, 2011. Actual results, performance and achievements are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Annual Information Form. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the presence of a market for the Creststreet 2007 Limited Partnership's private investments prior to May 27, 2011. While Creststreet 2007 General Partner Limited, the general partner of Creststreet 2007 Limited Partnership, anticipates that subsequent events and developments may cause its views to change, the general partner specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the general partner's views as of any date subsequent to the date of this Annual Information Form. Although the general partner has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect Creststreet 2007 Limited Partnership. Additional factors are described in the Management Information Circular of Creststreet 2007 Limited Partnership dated April 21, 2009 under the heading "Risk Factors".

Information contained in this Annual Information Form

This Annual Information Form does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Unitholders should not construe the contents of this Annual Information Form as legal, tax or financial advice.

The information contained in this Annual Information Form is given as at May 29, 2009, except where otherwise noted. All amounts in this Annual Information Form are expressed in Canadian dollars (“\$”), unless otherwise indicated.

Name, formation and history of the Partnership

This Annual Information Form contains information about Creststreet 2007 Limited Partnership (the “Partnership”).

The Partnership was formed under the *Limited Partnerships Act* (Ontario) on November 20, 2006 pursuant to the filing of a declaration and a limited partnership agreement, which was amended and restated as of January 30, 2007 and further amended on May 14, 2009 (the “Limited Partnership Agreement”). The registered office and principal place of business of the Partnership is 70 University Avenue, Suite 1450, Toronto, Ontario M5J 2M4.

Creststreet 2007 General Partner Limited (the “General Partner”) is the general partner of the Partnership and manages the business, investment and administrative affairs of the Partnership. Creststreet Asset Management Limited (“Creststreet”), a corporation registered as an investment counsel and portfolio manager in Ontario, provides investment, management, administration and other services to the Partnership. The General Partner is a wholly-owned subsidiary of Creststreet.

The Partnership completed its initial public offering of limited partnership units (the “Units”) in 2007, raising an aggregate of \$58,570,610 for investment in-flow through securities of Canadian resource companies in three closings on February 15, 2007, March 15, 2007 and June 29, 2007. The proceeds were substantially invested by December 31, 2007, generating tax deductions applicable to the 2007 taxation year for unitholders of the Partnership (the “Unitholders”).

As described in the prospectus of the Partnership dated January 30, 2007 (the “Prospectus”), in order to provide Unitholders with greater flexibility for liquidity and continuing management and rationalization of the portfolio, the Partnership was originally scheduled to complete an exchange transaction (the “Mutual Fund Rollover Transaction”) on or about January 23, 2009 pursuant to which the Partnership would transfer all of its assets to Creststreet Mutual Funds Limited (“CMFL”) in exchange for shares (the “Mutual Fund Shares”) of the Creststreet Resource Fund (“CRF”), a public mutual fund managed by Creststreet. Immediately thereafter, the Partnership would be dissolved and the Mutual Fund Shares would be distributed *pro rata* to the Unitholders on a tax-deferred basis. Unitholders would then be able to redeem their Mutual Fund Shares at any time on or after May 29, 2009.

In December 2008, the General Partner determined that the Partnership would not be permitted to complete the Mutual Fund Rollover Transaction on January 23, 2009. Due to the unprecedented instability in the markets for public energy securities, private energy securities then comprised approximately 26.7% of the Partnership’s net assets. In order to transfer the assets of the Partnership to CMFL, under applicable securities legislation, the percentage of the net assets of CRF made up of private securities must, immediately after the transfer, be 10% or less (which it would not have

been). In accordance with the Limited Partnership Agreement, the General Partner sent a notice to the Unitholders on December 15, 2008 extending the date upon which the Mutual Fund Rollover Transaction would occur and the Partnership would be dissolved from January 23, 2009 to a date no later than May 29, 2009.

Due to the continuing instability in the markets for public energy securities, the Partnership determined that it would be unable to reduce the private securities component of its investment portfolio to a level that would permit it to complete the Mutual Fund Rollover Transaction by May 29, 2009. Accordingly, on April 21, 2009, the General Partner called a special meeting of Unitholders to consider a reorganization of the Partnership (the "Reorganization") that would provide Unitholders with liquidity on the portion of the Partnership's investment portfolio comprised primarily of public securities and cash by May 29, 2009 and was expected to provide liquidity on the portion of the Partnership's investment portfolio comprised primarily of private securities by May 27, 2011. At the special meeting held on May 14, 2009, Unitholders approved the Reorganization by extraordinary resolution. The board of directors of the General Partner, of which three of the four members are independent, approved the Reorganization. Mr. Robert Toole, the only non-independent director on the board of directors, abstained from voting on those transactions comprising the Reorganization involving related parties of the Partnership of which he is a director or officer. The Independent Review Committee (the "IRC") for the Partnership, whose three members are the independent directors of the Board of Directors of the General Partner, also approved the Reorganization.

The Reorganization consists of the following transactions and steps.

1. On May 14, 2009, the Limited Partnership Agreement was amended to, among other things, extend the dissolution date of the Partnership from May 29, 2009 to May 27, 2011 (or, in certain circumstances, if the General Partner so determines to an earlier date or a date not later than November 30, 2011) and to change the investment objective, strategies and restrictions of the Partnership.
2. On May 14, 2009, the transfer agreement dated January 30, 2007 between the Partnership and CMFL pursuant to which the Mutual Fund Rollover Transaction was to have been completed was terminated.
3. On May 27, 2009, the Partnership completed the transfer (the "Initial Transfer") of substantially all of the public securities component of the Partnership's investment portfolio, along with cash and certain private securities (representing approximately 70% of the net asset value of the Units of the Partnership on May 27, 2009), to Creststreet Opportunities Fund Inc. (the "Corporation") in exchange for Series 2009 shares (the "Initial Shares") of the Creststreet Energy Opportunities Fund (the "Fund") of equal value, on and subject to the terms and conditions set forth in the first transfer agreement between the Partnership and the Corporation dated April 21, 2009 (the "Initial Transfer Agreement"). The Initial Transfer was completed on a taxable basis.
4. On May 27, 2009, immediately after the Initial Transfer, the Partnership distributed the Initial Shares on a pro rata basis to Unitholders as a return of capital (the "Initial

Distribution”) immediately after the Initial Transfer. Unitholders received 0.20786714666 Series 2009 shares of the Fund for each Unit of the Partnership held.

5. The Partnership will transfer (the “Final Transfer”) all of the remaining assets and property of the Partnership to the Corporation in exchange for Series FTS 2011A shares (the “Final Shares”) of the Fund on and subject to the terms and conditions set forth in the second transfer agreement between the Partnership and the Corporation dated April 21, 2009 (the “Final Transfer Agreement”). The purchase price payable for such purchased assets and property will be satisfied by the issuance to the Partnership of the Final Shares which will have an aggregate net asset value equal to the value of such purchased assets and property, valued in accordance with the valuation principles applicable to the Fund’s assets which are similar in all material respects to those applicable to the Partnership’s assets. Elections will be made under the *Income Tax Act* (Canada) (the “Tax Act”) and applicable provincial legislation that such sale take place on a tax-deferred “rollover” basis. The General Partner currently expects the Final Transfer to be completed on or before May 27, 2011.
6. Immediately after the Final Transfer, the Partnership will be dissolved and the Final Shares will be distributed as to 0.01% to the General Partner and as to 99.99% on a pro rata basis to Unitholders on a tax-deferred basis (the “Final Distribution”).

The Fund is a class of shares of the Corporation, a mutual fund corporation incorporated on August 27, 2008 under the *Canada Business Corporations Act*. Creststreet is the manager of the Fund. Creststreet expects that the Corporation will qualify as a “mutual fund corporation” under the ITA within 90 days following the completion of the Initial Transfer. The Fund issues Series A shares and Series F shares on a continuous basis at their respective net asset values per share pursuant to a confidential offering memorandum. The Fund issued Series 2009 Shares in connection with the Initial Transfer and will issue Series FTS 2011A Shares in connection with the Final Transfer. The Fund may issue other series of shares from time to time. The Fund is not a reporting issuer and is not subject to the restrictions that apply to public mutual funds such as CRF under National Instrument 81-102 of the Canadian securities regulatory authorities.

The Fund pays Creststreet (i) a monthly management fee equal to 1/12 of 2% of the net asset value of each series of shares, (ii) a performance fee (calculated and accrued monthly and paid at the end of each calendar quarter) equal to 20% of the amount, if any, by which the performance of the Fund exceeds the previous high-water mark for the applicable series of shares, and (iii) except in respect of the Series F shares, a dealer service fee (calculated and accrued monthly and paid at the end of each calendar quarter) equal to 1% per annum of the net asset value of the applicable series of shares.

Shares of the Fund redeemed within the first 6-month period following the date of purchase are subject to a redemption price reduction equal to 3% of the net asset value of the Shares redeemed. Shares redeemed within the 12-month period following the expiration of such 6-month period are subject to a redemption price reduction equal to 1.5% of the net asset value of the Shares redeemed. Thereafter, no redemption price reduction is applicable. Unitholders who received Series 2009 Shares of the Fund from the Partnership in connection with the Initial Distribution or receive Series FTS 2011A Shares of the Fund from the Partnership in connection with the Final Distribution will not be subject to the Fund’s redemption price reductions in respect of such shares.

The Series FTS 2011A Shares of the Fund will be redeemable at their net asset value at the close of business on the last business day of each calendar month, commencing on the last business day of March of the year that they are issued, provided that the request for redemption is received at least 15 business days prior to such redemption date. The high watermark of the Series FTS 2011A Shares will be set at a price per share equal to the greater of (i) original \$10.00 issue price of the Partnership's Units divided by the net asset value per Unit of assets transferred to the Corporation pursuant to the Final Transfer Agreement multiplied by the net asset value of the Series FTS 2011A Shares received pursuant to the Final Transfer Agreement and (ii) the net asset value of the Series FTS 2011A Shares received pursuant to the Final Transfer Agreement. Dividends may be paid on the other series of shares of the Fund without paying a dividend on the Series FTS 2011A Shares and dividends may be paid on the Series FTS 2011A Shares without paying a dividend on the other series of shares of the Fund. If the board of directors of the Corporation determines in its discretion that the Corporation would be liable for taxes on net realized capital gains in respect of properties acquired from the Partnership because their cost for tax purposes was lower than their fair market value, the board of directors of the Corporation intends to declare capital gains dividends on the Series FTS 2011A Shares in order to eliminate that tax liability. Such dividends would be paid in additional Series FTS 2011A Shares and, immediately following such payment, the Corporation would file articles of amendment to consolidate the Series FTS 2011A Shares on a basis to reduce the number of Series FTS 2011A Shares outstanding to that number of Series FTS 2011A Shares outstanding before the payment of the dividend. On the later of (i) the last business day in March following the calendar year in which the Series FTS 2011A Shares are issued and (ii) the last business day in the calendar month following the calendar month in which the high watermark of the Series FTS 2011A Shares is equal to or less than the net asset value per Series FTS 2011A Share, any Series FTS 2011A Shares that remain outstanding after giving effect to any redemptions to be implemented on such date will be converted into Series A Shares of equal value.

Additional information regarding the Fund is disclosed in the Management Information Circular of Partnership dated April 21, 2009.

Investment objective

The new investment objective of the Partnership is to provide Unitholders with long-term capital growth through fundamental securities selection in the global energy sector by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. The Partnership will endeavour to dispose of all of its remaining private energy securities and reinvest the net proceeds in accordance with this investment objective and the strategies and restrictions described below.

Investment strategies

The General Partner intends to take long and short positions in stocks, bonds and commodities directly or indirectly to provide the best appreciation potential. The allocation of long and short positions will vary depending on the opportunities the General Partner believes have the best reward per share of risk. The General Partner anticipates that its investment strategy will generate both capital gains and income.

In executing this strategy, the following core techniques will be employed:

Investing Long in Undervalued Securities

Making long investments in securities including stocks, bonds and commodities that the General Partner believes are undervalued and/or have earnings and sales growth that are not recognized by other investors.

Short Selling Overvalued Securities

Short selling of securities including stocks, bonds and commodities which the General Partner believes are overvalued and/or have deteriorating fundamentals such as a decline in market share, sales or earnings and other negative factors.

Managing Long and Short Positions

Managing the relative weightings of long and short positions to optimize absolute return.

Pairs Trading

Taking a short position from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the General Partner feels the long position will appreciate in value when compared to the short position.

Convertible Arbitrage

Purchasing convertible securities of an issuer while short selling the security into which the convertible security may be converted. The objective is to gain from the mispricing of the convertible security and the underlying converted security.

Warrant Arbitrage

Capturing the potential mispricing between a security and the associated warrant for the security. The warrant is held long and the security is sold short.

IPOs

Participating in initial public offerings and secondary offerings.

Commodities

Investing in certain commodity futures contracts for speculative and/or hedging purposes. The General Partner will not enter commodity contracts with the intention of taking delivery of the commodity but only to gain exposure to directional movements in commodity prices as identified by the General Partner.

The Partnership's assets may at any time include long or short positions in Canadian, U.S. or other foreign common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or debentures, convertible securities, swaps, options, futures contracts and other derivative instruments and other securities.

Investment restrictions and practices

We may not change the investment objective, strategies or restrictions of the Partnership without first obtaining approval of 66 $\frac{2}{3}$ % of the votes of the Unitholders at a meeting to consider the change. Notwithstanding the foregoing, the investment restrictions of the Partnership may be changed as required to comply with applicable law (in which case the General Partner will promptly notify the Unitholders of such amendments if they are material).

The Partnership has no geographic, asset class or market capitalization restrictions.

The Partnership is subject to the following investment restrictions. For the purpose of the restrictions listed below, all percentage limitations apply only immediately after a transaction and any subsequent change in any applicable percentage resulting from changing values will not require disposition of any securities:

Concentration – the total amount invested by the Partnership in any one issuer will not exceed 25% of the Net Asset Value (as defined below) at the time of purchase. This restriction will not apply to the purchase of shares of the Fund by the Partnership from the Corporation, as described above under the heading “Name, formation and history of the Partnership”.

Sole Undertaking – the Partnership will not engage in any undertaking other than the investment of the Partnership’s assets in accordance with the Partnership’s investment objective and strategies and subject to the Partnership’s investment restrictions.

No Material Interest – the Partnership will not purchase securities from, or sell securities to, the General Partner, Creststreet or any of their affiliates or any officer, director or shareholder of any of them, or any of their respective affiliates or any firm or corporation in which any officer, director or shareholder of the General Partner or Creststreet may have a material interest (which, for these purposes, includes beneficial ownership or more than 10% of the voting securities of such entity). This restriction will not apply to the purchase of shares of the Fund by the Partnership from the Corporation, as described above under the heading “Name, formation and history of the Partnership”.

Private Issuers – The Partnership may not invest in additional securities of private issuers.

Flow-Through Securities – The Partnership may not invest in additional common shares which are “flow-through shares” as defined in subsection 66(15) of the Tax Act and which entitle the Partnership to a renunciation of “Canadian exploration expense” as defined in subsection 66.1(6) of the Tax Act or in securities entitling the subscriber to an allocation of “Canadian exploration expense” in an amount equal to all or substantially all of the subscription price of such other securities.

No Borrowing – The Partnership will not borrow cash to make investments.

Description of Units of the Partnership

The interests of the Unitholders are divided into and represented by an unlimited number of Units, of which 5,857,061 Units have been issued to the Unitholders of the Partnership. The Partnership

may not issue any additional Units. Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unit. The Units are not redeemable. The following is a summary of material attributes and characteristics of the Units as set out in the Limited Partnership Agreement. The rights and obligations of the Unitholders and the General Partner are governed by the laws of the Province of Ontario and the Limited Partnership Agreement.

Representations, warranties and covenants

The Limited Partnership Agreement includes representations, warranties and covenants on the part of each Unitholder that the Unitholder is not a “non-resident” of Canada for the purposes of the Tax Act, that the Unitholder will maintain such status during such time as the Units are held by the Unitholder, that the Unitholder is not a partnership and that payment of the subscription price of the Unitholder’s Units was not financed with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act. The General Partner may require those Unitholders who are non-residents of Canada for the purposes of the Tax Act or a partnership to sell their Units to residents of Canada within a specified period of not less than five days. In addition, if the General Partner becomes aware that owners of 45% or more of the Units then outstanding are, or may be, financial institutions or that such a situation is imminent, the General Partner may require these Unitholders to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Unitholder fails to comply with any such request, the General Partner shall have the right in either case to sell such Unitholder’s Units at their most recent Net Asset Value less a 5% discount or the Partnership may redeem such Unitholder’s Units at their most recent Net Asset Value less a 5% discount.

Net income or loss

Subject to the reduction in the allocation of the proportionate share of a loss of the Partnership to Unitholders who have financed the acquisition of Units with indebtedness for which recourse is or is deemed to be limited for the purposes of the Tax Act and to the Performance Bonus Allocation, the Partnership will allocate pro rata among the Unitholders of record on the last day of each fiscal year 99.99% of the net income or loss of the Partnership for such fiscal year and on dissolution. If the Performance Bonus Allocation is payable, the General Partner will be allocated an amount of income of the Partnership equal to the lesser of such income and the Performance Bonus Allocation (and will be liable to tax thereon), and the remaining net income will be allocated to the Unitholders and the General Partner as set out above.

Performance bonus allocation

The General Partner will be entitled to an additional distribution of Partnership property on the dissolution of the Partnership (the “Performance Bonus Allocation”) in an amount equal to (i) 20% of the amount by which the Net Asset Value per Unit on the date of dissolution (excluding the effect of distributions, if any) exceeds \$11.20 per Unit, multiplied by (ii) the number of Units outstanding at such date. The General Partner has agreed that the Performance Bonus Allocation, if any, will be paid in Series FTS2011A Shares if the Partnership’s assets are transferred to the Corporation in exchange for Series FTS2011A Shares unless payment in Series FTS2011A Shares is not permitted

by applicable law. If the Partnership's assets are not transferred to the Corporation, the Performance Bonus Allocation, if any, will be paid to the General Partner in cash.

Distributions

Other than the Final Distribution, the General Partner does not expect to make, but is not precluded from making, cash distributions to partners prior to the dissolution of the Partnership. The Performance Bonus Allocation, if any, will be paid to the General Partner on the date of dissolution of the Partnership.

Voting rights of Unitholders

Each Unitholder is entitled to one vote for each Unit held. The General Partner is entitled to one vote in its capacity as General Partner. The General Partner may at any time convene a meeting of the partners of the Partnership and will be required to convene a meeting on receipt of a request in writing of Unitholders holding, in aggregate, 25% or more of the Units then outstanding. A quorum consists of two or more Unitholders present in person or by proxy and representing not less than 10% of the Units then outstanding in the case of an ordinary resolution and 50% of the Units then outstanding in the case of an extraordinary resolution. If a quorum is not present at any meeting within thirty minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days nor more than 21 days later, selected by the General Partner and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum. The General Partner in respect of any Units which may be held by it from time to time, insiders of the Partnership (as such expression is defined in the *Securities Act (Ontario)*), affiliates of the General Partner and any director or officer of such persons, who hold Units shall not be entitled to vote on any extraordinary resolution to be adopted by the Unitholders.

Liquidation or other rights upon the Dissolution of the Partnership

The Limited Partnership Agreement provides that if (i) the Corporation qualifies as a mutual fund corporation for the purposes of the Tax Act at the time of the transfer of the assets to the Corporation and (ii) the Corporation may acquire the assets of the Partnership under applicable securities laws and issue the Final Shares in exchange therefor to the Partnership and that such Final Shares may then be distributed to the Unitholders, the General Partner will be irrevocably authorized to transfer the assets of the Partnership to the Corporation in exchange for the Final Shares on or about the dissolution date of the Partnership and to file the appropriate elections under applicable income tax legislation to effect the transfer on a tax-deferred basis. Following the transfer of assets to the Corporation and payment in Final Shares of the Performance Bonus Allocation, if any, to the General Partner, the General Partner is irrevocably authorized to implement the dissolution of the Partnership. Upon dissolution, the General Partner will receive 0.01% of the Final Shares and the Unitholders 99.99% of the remaining Final Shares on a tax-deferred basis, which Final Shares will be redeemable by the holders thereof.

Unless on or before April 27, 2011, the General Partner gives notice to the Unitholders of the extension of the term of the Partnership to a date not later than November 30, 2011 or the General Partner provides prior notice that the Partnership can be dissolved earlier, the Partnership shall be

dissolved on or about May 27, 2011. In addition, the Unitholders may extend the date of dissolution by extraordinary resolution of the Unitholders.

Rights of transfer of Units

Only whole Units are transferable. A Unitholder may transfer all or part of the Unitholder's Units by delivering to the General Partner a form of transfer acceptable to the General Partner, duly executed by the Unitholder, as transferor, and the transferee. The transferee, must agree to be bound by the Limited Partnership Agreement as a Unitholder as if the transferee had personally executed the Limited Partnership Agreement and must represent and warrant that they are not "non-residents" within the meaning of the Tax Act and covenant to maintain such status during such time as the Units are held by them. A transferee executing the transfer must also represent and warrant that the transferee is not a partnership and that the transferee's acquisition of the Units from the transferor was not financed with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act, ratify and confirm the power of attorney given to the General Partner in Article XIX of the Limited Partnership Agreement and, unless the transferee provides written notice to the contrary to the General Partner with the delivery of such executed transfer form, shall be deemed to represent and warrant that the transferee is not a "financial institution" within the meaning of subsection 142.2(1) of the Tax Act and to covenant that the transferee will not become a "financial institution" while the transferee holds Units.

The General Partner may accept or reject a transfer, in its sole discretion, and will deny the transfer of Units to a "non-resident" for the purposes of the Tax Act, to a partnership, or to a transferee who has financed the acquisition of the Units with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act.

Pursuant to the provisions of the Limited Partnership Agreement, when a transferee of Units has been registered as a Unitholder in accordance with the Limited Partnership Agreement, the transferee shall become a party to the Limited Partnership Agreement and shall be subject to the obligations and entitled to the rights of a Unitholder under the Limited Partnership Agreement. A transferor of Units will remain liable to reimburse the Partnership for any amounts distributed to the transferor by the Partnership which may be necessary to restore the capital of the Partnership to the amount existing immediately prior to such distribution, if the distribution resulted in a reduction of the capital of the Partnership and the incapacity of the Partnership to pay its debts as they became due.

Provisions as to amendment of any of these rights or provisions

The Limited Partnership Agreement may only be amended with the consent of the Unitholders given by extraordinary resolution passed by holders of not less than 66²/₃% of the Units voting thereon. However, unless all of the Unitholders consent thereto, no amendment can be made to the Limited Partnership Agreement which would have the effect of reducing the interest in the Partnership of any Unitholder, changing in any manner the allocation of income or loss for tax purposes, changing the liability of any Unitholder, allowing any Unitholder to participate in the control or management of the business of the Partnership, changing the right of a Unitholder or the General Partner to vote at any meeting or changing the Partnership from a limited partnership to a general partnership. In addition, no amendment can be made to the Limited Partnership Agreement which would have the

effect of reducing the General Partner's share of the net income or assets of the Partnership, unless the General Partner, in its sole discretion, consents thereto.

Notwithstanding the foregoing, the General Partner is entitled to make certain amendments to the Limited Partnership Agreement without the consent of the Unitholders for the purpose of adding any provisions which, in the opinion of counsel to the Partnership, are for the protection or benefit of the Unitholders or the Partnership, for the purpose of curing an ambiguity or for the purpose of supplementing any provision which may be defective or inconsistent with another provision or required by law. Such amendments may be made only if they do not and will not, in the opinion of the General Partner, materially adversely affect the rights of any Unitholder.

Valuation of Portfolio Securities

The General Partner will, on the last Business Day of each week (each such date, a "Valuation Date"), calculate the value of the Partnership's assets for which there exists a published market on the basis of quoted prices in such market. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. In the event that the Partnership holds investments in securities for which no published market exists, the General Partner will, on each Valuation Date, value those assets at cost unless a different fair market value is determined by the General Partner. For the purposes of this Annual Information Form, a "Business Day" means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the Toronto Stock Exchange is not open for trading.

The process of valuing investments for which no published market exists is based on inherent uncertainties. The resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Calculation of Net Asset Value

The net asset value (the "Net Asset Value") will be calculated by the General Partner on each Valuation Date by subtracting the aggregate amount of the Partnership's liabilities from the aggregate amount of the Partnership's assets. National Instrument 81-106 —*Investment Fund Continuous Disclosure* ("NI 81-106") requires an investment fund, such as the Partnership, to calculate its Net Asset Value in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Canadian GAAP was modified by the introduction of section 3855 *Financial Instruments — Recognition and Measurement* of the handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook"). Section 3855 redefines fair value as being the closing bid price for long positions and the closing ask price for short positions, in lieu of the closing or last trade price for all positions. The combined effect of NI 81-106 and section 3855 would require the Partnership to determine Net Asset Value using the fair value as defined by section 3855, instead of the last trade price for all positions in the absence of a related decision of the Canadian securities regulatory authorities. However, NI 81-106 permits investment funds, such as the Partnership, to calculate their net asset values in accordance with Canadian GAAP without giving effect to section 3855 for purposes other than issuing annual or interim financial statements. The Partnership's assets will therefore be valued in accordance with the following principles:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends received (or declared to holders of record on a date before the date as of which the Net Asset Value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that: (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition; (ii) interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition, and (iii) if the General Partner has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, the value thereof shall be deemed to be such value as the General Partner determines to be the fair value thereof;
- (b) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price, (unless in the opinion of the General Partner such value does not reflect the value thereof and in which case the latest offer price or bid price will be used as determined by the General Partner), as at the Valuation Date on which the Net Asset Value is being determined, all as reported by any means in common use;
- (c) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the General Partner, at the Valuation Date;
- (d) the value of any securities traded over-the-counter will be priced at the average of the latest bid and ask prices quoted by a major dealer in such securities unless a different fair market value is otherwise determined by the General Partner;
- (e) except as otherwise provided, assets for which no published market exists will be valued at cost unless a different fair market value is determined by the General Partner;
- (f) the value of any restricted securities (including securities subject to any hold period) shall be the lesser of:
 - A. the value thereof based on reported quotations in common use; and
 - B. that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Partnership's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities

may be made where the date on which the restrictions will be lifted is known; and

- (g) the value of any security or property or other assets to which, in the opinion of the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the General Partner from time to time adopts.

The Net Asset Value per Unit is the amount obtained by dividing the Net Asset Value as of a particular Valuation Date by the total number of Units outstanding on that date. The Net Asset Value per Unit as at the end of each week will be available on Creststreet's website at www.creststreet.com. None of the information contained on Creststreet's website is or shall be deemed to be incorporated in this Annual Information Form by reference.

Financial statements of the Partnership will contain a reconciliation of the Net Asset Value that is reported in such financial statements in accordance with Canadian GAAP to the Net Asset Value used by the Partnership for all other purposes.

Responsibility for operations of the Partnership

General Partner

The General Partner was incorporated under the laws of Ontario on November 17, 2006. The address, phone number and website address of the General Partner are as follows:

70 University Avenue, Suite 1450
Toronto, Canada
M5J 2M4
Tel: 416-864-6330
Tel: (outside Toronto) 1-866-864-6330
Fax: 416-862-8950
website: www.creststreet.com
e-mail: info@creststreet.com

The General Partner has exclusive authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner may, pursuant to the terms of the Limited Partnership Agreement, delegate certain of its powers to third parties without, however, releasing the General Partner from its obligations. The General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership and to exercise the care, diligence and skill of a reasonably prudent and qualified manager. Among other restrictions imposed on the General Partner, it may not dissolve the Partnership or wind up the Partnership's affairs except in accordance with the provisions of the Limited Partnership Agreement.

The General Partner also acts as registrar and transfer agent for the Partnership.

The General Partner may not be removed other than by an extraordinary resolution of the Unitholders in circumstances where the General Partner is in breach or default of its obligations under the Limited Partnership Agreement and, if capable of being cured, such breach or default has not been cured within 20 business days notice of such breach to the General Partner, or if the General Partner becomes bankrupt or insolvent. A quorum for a meeting called for the purposes of removing the General Partner shall consist of two or more Unitholders present in person or by proxy and representing not less than 50% of the Units outstanding. A new General Partner may be appointed by ordinary resolution.

Directors and officers of the General Partner

The names, municipalities of residence, offices held with the General Partner and principal occupations of the directors and officers of the General Partner are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and Portfolio Manager of Creststreet
JEFFREY S. BOYCE Calgary, Alberta	Director	President, Chief Executive Officer and director of SURE Energy Inc.
STUART P. HENSMAN Toronto, Ontario	Director	Chairman of the Board of Governors of CI Investments and a director of Rifco Inc. and Brazalta Resources Corp.
JOHN E. THOMPSON Calgary, Alberta	Director	President, Chief Executive Officer and director of Sirius Energy Inc.
DONNA E. SHEA Toronto, Ontario	Vice President Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of Creststreet
STEPHEN R. MARTIN Toronto, Ontario	Vice President	Portfolio Manager of Creststreet

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
SHERYL J. CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Secretary and Treasurer and Manager, Compliance and Investment Services of Creststreet

Biographies of each director and officer, including his or her principal occupations for the last five years, are set forth below:

Robert J. Toole is a portfolio manager of Creststreet and has primary responsibility for providing investment advice to the Partnership. Mr. Toole is the President, Chief Executive Officer and a director of Creststreet. Mr. Toole has over 20 years of investment experience in the natural resource sector with specialization in conventional and renewable energy companies. He has raised and invested over \$1.1 billion in his career in various investment partnerships and mutual funds. Prior to forming Creststreet in March 2000, Mr. Toole was head of the Resource Group of a Canadian merchant banking firm. Mr. Toole holds a Bachelor of Commerce (Honours) degree from Queen's University and is a member of the Canadian Institute of Chartered Accountants.

Jeffrey S. Boyce is President, Chief Executive Officer and a director of Sure Energy Inc. From 2003 to 2006, he was Co-Founder, President, Chief Executive Officer and a director of Clear Energy Inc., a public oil and gas company. From 1994 to 2003, he was Co-Founder, President, Chief Executive Officer and a director of Vermilion Resources Ltd.

Stuart P. Hensman is the Chairman of the Board of Governors of CI Investments and a member of the Board of Directors of Rifco Inc. and Brazalta Resources Corp. Prior to 2003, Mr. Hensman was the Chairman and Chief Executive Officer of Scotia Capital (USA) Inc. Mr. Hensman was a Managing Director (Institutional Equities) at Scotia Capital Inc. (London) from 1987 to 1999. Prior to this, he held a number of portfolio management positions at Sun Life Assurance Co. of Canada from 1981 to 1986. Mr. Hensman holds a Bachelor of Arts degree from the University of Winnipeg and a Masters of Science from the Loughborough University in the UK.

John E. Thompson is President, Chief Executive Officer and a director of Sirius Energy Inc., a private oil and gas company. From March 2004 to August 2006, he was President, Chief Executive Officer and a director of Timing Energy Inc., a private oil and gas company. From 2001 to 2003, he was President, Chief Executive Officer and a director of Cougar Hydrocarbons Inc., a private oil and gas company. From September 1999 to December 2000, he was President, Chief Executive Officer and a director of Basinview Energy Inc., a public oil and gas company. Mr. Thompson sits on the Board of Directors of Alberta Clipper Energy Inc.

Donna E. Shea is the Vice President, Finance, Chief Financial Officer and a director of Creststreet. Prior to joining Creststreet in January 2003, Ms. Shea was the Vice President, Finance of the Toronto Community Foundation, a non-profit organization. Prior to December 2000, Ms. Shea was Assistant Vice President, Management Information Systems at Manulife Financial Limited. Prior to May 1998, Ms. Shea was Vice President Operations at a Canadian merchant banking firm. Ms. Shea

holds a Bachelor of Commerce degree from the University of Windsor and is a member of the Canadian Institute of Chartered Accountants.

Stephen R. Martin is a portfolio manager of Creststreet and is responsible for providing investment advice to the Partnership and for overseeing investment research in the energy and renewable energy sectors. Mr. Martin specializes in broad market equity security selection, with a focus on the energy and alternative energy sectors. Mr. Martin joined Creststreet as an Investment Analyst in April 2005 after beginning his career with Deloitte & Touche LLP. Mr. Martin holds a Bachelor of Commerce (Honours) degree from Queen's University and has earned the CFA designation.

Sheryl J. Chiddenton is the Secretary and Treasurer and Manager, Investment Services of Creststreet. Prior to joining Creststreet in June 2001, Ms. Chiddenton was an Executive Assistant in the private client division of a Canadian merchant-banking firm. Ms. Chiddenton is a member of the Canadian Investor Relations Institute and the Association of Canadian Compliance Professionals.

The Partnership Advisor

Creststreet was incorporated under the laws of Canada on March 14, 2000 and its registered office and principal place of business is located at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4. Creststreet is registered as an investment counsel and portfolio manager in Ontario. Creststreet currently manages approximately \$100 million in investment assets including the Partnership, the Fund, three mutual funds, a flow-through investment limited partnership and an offshore fund.

Pursuant to the partnership advisory agreement between the Partnership and Creststreet dated January 30, 2007 as amended May 14, 2009 (the "Partnership Advisory Agreement"), Creststreet provides investment, management, administration and other services to the Partnership. The Partnership Advisory Agreement provides that Creststreet is required to exercise the degree of care, diligence and skill that a reasonably prudent administrator would exercise in comparable circumstances and to act honestly, in good faith and in the best interests of the Partnership.

The Partnership Advisory Agreement, unless terminated as described below, will continue until the dissolution of the Partnership. Either Creststreet or the Partnership may terminate the Partnership Advisory Agreement upon 30 days' written notice of such termination, or upon written notice of such termination on the insolvency or bankruptcy of the other party or the failure of the other party to remedy a breach thereof within seven days after notice of such breach, delivered to Creststreet or the Partnership, as applicable.

In the event that the Partnership Advisory Agreement is terminated as provided above, the General Partner shall determine, in its sole discretion, whether to appoint a successor investment advisor to carry out the activities of the partnership advisor or to carry out such activities itself in which case the General Partner will be entitled to a fee no greater than that payable to Creststreet under the Partnership Advisory Agreement.

Directors and officers of Creststreet

The names, municipalities of residence, offices held with Creststreet and principal occupations of the directors and officers of Creststreet are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and Portfolio Manager of Creststreet
DONNA E. SHEA Toronto, Ontario	Vice President Finance, Chief Financial Officer and Director	Vice President Finance and Chief Financial Officer of Creststreet
STEPHEN R. MARTIN Toronto, Ontario	Portfolio Manager and Director	Portfolio Manager of Creststreet
SHERYL J. CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Secretary and Treasurer and Manager, Compliance and Investment Services of Creststreet

Biographies of each director and officer, including his or her principal occupations for the last five years, are set forth above under “Responsibility for operation of the Partnership – Directors and officers of the General Partner”.

Brokerage arrangements

The General Partner makes decisions, with advice from Creststreet, as to the purchase and sale of portfolio securities and other assets of the Partnership such as cash and term deposits as well as decisions regarding the execution of portfolio transactions of the Partnership. The General Partner seeks to obtain the best execution of securities transactions when arranging or executing trades on behalf of the Partnership. Trades are generally allocated to brokers based on a number of factors, including execution capability, commission rate, financial responsibility and responsiveness.

Independent Review Committee

The IRC was established on May 1, 2007 and consists of three individuals, currently Jeffrey S. Boyce, Stuart P. Hensman and John E. Thompson, each of whom is independent from the Partnership and General Partner and companies related thereto. The IRC became fully operational on November 1, 2007. The mandate of the IRC is to:

- review and provide input on the General Partner’s written policies and procedures that deal with conflict of interest matters;
- review conflict of interest matters referred to it by the General Partner or Creststreet and make recommendations to the General Partner or Creststreet regarding whether

the General Partner's or Creststreet's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the Partnership;

- consider and, if deemed appropriate, approve the General Partner's decision on a conflict of interest matter referred to the IRC for approval; and
- perform other duties as may be required of the IRC under applicable securities laws.

Portfolio Valuation Service Provider

RBC Dexia Investor Services Trust located at Toronto, Ontario provides valuation services to the Partnership.

Custodian

The custodian of the investments of the Partnership is Scotia Capital Inc. located at Toronto, Ontario.

Auditor

The auditor of the Partnership is KPMG LLP located at Toronto, Ontario.

Conflicts of interest

The General Partner and its affiliates, directors and officers may engage in the promotion, management or investment management of any other fund or other investment vehicle and certain conflicts may arise from time to time in the management of such funds or vehicles and in determining appropriate investment opportunities.

Although none of the directors or officers of the General Partner or Creststreet will devote his or her full time to the business and affairs of the Partnership, each will devote as much time as is necessary for the management of the affairs of the Partnership.

Principal holders of Units

No person or company owned of record or, to the knowledge of the General Partner, beneficially, directly or indirectly, more than 10% of the outstanding Units.

Affiliated entities

Creststreet is the holder of all of the issued and outstanding common shares of the General Partner, and is an affiliated entity of the General Partner.

IRC share ownership

The members of the IRC currently do not own any Units of the Partnership or shares of the General Partner or any person or company that provide services to the Partnership or the General Partner.

Investment fund governance

Investment Fund governance refers to the policies, practices and guidelines of the Partnership that relate to:

- business practices;
- sales practices; and
- internal conflicts of interest.

The board of directors of each of the General Partner and Creststreet have adopted appropriate policies, procedures and guidelines to ensure the proper management of the Partnership. These include fiduciary duty guidelines and policies on personal conflicts of interest, best execution practices, soft dollar arrangements, brokerage arrangements, trade allocation practices, cross trading, record keeping and personal investing. In addition, the General Partner has adopted accounting policies relating to the Partnership. The systems that have been implemented monitor and manage the business practices, risk and internal conflicts of interest relating to the Partnership while ensuring compliance with regulatory and corporate requirements. The reporting systems in place ensure that these policies and guidelines are communicated to the persons responsible for these matters and monitor their effectiveness.

Independent Review Committee

Under NI 81-107, the General Partner must refer all conflict of interest matters for review or approval to the Independent Review Committee. NI 81-107 also imposes obligations upon the General Partner to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the Independent Review Committee with guidance and assistance in carrying out its functions and duties.

The Independent Review Committee conducts regular assessments of its members and provides a report, at least annually, to the Partnership and its Unitholders in respect of its functions. The report prepared by the Independent Review Committee will be available on the General Partner's website (www.creststreet.com), or at a Unitholder's request at no cost, by contacting the General Partner at 70 University Avenue, Suite 1450, Toronto, Ontario, M5J 2M4; telephone: 416-864-6330; toll free: 1-866-864-6330.

Derivatives risk management

The Partnership may invest in derivatives including debt-like securities, swaps, warrants, options, futures and forward contracts and options on future contracts. The use of derivatives by the Partnership is described as follows: (i) to hedge risks associated with exiting investments which may be accomplished through the purchase of put options which would guarantee a minimum sale price and, therefore, minimize downside risk; (ii) to replicate the direct holding of equity or debt securities for speculative purposes, or to increase liquidity and efficiency in rebalancing the portfolio by, for example, the purchase of futures contracts to provide similar returns to a direct investment in the underlying equity or debt security, but requiring a significantly smaller initial investment.

Creststreet has established policies and procedures which stipulate the objectives of derivatives trading. Such policies and procedures are reviewed regularly by Creststreet's board of directors to ensure the net value at risk from derivative positions does not exceed the prevailing limits. The board of directors will be responsible for reviewing the policies on derivatives trading on an annual basis to ensure the risk management process is robust.

Stress testing is employed to ensure that potential losses resulting from derivative trades remain within acceptable limits during periods of increased volatility. Creststreet members will not directly execute derivative trades, but will be solely responsible for the authorization of these trades.

Policies on proxy voting

With respect to the proxies associated with securities held by the Partnership, the Partnership has adopted with necessary modification Creststreet's written proxy voting policies (the "Policies"). Generally, the Policies will prescribe that voting rights should be exercised with a view to the best interests of the Partnership and its Unitholders.

The Policies that have been developed by Creststreet are general in nature and provide guidance in such areas as corporate governance, management and director compensation, takeover protection, and shareholder rights issues. The Policies attempt to address the most common issues encountered, but cannot contemplate all possible scenarios. When exercising voting rights, the Partnership will generally vote with management of the issuer on matters that are routine in nature, and will vote in a manner that, in Creststreet's view, will maximize the value of the Partnership's investment in the issuer. The Partnership will deviate from this standing policy if, in Creststreet's opinion, the position taken by management of the issuer is contrary to the interests of those of the Partnership. Examples of routine matters include voting on the size and composition of the board of directors, and voting on the appointment or the retention of an issuer's auditors. Non-routine matters will be considered on a case-by-case basis and the Partnership will vote in a manner that is, in Creststreet's view, most consistent with maximizing the value of the Partnership's investment in the issuer. Non-routine matters include such items as shareholder proposals, management and director compensation, shareholder rights plans, corporate restructuring plans and takeover bids.

In order to discharge the Partnership's obligations under the Policies, Creststreet will, prior to voting on non-routine matters, review research on management performance, corporate governance and any other factors considered relevant by Creststreet. Where appropriate in the circumstances, advice of the independent directors of the General Partner, the IRC or third party advisors will be sought prior to voting the securities held by the Partnership.

The following procedures have been established by the Partnership and are intended to ensure that securities held by the Partnership are voted in accordance with the instructions of Creststreet. When Creststreet receives meeting circulars from issuers, the receipt is logged on an internally prepared proxy voting memo. Creststreet will review and analyze the content of the circular and form recommendations as to how to vote after consulting the Partnership's Policies. Creststreet will then either (i) use the proxy voting memo to recommend voting in accordance with established guidelines, (ii) detail the reasons for voting on non-routine matters that have been considered on a case-by-case basis, or (iii) detail the reasons for deviating from standing policy. Any items considered on a case-by-case basis or that deviate from standing policy will be approved by an

officer of the General Partner before being submitted to a proxy agent, and a voting record will be maintained by the Chief Financial Officer of the General Partner.

The General Partner's proxy voting policies and procedures are available at no cost to any Unitholder upon request at any time by calling 416-864-6330 (in Greater Toronto) or toll-free 1-866-864-6330 (outside Greater Toronto) or by writing to the General Partner at 70 University Avenue, Suite 1450, Toronto, Canada, M5J 2M4. The Partnership's proxy voting record for the annual period ended June 30, 2008 is available on our website at www.creststreet.com and at no cost to any Unitholder upon request. A proxy voting record for the Partnership will be prepared on an annual basis for the period ending on June 30 of each year and will be made available by no later than August 31 of each year. None of the information contained on Creststreet's website is or shall be deemed to be incorporated in this Annual Information Form by reference.

Fees and expenses

Pursuant to the Partnership Advisory Agreement, the Partnership pays Creststreet an annual partnership advisory fee equal to 2% of Partnership's Net Asset Value, calculated and paid monthly in arrears. The Partnership is also responsible for its operating and administrative expenses and is obligated to reimburse the General Partner and Creststreet for their respective expenses incurred in connection with the operation and administration of the Partnership. In addition, on the dissolution date of the Partnership, the General Partner is entitled to the Performance Bonus Allocation, if any.

Income tax considerations

This section describes the principal Canadian federal income tax considerations applicable to Unitholders who are residents of Canada, who deal with the Partnership at arm's length, who are not affiliated with the Partnership and who hold shares of the Units as capital property for tax purposes.

This summary is not applicable to a Unitholder that is a "financial institution" as defined in subsection 142.2(1) of the Tax Act, an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act or that has elected to determine its Canadian tax results using a "functional currency" (which does not include Canadian currency).

This summary also assumes that Units that represent more than 50% of the fair market value of all interests in the Partnership are not held by "financial institutions" as defined in subsection 142.2(1) of the Tax Act, that no Unitholder financed the subscription price or purchase price of the Unitholder's Units with a borrowing or other financing for which recourse is limited or deemed to be limited for the purposes of the Tax Act contrary to the terms of the Limited Partnership Agreement, that all of the Unitholders are residents of Canada for the purposes of the Tax Act as contemplated by the Limited Partnership Agreement and that no Unitholder or any person not dealing at arm's length with a Unitholder is entitled, whether immediately or in the future and either absolutely or contingently, to receive or obtain in any manner whatever, any amount or benefit (other than a benefit described in the Prospectus) for the purpose of reducing the impact of any loss that the Unitholder could sustain by virtue of owning, holding or disposing of Units.

This summary takes into account the current provisions of the Tax Act and the regulations under the Tax Act, all proposals to amend the Tax Act and regulations publicly announced prior to the date

hereof and the administrative and assessing practices published in writing by the Canada Revenue Agency prior to the date hereof.

This summary is not intended to be exhaustive of all possible income tax considerations. You should consult your own tax advisor for advice with respect to the tax consequences of an investment in the Partnership in your particular circumstances.

Computation of Income of Unitholders

The Partnership is not itself a taxable entity. However, each Unitholder is required to include in computing the Unitholder's income or loss for tax purposes for a taxation year, subject to the "at-risk" rules and the Proposed Loss Limitation Rule (as described below), the Unitholder's *pro rata* share of the income or loss for each fiscal year of the Partnership ending in, or at the end of, that taxation year, whether or not the Unitholder has received or will receive a distribution from the Partnership. The fiscal year of the Partnership ends on December 31 in each calendar year and a fiscal year of the Partnership will end upon the dissolution of the Partnership.

The income or loss of the Partnership is computed as if the Partnership were a separate person resident in Canada. The income of the Partnership will include the taxable portion of any capital gain that it realizes on a disposition of capital property. The Tax Act deems the cost to the Partnership of any flow-through shares which it acquired to be nil and, therefore, the amount of the capital gain on the disposition of such shares generally will equal the proceeds of disposition thereof, net of costs of disposition. The taxable portion of a capital gain realized on a disposition of a capital property is one-half of the capital gain.

Subject to the "at-risk" rules and the Proposed Loss Limitation Rule, a Unitholder's share of the business losses of the Partnership for any fiscal year may be applied against the Unitholder's income from any other source to reduce net income for the relevant taxation year and, to the extent it exceeds other income for that year, generally may be carried back three years and forward 20 years and applied against taxable income of such other years.

The Tax Act provides that, notwithstanding the income or loss allocation provisions of the Limited Partnership Agreement, any losses of the Partnership from a business or property allocated to a Unitholder in respect of a fiscal year of the Partnership ending in a taxation year are deductible by such Unitholder in computing the Unitholder's income for the taxation year only to the extent of the Unitholder's "at-risk amount" in respect of the Partnership at the end of the fiscal year. Based on the manner in which the Partnership has operated and been financed, and will continue to operate and be financed, the "at-risk" rules should generally not limit the Unitholder's deduction of the Unitholder's share of the Partnership's losses.

Tax proposals released by the Department of Finance on October 31, 2003 for public comment (the "Proposed Loss Limitation Rule") will permit a taxpayer to deduct a loss from a business or property in a year only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on and can reasonably be expected to carry on that business or in which the taxpayer has held and can reasonably be expected to hold that property. For the purpose of this rule, profit is determined without reference to capital gains or capital losses. If enacted as proposed, the Proposed Loss

Limitation Rule could limit the deductibility of losses realized by the Partnership and allocated to the Unitholders. In the February 23, 2005 federal budget, the Department of Finance indicated that it has sought to respond to concerns raised about the Proposed Loss Limitation Rule by developing a “more modest legislative initiative” that will, “at an early opportunity”, be released for public comment. No such legislative initiative has been publicly released prior to the date of this Annual Information Form.

Each Unitholder will generally be required to file an income tax return reporting the Unitholder’s share of the income or loss of the Partnership. While the Partnership will provide the Unitholders with information required for income tax purposes pertaining to their Units, the Partnership will not prepare or file income tax returns on behalf of any Unitholder. Each person who is a member of the Partnership in a year will generally be required to file an information return on or before the last day of March in the following year in respect of the activities of the Partnership or, where the Partnership is dissolved, within 90 days of the dissolution. A return made by any partner will be deemed to have been made by each member of the Partnership. Under the Limited Partnership Agreement, the General Partner is required to file the necessary return.

Adjusted Cost Base of Units in the Partnership

The adjusted cost base of a Unitholder’s Units at any time is the cost of the Units less the Unitholder’s share of Canadian exploration expense (“CEE”) and any losses of the Partnership allocated to the Unitholder for fiscal periods ending before that time (in each case after taking into account the “at-risk” rules) and by amounts distributed to the Unitholder before such time, including the Initial Distribution. The adjusted cost base of a Unitholder’s Units at any time will be increased by any income of the Partnership allocated to the Unitholder in respect of such Units, including the full amount of any capital gain realized by the Partnership, for fiscal periods ending before that time.

If the adjusted cost base of a Unitholder’s Units is negative at the end of a fiscal year of the Partnership, the amount by which it is negative will be deemed to be a capital gain realized by the Unitholder at that time and the adjusted cost base of the Units will be increased by the amount of the deemed gain.

A Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its “aggregate investment income” for the year, which is defined to include taxable capital gains.

Consequences of the Transfer of the Partnership’s Property to the Corporation Pursuant to the Final Transfer Agreement and Dissolution of the Partnership

The General Partner will transfer to the Corporation the property of the Partnership in consideration of the issuance of the Final Shares. The General Partner, on behalf of all partners of the Partnership, will elect pursuant to subsection 85(2) of the Tax Act so that the Partnership will be considered to have transferred each property to the Corporation for proceeds of disposition equal to the cost amount of the property to the Partnership for the purposes of the Tax Act. Consequently, no amount will be included in the income of any Unitholder because of the transfer of property to the Corporation. Such elected amounts will generally constitute the cost to the Partnership of the Final Shares acquired in consideration of the transferred property.

The Partnership will be dissolved within 60 days after the transfer of the Partnership property to the Corporation.

On dissolution of the Partnership in accordance with the Limited Partnership Agreement, pursuant to the Tax Act, each Unitholder will be deemed to dispose of the Unitholder's Units for proceeds of disposition equal to their adjusted cost base immediately before the dissolution and will receive the Unitholder's share of the assets of the Partnership, which will then consist of Final Shares. The cost to a Unitholder of the Unitholder's Final Shares will generally be equal to the adjusted cost base to the Unitholder of the Unitholder's Units immediately before the dissolution of the Partnership. A Unitholder's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year will be reflected in the Unitholder's adjusted cost base.

Dissolution of the Partnership if the Partnership's Assets are not Transferred to the Corporation Pursuant to the Final Transfer Agreement

If the conditions for the transfer of the Partnership's assets to the Corporation are not met and the General Partner does not propose a Liquidity Alternative (as such term is defined in the Limited Partnership Agreement) that is approved by the Unitholders, the Partnership will dispose of its property, and on dissolution will distribute cash to the Partners. Any gain or loss realized by the Partnership on the disposition of its assets in its final fiscal year, including any capital gain realized on the disposition of securities, will be reflected in the income or loss of the Partnership in its final fiscal year. Each Unitholder will be required to take into account in the computation of the Unitholder's income, the Unitholder's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year in the taxation year in which the dissolution occurs. A Unitholder's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year should also be reflected in adjustments to the adjusted cost base of the Unitholder's Units. On dissolution of the Partnership, a Unitholder will be considered to have disposed of the Unitholder's Units for proceeds of disposition equal to the amount of cash received on dissolution.

Alternative Minimum Tax

The Tax Act requires that individuals (and certain trusts) compute an alternative minimum tax determined by reference to the amount by which the taxpayer's "adjusted taxable income" for the year exceeds the taxpayer's basic exemption which, in the case of an individual (other than certain trusts), is \$40,000. In computing the taxpayer's adjusted taxable income, the taxpayer must include, among other things, all taxable dividends (without application of the gross-up), and 80% of net capital gains. Various deductions and credits will be denied including amounts in respect of CEE and any losses of the Partnership. A federal tax rate of 15.5% is applied to the amount subject to the minimum tax, from which the individual's "basic minimum tax credit for the year" is deducted. Included in the basic minimum tax credit are certain specified personal and other credits available to an individual under the Tax Act as deductions from tax payable for the year but not the investment tax credit. Generally, if the minimum tax so calculated exceeds the tax otherwise payable under the Tax Act, the minimum tax will be payable.

Whether and the extent to which an individual Unitholder's tax liability will be increased as a result of the application of the alternative minimum tax rules will depend on the amount of the

Unitholder's income, the source from which it is derived, and the nature and amount of any deductions and credits the Unitholder claims.

Any "additional tax" (as determined under the Tax Act) payable by an individual for a year as a result of the application of the alternative minimum tax rules will generally be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be the Unitholder's tax otherwise payable for the year.

Tax Shelter

The Partnership has been registered as a tax shelter.

The federal and Québec tax shelter identification numbers in respect of the Partnership are TS 072470 and QAF-06-01168, respectively. The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. Le numéro d'identification attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal.

The General Partner will file all necessary tax shelter information returns and, where applicable, provide each Unitholder with copies thereof.

Material contracts

The following material contracts entered into by the Partnership are currently in effect:

- (a) the Limited Partnership Agreement;
- (b) the Partnership Advisory Agreement; and
- (c) the Initial Transfer Agreement and the Final Transfer Agreement.

Copies of the contracts referred to above may be inspected during normal business hours at the offices of the General Partner at 70 University Avenue, Suite 1450, Toronto, Ontario M5J 2M4.

CRESTSTREET 2007 LIMITED PARTNERSHIP
CRESTSTREET 2007 GENERAL PARTNER LIMITED
CRESTSTREET ASSET MANAGEMENT LIMITED

70 University Avenue, Suite 1450

Toronto, Canada

M5J 2M4

Tel: 416-864-6330

Tel: (Outside Toronto) 1-866-864-6330

The Partnership's management reports of fund performance and financial statements contain more information about the Partnership. You can obtain a copy of these documents and other information about the Partnership, such as information circulars and material contracts, by:

- calling toll-free 1-866-864-6330
outside Greater Toronto, 416-864-6330
in Greater Toronto
- e-mailing info@creststreet.com
- visiting the website
www.creststreet.com or
www.sedar.com