



Creststreet Energy Opportunities Fund

2011 > Interim Report

Management Report of Fund Performance

For the six months ended June 30, 2011

THIS INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE INTERIM REPORT OF CRESTSTREET ENERGY OPPORTUNITIES FUND (THE "FUND").

SHAREHOLDERS MAY OBTAIN A COPY OF THE INTERIM OR ANNUAL FINANCIAL STATEMENTS AT NO COST BY CALLING 1-866-864-6330, BY WRITING TO CRESTSTREET ENERGY OPPORTUNITIES FUND, 70 UNIVERSITY AVE., SUITE 1450, TORONTO, ON, M5J 2M4, OR BY VISITING OUR WEBSITE AT WWW.CRESTSTREET.COM.

THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY THE EXTERNAL AUDITORS OF THE FUND. THE EXTERNAL AUDITORS WILL BE AUDITING THE ANNUAL FINANCIAL STATEMENTS OF THE FUND IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED AUDITING STANDARDS

Results of Operations

Investment Performance

The Creststreet Energy Opportunities Fund had a positive start to the year in 2011 posting a return of 15.3% compared to the S&P/TSX Capped Energy Index, which declined by 2.2% over the same period. This compares to a return of 10.6% for the Fund and a decline of 8.6% for the S&P/TSX Capped Energy Index during the first six months of 2010.

After a strong rally during the first quarter of 2011, global equity markets began to exhibit some volatility during the second quarter as investors became increasingly concerned about the global economy. This was in response to poor economic data, the end of the Fed's second round of quantitative easing, continued tightening in China, the re-emergence of European sovereign debt concerns, and political discussions over spending cuts and the debt ceiling in the U.S. Global equity markets have subsequently sold off aggressively early in the third quarter as investor sentiment quickly became extremely negative on the back of renewed recession fears in the U.S. with the S&P downgrade of the U.S. credit rating acting as a catalyst.

Volatility in energy commodities continued during the first half of 2011 as West Texas Intermediate ("WTI") light sweet crude oil on the New York Mercantile Exchange ("NYMEX") traded in a range between US\$85 and US\$115 per barrel in response to supply disruptions in Libya and other parts of the Middle East. In comparison, NYMEX natural gas prices remained stable during the period as continued production growth was offset by short-term incremental demand as a result of colder than normal winter weather and unplanned nuclear power outages.

The recovery in the global oil market continued in the first half of 2011 as the drawdown of excess oil inventories created during the global economic recession of 2008 accelerated on the back of unrest in the Middle East and North Africa and the corresponding production shut-ins in Libya. Ultimately crude oil spiked to almost US\$115 per barrel before falling back to close the second quarter at US\$95.42 per barrel. With continued robust growth out of emerging markets and the inability of oil majors to find new oil supplies, we remain bullish on oil over the medium to long term.

In contrast, the North American natural gas market remains oversupplied as production volumes remain robust and storage levels hover near record levels. Given the persistently high horizontal rig counts and the increased number of frac stages per horizontal well, we struggle to see how natural gas storage levels are going to rebalance in the near to mid term and we will remain bearish on gas prices until we see capital expenditure cuts and a corresponding decline in the rig count.

Given our outlook on oil and gas prices over the next year, the Fund continues to focus on oil producers and liquids-rich natural gas producers over companies focusing primarily on dry gas. Over the past 24 months, we have witnessed a reinvigoration of the Western Canadian Sedimentary Basin ("WCSB") as the producers have begun to apply new drilling and completion technologies to old oil pools with great success. The Fund's investible universe now includes a number of junior and intermediate oil-weighted companies with long-dated reserves that can be developed on a repeatable basis through low risk drilling. While the Fund remains invested in a number of these companies, we are also becoming concerned about valuations in the sector and have begun to reduce some of our exposure and focus on

companies with near term catalysts and where we believe the future resource potential is not properly priced into the stocks. We will continue to monitor valuations over the coming months and further reduce our exposure as necessary.

We remain bullish on the oil sands given our outlook for oil prices and given some recent technological developments in the sector. The Fund holds a number of investments with exposure to this theme including producers, developers, and energy service companies that will benefit from increased oil sands spending. We have recently seen increased capital flows and M&A in the sector and expect that this trend will continue for the remainder of 2011.

Finally, we continue to see a number of opportunities in a select group of gas companies that either have liquids-rich production or are have access to oil pools and are shifting their focus to oil development. We believe that valuation multiples for these companies will move higher as the production mix shifts towards oil and liquids. Nevertheless, we continue to remain cautious with respect to investing in dry natural gas producers in the near-term as we believe the market will remain oversupplied through 2011. As such, the Fund holds short positions in those natural gas producers with high cost structures and too much financial leverage, as we believe that these companies will struggle as going concerns the longer gas prices remain soft.

Revenues and Expenses

The Fund earned dividend revenue of \$13,925 in 2011 compared to \$1,994,842 in 2010. The amount in 2010 is unusual and is related to one issuer, namely Athabasca Oil Sands Corp. which paid a special dividend of \$4.25 per share prior to completing its initial public offering. Other income of \$77,226 in 2010 is related to a refund of income taxes paid in prior years. The Fund earned \$17,833 of interest income for the period ended June 30, 2011 compared \$1,749 for the same period in 2010. The interest income in 2011 comprises of interest earned from cash on deposit and income from fixed income portfolio securities.

The Fund incurred management fees of \$309,654 in 2011 compared to \$209,603 in 2010 due to the higher net assets of the Fund. The increase in service fees from \$94,496 in 2010 to \$133,616 was also directly related to the increase in net assets of the Fund. The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value over the high-water mark of each series of units in each month. The performance fee is calculated and accrued monthly and paid quarterly in arrears. The Manager earned \$251,218 in performance fee for the six months ended June 30, 2011 and nil in the six months ended June 30, 2010..

Other expenses related to the normal operations of the Fund have increased from \$227,491 in 2010 to \$270,635 in 2011 due to the increase in the net assets of the Fund.

Investment Objectives and Strategies

The investment objective of the Fund is to provide Shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. The Fund's portfolio consists primarily of securities of issuers engaged in the global energy sector.

The Manager 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 Manager believes have the best reward per share of risk. The Manager anticipates that its investment strategy will generate both capital gains and income.

Risk

The investment philosophy, style and method for the Fund remain unchanged in the long-term. The Fund's objective is to provide long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic investment decisions. The Fund is therefore subject to the risks associated to the Fund's investment strategies. A more detailed discussion of the Fund's risk exposures can be found in the Fund's Offering Memorandum and in the notes of the 2011 interim financial statements.

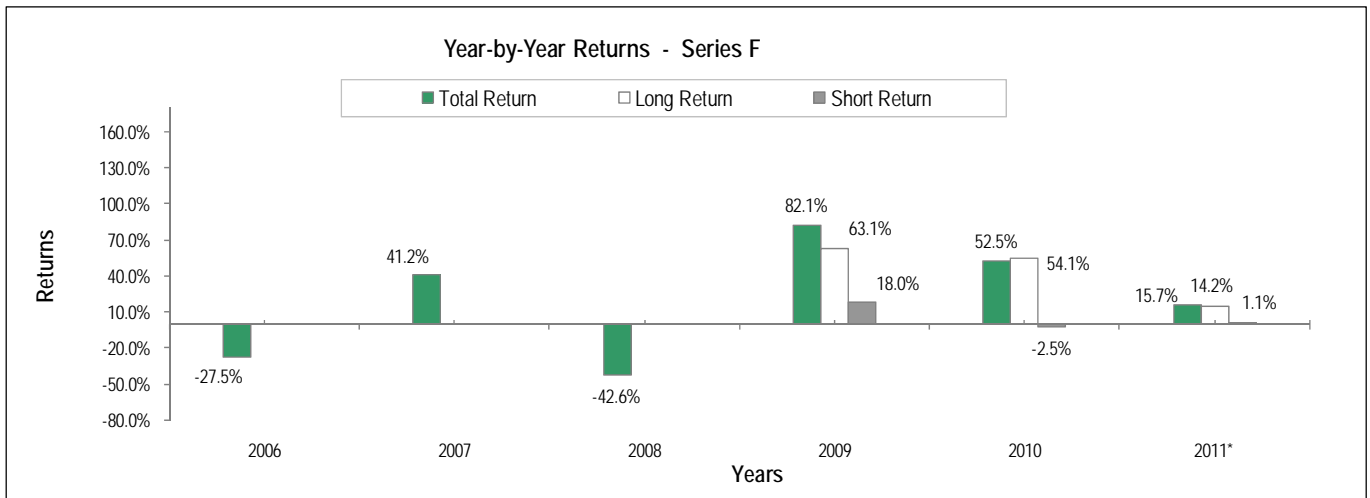
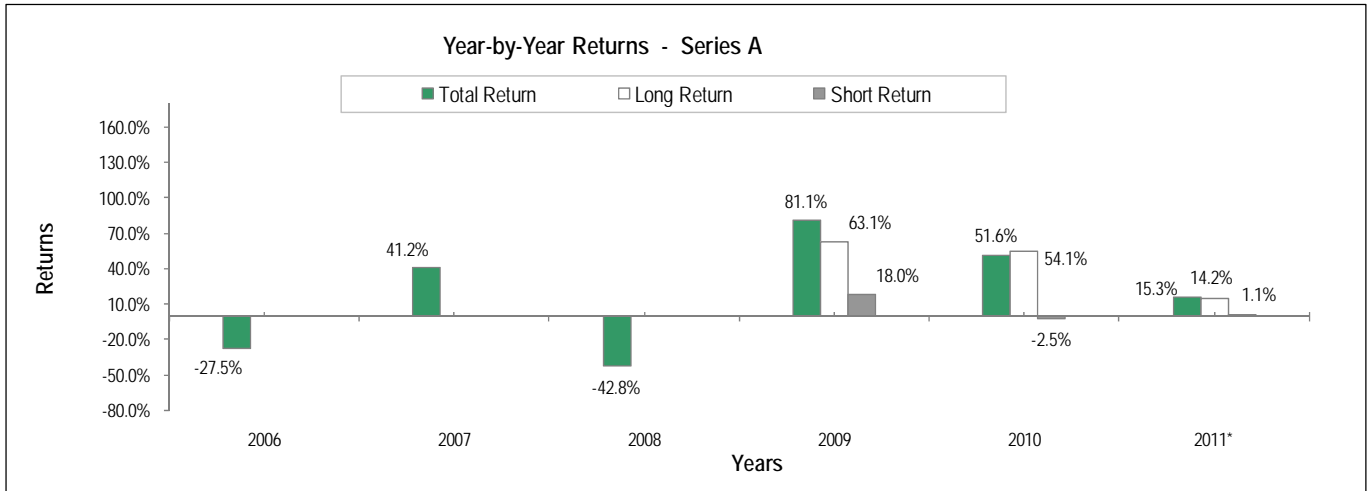
Past Performance

The past performance of the Fund is presented below showing the Year-by-Year returns charts. It should be noted that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The performance information shown also assumes that distributions made by the Fund were reinvested in additional securities of the Fund. Performance of the Fund set out below was calculated net of all fees and expenses. Lastly, the Fund's past performance is not necessarily indicative of its future performance.

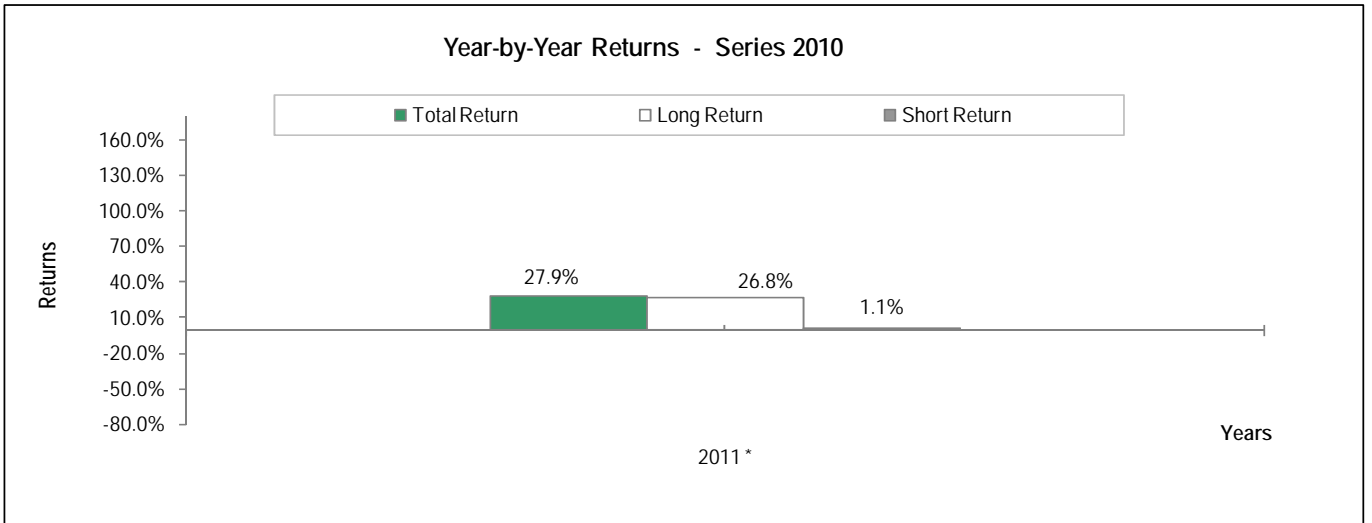
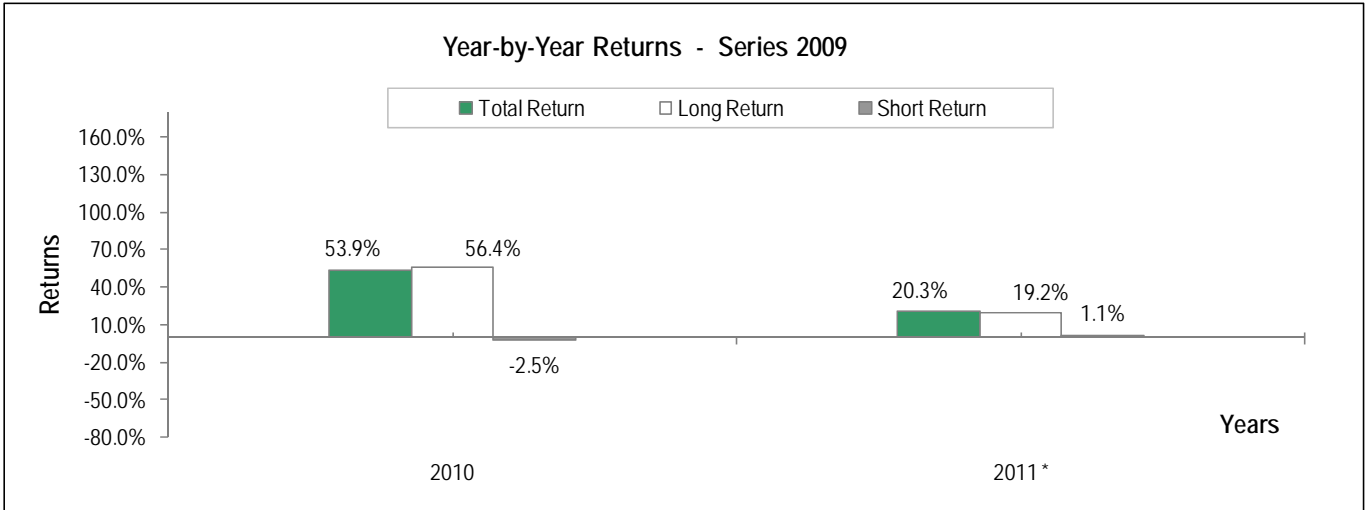
There are four Series of this Fund as of June 30, 2011. Please refer to the "Other Material Information" section for certain limitation on these data.

Year-by-Year Returns

The following bar charts show the total returns for the six months ended June 30, 2011 and for the full years ended from December 31, 2006 to 2010 of the Fund. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year. Please refer to the "Other Material Information" section for certain limitation on these data.



Year-by-Year Returns (continued)



* *Total Return for the six months period ended June 30, 2011

Note:

The performance shown for short positions is based on the pure performance of the short positions, while the performance shown for long positions and the overall total performance of each Series is comprehensive of all fees and expenses.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2011 and for the years ended from December 31, 2009 to 2011.

Please refer to the "Other Material Information" section for certain limitation on these data.

The Fund's Net Asset Value (NAV) per Share:

SERIES A		2011	2010	2009
Net assets, beginning of period ⁽¹⁾	\$	23.04	\$ 15.21	\$ 8.46
Increase (decrease) from operations:				
Total revenue		0.02	2.00	0.04
Total expenses		(1.32)	(1.40)	(0.78)
Realized gains (losses) on investments		6.17	7.89	0.11
Unrealized gains (losses) on investments		(1.66)	-	7.32
Transaction costs		(0.61)	(0.74)	(0.33)
Total increase (decrease) from operations⁽²⁾	\$	2.60	\$ 7.75	\$ 6.36
Distributions:				
From income distribution		(1.69)	-	-
From capital gains		(5.87)	-	-
Total annual distributions⁽³⁾		(7.56)	-	-
Net assets, end of period ⁽³⁾	\$	18.70	\$ 23.04	\$ 15.21

SERIES F		2011	2010	2009
Net assets, beginning of period ⁽¹⁾	\$	23.37	\$ 15.34	\$ 8.48
Increase (decrease) from operations:				
Total revenue		0.04	1.90	0.04
Total expenses		(1.47)	(1.31)	(0.67)
Realized gains (losses) on investments		6.91	7.94	(0.53)
Unrealized gains (losses) on investments		(1.54)	0.20	7.64
Transaction costs		(0.67)	(0.76)	(0.34)
Total increase (decrease) from operations⁽²⁾	\$	3.27	\$ 7.97	\$ 6.14
Distributions:				
From income distribution		(1.69)	-	-
From capital gains		(4.45)	-	-
Total annual distributions⁽³⁾		(6.14)	-	-
Net assets, end of period ⁽³⁾	\$	20.65	\$ 23.37	\$ 15.34

SERIES 2009		2011		2010		2009
Net assets, beginning of period⁽¹⁾	\$	23.29	\$	15.15	\$	9.59
Increase (decrease) from operations:						
Total revenue		0.02		2.22		0.03
Total expenses		(0.54)		(1.03)		(0.73)
Realized gains (losses) on investments		6.72		8.11		2.12
Unrealized gains (losses) on investments		(1.50)		(0.86)		4.26
Transaction costs		(0.65)		(0.75)		(0.19)
Total increase (decrease) from operations⁽²⁾	\$	4.05	\$	7.69	\$	5.49
Distributions:						
From income distribution		(1.69)		-		-
From capital gains		(6.17)		-		-
Total annual distributions⁽³⁾		(7.86)		-		-
Net assets, end of period⁽⁴⁾	\$	19.76	\$	23.29	\$	15.15

SERIES 2010		2011		2010		2009
Net assets, beginning of period⁽¹⁾	\$	23.29	\$	17.20	\$	-
Increase (decrease) from operations:						
Total revenue		0.03		0.03		-
Total expenses		(0.59)		(0.68)		-
Realized gains (losses) on investments		7.18		2.49		-
Unrealized gains (losses) on investments		(1.57)		4.50		-
Transaction costs		(0.69)		(0.81)		-
Total increase (decrease) from operations⁽²⁾	\$	4.36	\$	5.53	\$	-
Distributions:						
From capital gains		(5.98)		-		-
Total annual distributions⁽³⁾		(5.98)		-		-
Net assets, end of period⁽³⁾	\$	21.74	\$	23.29	\$	-

(1) This information is derived from the Fund's interim and annual financial statements. Series A and Series F first issued at \$18.3579 on Sept 24, 2008 pursuant to purchase agreement as described on the "Other Material Information" Section. Series 2009 were issued at \$9.5883 on May 27, 2009 pursuant to the Creststreet 2007 Limited Partnership Rollover and Series 2010 on May 31, 2010 at \$17.2024. Please refer to "Other Material Information" section for more details.

(2) Net asset value is based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

(3) These calculations are prescribed by securities regulators and are not intended to be reconciliation between the opening and closing net assets per share.

Ratios and Supplemental Data

	June 30, 2011	December 31, 2010	December 31, 2009
SERIES A			
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	5,199	3,761	2,738
Number of shares outstanding ⁽¹⁾	277,967	163,231	179,989
Management expense ratio(MER) ⁽²⁾			
Expenses	5.60%	5.96%	7.16%
Performance fee	8.36%	1.87%	-
Total MER	13.96%	7.83%	7.16%
Trading expense ratio ⁽³⁾	6.21%	4.11%	342.83%
Portfolio turnover rate ⁽⁴⁾	453.22%	761.14%	2.01%
Net asset value per share (Pricing NAV) (\$)	18.81	23.23	15.32
SERIES F			
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	1,528	1,318	1,325
Number of shares outstanding ⁽¹⁾	73,967	56,413	86,413
Management expense ratio(MER) ⁽²⁾			
Expenses	4.50%	4.80%	6.12%
Performance fee	9.54%	2.27%	-
Total MER	14.04%	7.07%	6.12%
Trading expense ratio ⁽³⁾	6.21%	4.11%	342.83%
Portfolio turnover rate ⁽⁴⁾	453.22%	761.14%	2.01%
Net asset value per share (Pricing NAV) (\$)	20.76	23.56	15.45
SERIES 2009			
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	13,800	14,009	13,866
Number of shares outstanding ⁽¹⁾	698,444	601,376	915,553
Management expense ratio(MER) ⁽²⁾			
Expenses	5.23%	5.67%	6.07%
Performance fee	-	-	-
Total MER	5.23%	5.67%	5.67%
Trading expense ratio ⁽³⁾	6.21%	4.11%	342.83%
Portfolio turnover rate ⁽⁴⁾	453.22%	761.14%	2.01%
Net asset value per share (Pricing NAV) (\$)	19.87	23.48	15.25

SERIES 2010	June 30, 2011	December 31, 2010	December 31, 2009
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	7,149	7,677	-
Number of shares outstanding ⁽¹⁾	328,788	329,601	-
Management expense ratio(MER) ⁽²⁾			
Expenses	5.17%	6.82%	-
Performance fee	-	-	-
Total MER	5.17%	6.82%	-
Trading expense ratio ⁽³⁾	6.21%	4.11%	-
Portfolio turnover rate ⁽⁴⁾	453.22%	761.14%	-
Net asset value per share (Pricing NAV) (\$)	21.86	23.48	-

(1) This information is provided as at June 30 and December 31 for the year shown.

(2) The management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100 percent is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Other Material Information

Creststreet Opportunities Fund Inc.

Creststreet Energy Opportunities Fund is a class of shares of Creststreet Opportunities Fund Inc. (the "Corporation"). The Corporation was incorporated on August 27, 2008 under the Canada Business Corporations Act. Pursuant to a purchase agreement between the Fund and Creststreet Energy Hedge Fund L.P. (the "Partnership") dated September 5, 2008, the Partnership agreed to sell all of the assets of the Partnership (the "**Partnership Assets**") to the Fund for an amount equal to the value of the Partnership Assets to be satisfied by the Fund (i) as to an amount equal to the liabilities of the Partnership, by the assumption of such liabilities, and (ii) as to the balance, by the issuance of non-voting Series A shares in the capital of the Fund (the "**Shares**") having an aggregate net asset value equal to the balance. The sale was affected on a tax-deferred "rollover" basis under the *Income Tax Act* (Canada). Subsequent to the sale of Partnership Assets on September 24, 2008, the Partnership was dissolved. The Fund has identical investment objectives and strategies as the Partnership which is to provide shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities, primarily of issuers engaged in the global energy sector, and through strategic trading.

Since the Fund is essentially a continuation of the Partnership, the financial results of the Fund and the Partnership were combined during the fiscal year the purchase agreement was completed. All performance data for the Fund is presented as a continuation of the Partnership with certain limitations. As the Fund and the Partnership maintained different fund structures, it is not possible to provide certain data that capture year by year data for each Series prior for the January 1, 2009. Sections affected by this limitation in this report are as follows: Financial Highlights, Ratios and Supplemental Data, and the Year by Year Return Chart.

Limited Partnership Rollover

The Fund has been structured to provide for the tax-deferred transfer of assets from flow-through limited partnerships managed by Creststreet in exchange for shares of the Fund with an equal net asset value. The assets of Creststreet 2007 Limited Partnership were transferred in two separate tranches and were completed on May 31, 2010. It is not expected that the Fund will receive assets from any future partnerships.

Please refer to "Recent Development" section of this report for more information.

Recent Developments

Limited Partnership Rollover

On May 27, 2009, the Creststreet 2007 Limited Partnership ("C2007LP") transferred substantially all the public securities component of its portfolio, along with cash and certain private securities (approximately 70% of its net assets) to the Fund in exchange for shares of the Fund of equal value. Upon completion of the transfer, the C2007LP distributed the Fund's shares received to unit holders as a return of capital. The unit holders of the Creststreet 2007 Limited Partnership received 0.20786714666 shares of Creststreet Energy Opportunities Fund – Series 2009 shares for each unit held with totalled 1,217,490 shares with a value of \$11,673,723.

On May 31, 2010, the Fund acquired all the remaining assets of Creststreet 2007 Limited Partnership in exchange for 522,863 Series 2010 shares of the Fund with a value of \$8,994,515.

Changeover to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has confirmed the ability to defer the adoption of International Financial Reporting Standards ("IFRS") to fiscal periods beginning on or after January 1, 2013 for entities applying *Accounting Guideline 18, Investment Companies*. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net asset value per unit. IFRS is expected to have an impact on the presentation of securityholders' equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

Harmonized Sales Tax

Effective July 1, 2010, Ontario replaced their Provincial Sales Tax ('PST') and Federal Goods and Service Tax ('GST') with a single Harmonized Sales Tax ("HST") of 13 percent. Management fees and all other expenses charged to the Fund were subjected to an additional tax of 8%. New rules in Canada require Investment Funds to calculate HST using the residency of the unit holders and the current value of their interests, rather than the physical location of the Fund. The use of this blended rate will allow the Fund to reduce the effect of harmonization to the extent the Fund has residents in provinces not subject to HST.

Related Party Transactions

Creststreet Opportunities Fund Inc. (the 'Corporation'), of which the Fund is a class of shares, is a wholly owned subsidiary of Creststreet Asset Management Limited. Creststreet Asset Management Limited, a corporation registered as a portfolio manager and an investment fund manager in Ontario and is the Manager and the Investment Advisor of the Fund.

Management fees are paid to the Manager for the management of the Fund's day-to-day administration and for providing investment advice and portfolio management services. All the Series of the Fund pay a service fee to the Manager, which the Manager then remits to dealers as consideration for administering the Fund's assets for the dealers' clients.

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of each series of units in each month. The performance fee is calculated and accrued monthly and paid quarterly in arrears. If the NAV of a series does not exceed the relevant high-water mark for that series, the Manager will not be entitled to a performance fee in that month.

Management Fees

The Manager provides investment and administrative services to the Fund. In consideration of these services, each Series of the Fund pays the Manager a fee equal to 2.0 percent per annum of the net value of their respective Series, calculated and paid monthly in arrears. HST is paid on all management fees.

The Fund also pays a service fee to dealers as consideration for administering its assets held by those dealers. The service fee is calculated as a percentage of the assets each dealer has in place in Series A, Series 2009, and Series 2010 of the Fund and is based on the closing balance of client accounts at the end of each calendar month. These Series pay service fees on a quarterly basis at a rate of 1.0 percent of their Series' net asset value. The following amounts were paid to the Manager by the Fund as a whole for the six months ended June 30, 2011 and 2011:

	2011		2010	
Management Fees	309,654	69.9%	209,603	68.9%
Service Fees Paid to Dealers	133,616	30.1%	94,496	31.1%
	<u>\$ 443,270</u>	<u>100.0%</u>	<u>\$ 304,099</u>	<u>100.0%</u>

Summary of Investment Portfolio

As at June 30, 2011

Sector Mix	% of net assets
Long Positions:	
Oil	87.8%
Natural Gas	13.5%
Energy Services	4.9%
Alternative Energy	3.1%
Other	2.4%
Short Positions:	
Alternative Energy	-1.7%
Other	-3.6%
Energy Services	-5.0%
Natural Gas	-5.9%
<i>Total Short Positions</i>	-16.2%
Total Investments	95.5%
Cash and cash equivalents*	0.2%
Other net assets	4.3%
	100.0%

Summary of Investment Portfolio (continued)

Top 25 Positions	% of net assets
Long Positions:	
Athabasca Oil Sands Corp.	16.4%
Laricina Energy Ltd.	12.8%
Whitecap Resources Inc.	10.7%
Paramount Resources Limited	6.0%
Tourmaline Oil Corp.	5.8%
Legacy Oil + Gas Inc.	5.3%
Pinecrest Energy Inc.	5.3%
Wild Stream Exploration Inc.	5.1%
OSUM Oil Sands Corp.	4.5%
Silverback Energy Ltd.	3.5%
Strategic Oil & Gas Ltd.	3.4%
Vero Energy Inc.	3.0%
P1 Energy Corp.	2.7%
Griffiths Energy International Inc.	2.5%
Arcan Resources Ltd.	2.4%
Xinergy Ltd.	2.4%
TORC Oil & Gas Ltd.	2.2%
Valeura Energy Inc.	1.9%
Canelson Drilling Inc.	1.9%
WindTronics, LLC	1.9%
Canadian International Oil Corp.	1.7%
Short Positions:	
Westport Innovations Inc.	-1.7%
IShares CDN S&P/TSX Capped Energy Index	-3.6%
Pacific Rubiales Energy Corp.	-5.0%
Birchcliff Energy Ltd.	-5.9%
Total Net Asset Value	\$ 27,676,040

* Cash and cash equivalents include cash received from securities sold short.

Statements of Net Assets

	As at June 30, 2011 (unaudited)	As at December 31, 2010
Assets		
Investments at market value	\$ 30,837,151	\$ 30,904,237
Cash and cash equivalents	109,930	1,892,238
Due from broker	1,921,080	121,415
Interest receivable	1,889	790
Dividends receivable	5,000	3,325
Refundable taxes (note 5)	446,476	446,476
	33,321,526	33,368,481
Liabilities		
Securities sold short at market value	4,468,063	4,991,287
Due to broker	861,750	845,595
Accounts payable and accrued liabilities	315,673	320,268
Income tax payable (note 5)	-	446,476
	5,645,486	6,603,626
Net assets - GAAP NAV (note 2)	\$ 27,676,040	\$ 26,764,855
Adjustment from bid market prices to last traded market prices	149,976	212,368
Net asset value - Pricing NAV (note 2)	27,826,016	26,977,223
Series A		
Net assets- GAAP NAV (note 2)	\$ 5,199,092	\$ 3,760,895
Adjustment from bid market prices to last traded market prices	28,177	30,201
Net asset value - Pricing NAV (note 2)	\$ 5,227,269	\$ 3,791,096
Shares outstanding	277,967	163,231
Net assets per share - GAAP NAV (note 2)	\$ 18.70	\$ 23.04
Adjustment from bid market prices to last traded market prices	0.11	0.19
Net asset value per share - Pricing NAV (note 2)	\$ 18.81	\$ 23.23
Series F		
Net assets - GAAP NAV (note 2)	\$ 1,527,548	\$ 1,318,261
Adjustment from bid market prices to last traded market prices	8,273	10,618
Net asset value - Pricing NAV (note 2)	\$ 1,535,821	\$ 1,328,879
Shares outstanding	73,967	56,413
Net assets per share - GAAP NAV (note 2)	\$ 20.65	\$ 23.37
Adjustment from bid market prices to last traded market prices	0.11	0.19
Net asset value per share - Pricing NAV (note 2)	\$ 20.76	\$ 23.56

Statements of Net Assets (continued)

Series 2009

Net assets - GAAP NAV (note 2)	\$	13,800,423	\$	14,008,505
Adjustment from bid market prices to last traded market prices		74,785		110,817
Net asset value - Pricing NAV (note 2)	\$	13,875,208	\$	14,119,322
Shares outstanding		698,444		601,376
Net assets per share - GAAP NAV (note 2)	\$	19.76	\$	23.29
Adjustment from bid market prices to last traded market prices		0.11		0.19
Net asset value per share - Pricing NAV (note 2)	\$	19.87	\$	23.48

Series 2010

Net assets - GAAP NAV (note 2)	\$	7,148,977	\$	7,677,194
Adjustment from bid market prices to last traded market prices		38,741		60,732
Net asset value - Pricing NAV (note 2)	\$	7,187,718	\$	7,737,926
Shares outstanding		328,788		329,601
Net assets per share - GAAP NAV (note 2)	\$	21.74	\$	23.29
Adjustment from bid market prices to last traded market prices		0.12		0.19
Net asset value per share - Pricing NAV (note 2)	\$	21.86	\$	23.48

See accompanying notes to financial statements

Approved by Creststreet Opportunities Fund Inc.



Robert J. Toole
Director



Donna E. Shea
Director

Statements of Operations

For the six months ended June 30 (unaudited)	2011	2010
Investment Income		
Dividend revenue	\$ 13,925	\$ 1,994,842
Interest revenue	17,833	1,749
Other income	-	77,226
	<u>31,758</u>	<u>2,073,817</u>
Expenses		
Performance fees (note 3)	251,218	-
Management fees (note 3)	309,654	209,603
Operating expenses	141,145	119,962
Servicing fees	133,616	94,496
Securityholder reporting costs	23,432	10,306
Legal and filing fee	5,268	806
Interest and security borrowing fees	55,489	47,706
Dividends paid on securities sold short	37,253	39,448
Audit fees	8,048	9,263
	<u>965,123</u>	<u>531,590</u>
Gain (Loss) from investment operations	<u>(933,365)</u>	<u>1,542,227</u>
Net realized gain on sale of investments	8,740,828	6,282,712
Change in unrealized depreciation of investments	(2,004,606)	(5,687,138)
Transaction costs (note 2)	(845,815)	(431,395)
Net realized and unrealized gain on investments	<u>5,890,407</u>	<u>164,179</u>
Increase in net assets from operations	<u>\$ 4,957,042</u>	<u>\$ 1,706,406</u>
Increase in net assets from operations, Series A	\$ 607,260	\$ 284,576
Increase in net assets from operations per share, Series A	<u>2.60</u>	<u>1.64</u>
Increase in net assets from operations, Series F	\$ 213,572	\$ 115,034
Increase in net assets from operations per share, Series F	<u>3.27</u>	<u>1.86</u>
Increase in net assets from operations, Series 2009	\$ 2,697,617	\$ 1,540,282
Increase in net assets from operations per share, Series 2009	<u>4.05</u>	<u>1.86</u>
Increase (decrease) in net assets from operations, Series 2010	\$ 1,438,593	\$ (233,486)
Increase (decrease) in net assets from operations per share, Series 2010	<u>4.36</u>	<u>(0.45)</u>

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2011		2010	
Net assets at the beginning of period	\$	26,764,855	\$	17,929,921
Increase in net assets from operations		4,957,042		1,706,406
Dividends to shareholders:				
Income distribution (note 4)		(1,339,439)		
Capital gain dividend (note 4)		(6,471,635)		-
Share Capital transactions				
Proceeds from the issue of shares		1,141,821		9,019,515
Shares issued on reinvestment of dividends		7,810,611		-
Amounts paid on redemption of shares		(5,187,215)		(3,344,264)
Net assets at the end of period - GAAP NAV (note 2)	\$	27,676,040	\$	25,311,578
Adjustment from bid market prices to last traded market prices		149,976		176,630
Net asset value at the end of period - Pricing NAV (note 2)	\$	27,826,016	\$	25,488,208

Series A

Net assets at the beginning of period, Series A	\$	3,760,895	\$	2,738,313
Increase in net assets from operations		607,260		284,576
Dividends to shareholders:				
Income distribution (note 4)		(322,712)		
Capital gain dividend (note 4)		(1,120,861)		-
Share Capital transactions				
Proceeds from the issue of shares		888,902		25,000
Shares issued on reinvestment of dividends		1,443,573		-
Amounts paid on redemption of shares		(57,965)		(164,862)
Net assets at the end of period - GAAP NAV (note 2)	\$	5,199,092	\$	2,883,027
Adjustment from bid market prices to last traded market prices		28,177		20,119
Net asset value at the end of period - Pricing NAV (note 2)	\$	5,227,269	\$	2,903,146

Statements of Changes in Net Assets (continued)

Series F

Net assets at the beginning of period, Series F	\$	1,318,261	\$	1,325,326
Increase in net assets from operations		213,572		115,034
Dividends to shareholders:				
Income distribution (note 4)		(87,538)		
Capital gain dividend (note 4)		(230,480)		-
Share Capital transactions				
Proceeds from the issue of shares		250,000		-
Shares issued on reinvestment of dividends		318,018		-
Amounts paid on redemption of shares		(254,285)		(478,350)
Net assets at the end of period - GAAP NAV (note 2)	\$	1,527,548	\$	962,010
Adjustment from bid market prices to last traded market prices		8,273		6,708
Net asset value at the end of period - Pricing NAV (note 2)	\$	1,535,821	\$	968,718

Series 2009

Net assets at the beginning of period, Series 2009	\$	14,008,505	\$	13,866,282
Increase in net assets from operations		2,697,617		1,540,282
Dividends to shareholders:				
Income distribution (note 4)		(929,189)		
Capital gain dividend (note 4)		(3,389,584)		-
Share Capital transactions				
Proceeds from the issue of shares		107		-
Shares issued on reinvestment of dividends		4,318,310		-
Amounts paid on redemption of shares		(2,905,343)		(2,701,052)
Net assets at the end of period - GAAP NAV (note 2)	\$	13,800,423	\$	12,705,512
Adjustment from bid market prices to last traded market prices		74,785		88,665
Net asset value at the end of period - Pricing NAV (note 2)	\$	13,875,208	\$	12,794,177

Statements of Changes in Net Assets (continued)

Series 2010

Net assets at the beginning of period, Series 2010	\$	7,677,194	\$	-
Increase (decrease) in net assets from operations		1,438,593		(233,486)
Dividends to shareholders:				
Capital gain dividend (note 4)		(1,730,710)		-
Share Capital transactions				
Proceeds from the issue of shares		2,812		8,994,515
Shares issued on reinvestment of dividends		1,730,710		-
Amounts paid on redemption of shares		(1,969,622)		-
Net assets at the end of period - GAAP NAV (note 2)	\$	7,148,977	\$	8,761,029
Adjustment from bid market prices to last traded market prices		38,741		61,138
Net asset value at the end of period - Pricing NAV (note 2)	\$	7,187,718	\$	8,822,167

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 2011

Issuer	Number of Securities	Type of Security	Cost (Proceeds)	Fair Value
Investment in securities held in long positions				
Athabasca Oil Sands Corp.	300,000	Common shares	\$ 3,947,376	\$ 4,545,000
Laricina Ene Ltd.	83,500	Common shares	2,004,000	3,548,750
Whitecap Resources Inc.	475,000	Common shares	2,983,764	2,968,750
Paramount Resources Ltd.	60,000	Class A Common shares	1,842,599	1,654,800
Tourmaline Oil Corp.	50,000	Common shares	1,471,250	1,600,000
Legacy Oil + Gas Inc.	125,000	Common shares	1,534,142	1,462,500
Pinecrest Energy Inc.	600,000	Common shares	1,480,620	1,458,000
Wild Stream Exploration Inc.	125,000	Common shares	1,443,750	1,425,000
Osum Oil Sands Corp.	95,000	Common shares	427,500	1,235,000
Strategic Oil & Gas Ltd.	1,000,000	Common shares	922,855	930,000
Vero Energy Inc.	150,000	Common shares	763,110	817,500
Silverback Energy Ltd	160,000	Common shares	400,000	760,000
Griffiths Energy International Inc.	100,000	Common shares	500,000	700,000
Arcan Resources Ltd.	120,000	Common shares	551,767	651,600
Xinergy Ltd.	150,000	Common shares	561,885	651,000
Torc Oil & Gas Ltd.	150,000	Common shares	450,000	600,000
P1 Energy Corp.	182,000	Common shares	500,500	546,000
CanElson Drilling Inc.	145,000	Common shares	506,099	530,700
Windtronics LLC	1,334	Common shares	411,284	514,978
Valeura Energy Inc.	1,850,000	Common shares	601,250	444,000
Calmena Energy Services Inc.	860,000	Common shares	430,000	425,700
Gear Energy Ltd.	140,000	Common shares	525,000	420,000
Xtreme Coil Drilling Corp.	100,000	Common shares	475,000	417,000
Canadian International Oil Corp.	115,000	Common shares	293,250	356,500
GWR Global Water Resources Corp.	55,000	Common shares	412,500	330,000
Colcan Energy Corp.	625,000	Common shares	250,000	250,000
Silverback Energy Ltd.	43,000	Common shares	204,250	204,250
P1 Energy Corp.	68,000	Common shares	204,000	204,000
Alange Energy Corp.	200,000	Secured Notes, Series A	200,000	200,000
Artek Exploration Ltd.	100,000	Common shares	242,000	192,000
Chariot Oil & Gas Ltd.	64,651	Common shares	252,023	185,569
Bowood Energy Inc.	350,000	Common shares	152,250	152,250
Canadian Overseas Petroleum Ltd.	600,000	Warrants	-	109,226
Canadian International Oil Corp.	75,000	Warrants	91,350	105,000
Valeura Energy Inc.	925,000	Warrants	-	89,942
Rodinia Oil Corp.	66,667	Warrants	-	56,319
Trafina Energy Ltd.	650,000	Warrants	-	51,312
Border Petroleum Corp.	300,000	Warrants	-	31,251
Triple 8 Energy Ltd.	83,350	Warrants	-	9,348
Alange Energy Corp.	60,000	Warrants	-	3,900
DualEx Energy International Inc.	200,000	Warrants	-	6
			<u>27,035,374</u>	<u>30,837,151</u>

Statement of Investment Portfolio (Continued)

As at June 30, 2011

Issuer	Number of Securities	Type of Security	Cost (Proceeds)	Fair Value
Investment in securities held in short positions				
Birchcliff Energy Ltd.	(125,000)	Common shares	(1,418,440)	(1,631,250)
Precision Drilling Corp.	(100,000)	Common shares	(1,359,435)	(1,385,000)
iShares S&P/TSX Capped Energy Fund	(50,000)	Common shares	(1,041,705)	(988,500)
Westport Innovations Inc.	(20,000)	Common shares	(460,770)	(463,200)
Petrominerales Ltd.	(4)	Common shares	(127)	(113)
			<u>(4,280,477)</u>	<u>(4,468,063)</u>
Transaction costs (note 2)			(57,910)	
Investments at fair value			\$ 22,696,987	\$ 26,369,088

See accompanying notes to financial statements

Notes to Financial Statements

For the six months ended June 30, 2011 and 2010

1. Creststreet Energy Opportunities Fund

Creststreet Energy Opportunities Fund (the "Fund") is a class of shares of Creststreet Opportunities Fund Inc. (the "Corporation"). The Corporation was incorporated on August 27, 2008 under the Canada Business Corporations Act. Pursuant to a purchase agreement between the Fund and Creststreet Energy Hedge Fund L.P. (the "Partnership") dated September 5, 2008, the Partnership agreed to sell all of the assets of the Partnership (the "**Partnership Assets**") to the Fund for an amount equal to the value of the Partnership Assets to be satisfied by the Fund (i) as to an amount equal to the liabilities of the Partnership, by the assumption of such liabilities, and (ii) as to the balance, by the issuance of non-voting Series A shares in the capital of the Fund (the "**Shares**") having an aggregate net asset value equal to the balance. The sale was affected on a tax-deferred "rollover" basis under the *Income Tax Act* (Canada). Subsequent to the sale of Partnership Assets on September 24, 2008, the Partnership was dissolved. The Fund has identical investment objectives and strategies as the Partnership which is to provide shareholders with long term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities, primarily of issuers engaged in the global energy sector, and through strategic trading. Since the Fund is essentially a continuation of the Partnership, the financial results of the Fund and the Partnership were combined during the fiscal year the purchase agreement was completed. All performance data for the Fund will also be a continuation from the Partnership with certain limitations.

Creststreet Asset Management Limited (the "Manager") is the investment manager of the Fund.

The Fund has also been structured to provide for the tax-deferred transfer of assets from flow-through limited partnerships managed by Creststreet in exchange for shares of the Fund with an equal net asset value.

On May 27, 2009, the Creststreet 2007 Limited Partnership ("C2007LP") transferred substantially all the public securities component of its portfolio, along with cash and certain private securities (approximately 70% of its net assets) to the Fund in exchange for shares of the Fund of equal value. Upon completion of the transfer, the C2007LP distributed the Fund's shares received to unit holders as a return of capital. The unit holders of the Creststreet 2007 Limited Partnership received 0.20786714666 shares of Creststreet Energy Opportunities Fund – Series 2009 shares for each unit held with totalled 1,217,490 shares with a value of \$11,673,723.

Creststreet 2007 Limited Partnership completed the transfer of its remaining assets to the Fund on May 31, 2010, in exchange for shares of the Fund of equal value. The Unitholders of Creststreet 2007 Limited Partnership received 0.08975716784 shares of Creststreet Energy Opportunity Fund – Series 2010 shares for each unit held with totalled 5,825,311 shares with a value of \$8,994,515.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the following is a summary of significant accounting policies followed by the Partnership and the Fund.

(a) Valuation of investments

Investments are deemed to be held for trading in accordance with Section 3855 and are therefore recorded at fair value.

Fair value of securities held by the Fund that are listed on a recognized public securities exchange are valued at their closing bid price or the closing ask price for securities sold short. Securities that are not listed or traded on a public securities exchange or actively traded on an over-the-counter market, will be valued at its fair value determined Manager pursuant to the Manager's established pricing policies. Acquisition cost may be used as a fair value proxy, particularly if the acquisition date of the investment was within the current fiscal year. For unlisted securities, the Manager's policy is to use evidence of arm's length third party transactions, where possible, in determining the fair value. The restricted securities (including securities subject to any hold period) are valued on reported quotations in common use unless a different fair market value is determined by the Manager. The Black Scholes pricing methodology is used to price the warrants held by the Fund.

CICA Emerging Issues Committee Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173") clarifies how the Fund's own credit risk and the counterparty risk should be taken into account in determining the fair value of financial instruments. The application of the EIC-173 does not have a significant impact on the valuation of the Fund's financial instruments or its net assets.

CICA Handbook Section 3855 impacts the valuation and the disclosure of the net assets of an investment fund for financial reporting purposes ("GAAP NAV" or "Net Assets") as the Canadian GAAP requires securities traded on a public exchange be valued at closing bid price for long positions and ask price for securities sold short. The value used to determine the Fund's daily price for purchases and redemption of shares ("Pricing NAV" or "Net Asset Value") is, however, not affected by the Section

3855 accounting policy change, as permitted by NI 81-106. This will result in a difference between the Net Assets Value (Pricing NAV) and Net Assets (GAAP NAV), which is presented in the Statements of Net Assets.

(b) **Cash and cash equivalents**

Cash and cash equivalents comprises of cash on deposit. These are deemed to be held for trading and are therefore carried at fair value.

(c) **Other assets and liabilities**

Dividends receivable, due from broker, interest receivable and other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, due to broker and accounts payables and accrued liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short term nature.

(d) **Brokerage commissions**

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction Costs" in the Statements of Operations.

(e) **Investment transactions and income recognition**

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Dividend income and dividend expense on securities sold short are recognized on the ex-dividend date and interest income is accrued as earned.

(f) **Income taxes**

The Fund qualifies and intends to continue to qualify as a mutual fund corporation as defined in the Income Tax Act (Canada). The Fund is subject to tax at the full corporate rate on its taxable income. Dividends received from taxable Canadian corporations are generally not included in the taxable income of the Fund but are subject to a special tax, refundable at a rate of 33 1/3 percent of taxable dividends distributed by the Fund to its shareholders. The Fund is eligible for a refund calculated on a formula basis when mutual fund shares are redeemed or when capital gains dividends are paid to shareholders. The Fund intends to distribute to its shareholders net income and net capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made.

(g) **Use of estimates**

The preparation of financial statements in accordance with GAAP 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.

(h) **Net assets per share by series**

Net assets per share by series is computed by dividing the net assets of the Fund at the valuation date attributable to each series of securities (after the deduction of all expenses attributable to the Fund as a whole, and the deduction of any expenses attributable to each series individually) by the total number of shares of each series of the Fund outstanding.

(i) **Increase (decrease) in net assets from operations per share**

The increase (decrease) in net assets from operations per share by series in the statements of operations represents the change in net assets from operation attributable to each series divided by the average number of shares of that series outstanding during the period. Income, expenses, other than management fees, and realized and unrealized gain (loss) are distributed amongst the different series of shares in proportion to the amount of equity invested in them.

3. **Management Fee & Performance Fee**

The Manger provides investment and administrative services to the Fund. In consideration for these services, the Fund pays the manager an annual fee of 2.0 percent of the net asset value of the Fund, calculated and payable monthly in arrears. For the six months ended June 30, 2011, the management fee amounted to \$309,654 (2010 – \$209,603).

The Manager is also entitled to receive a performance fee equal to 20 percent of the increase in the net asset value of each series of units in each month. The performance fee is calculated and accrued monthly and paid quarterly in arrears. If the NAV of a series does not exceed the relevant high-water mark for that series, the Manager will not be entitled to a performance fee in that month. For the six months ended June 30, 2011, the performance fee amounted to \$ 251,218 (2010 – \$nil).

4. Subscriptions & Redemptions of Units

Shares may be purchased as at the close of business on the last business day of each month following the receipt by the Manager of a completed subscription form and the required payment no later than 4:00pm on a settlement date.

Shares may be redeemed at their net asset value, at the close of business on the last business day of each month. The redemption price for shares that have been held for 6 months or less will be reduced by 3% of the net asset value of the shares and, in the case of shares that have been held more than 6 months but less than 18 months, the redemption price will be reduced by 1.5% of the net asset value of the shares. Any redemption price reduction will be retained by the Fund to offset the cost of the redemption to the remaining shareholders.

5. Income Taxes

Part IV tax in the amount of \$446,476 as of December 31, 2010 has been incurred in connection with taxable dividends received in the year. It is expected that the Part IV tax will be fully refunded on the payment of sufficient taxable dividends in subsequent years.

6. Valuation of Private Investments

The following table details the Fund's changes in the valuations for securities not traded on a public exchange during 2010 and six months ended June 30, 2011. The table is arranged in alphabetical order by investment.

	Prior fair value	New fair value	Valuation basis
<u>Athabasca Oil Sands Corp</u>			
February 2010	\$ 7,530,974	\$ 7,995,051	Write-up from previous value as arm's-length third party share transaction provided new valuation basis.
March 2010	\$ 7,995,051	\$ 6,149,034	Write-down from prior value based on the value of dividend distribution received.
March 2010	\$ 6,149,034	\$ 8,353,404	Write-up from prior value based on IPO Offering. Listed on TSX on April 8, 2010.
<u>Canadian International Oil Corp.</u>			
January 2011	\$ 287,500	\$ 345,000	Write-up from previous value based on third party financing completed at higher value.
March 2011	\$ 345,000	\$ 356,500	Write-up from previous value based on third party financing completed at higher value.
<u>Gear Energy Ltd.</u>			
March 2011	\$ 52,500	\$ 420,000	Write-up from previous value based on third party financing completed at higher value.
<u>Griffiths Energy International Inc.</u>			
March 2011	\$ 500,000	\$ 625,000	Write-up from previous value based on transactions at higher value.
April 2011	\$ 625,000	\$ 700,000	Write-up from previous value based on transactions at higher value.
May 2011	\$ 700,000	\$ 725,000	Write-up from previous value based on transactions at higher value.
June 2011	\$ 725,000	\$ 700,000	Write-up from previous value based on transactions at higher value.

	Prior fair value	New fair value	Valuation basis
<u>Laricina Energy Ltd.</u>			
March 2010	\$ 419,700	\$ 706,495	Write-up from previous value based on third party financing completed at higher value.
April 2010	\$ 706,495	\$ 671,520	Write-down from prior value as arm's-length third party transactions provided new valuation basis.
July 2010	\$ 671,520	\$ 2,505,000	Write-up from prior value as arm's-length third party transactions provided new valuation basis.
February 2011	\$ 2,505,000	\$ 2,922,500	Write-up from prior value as arm's-length third party transactions provided new valuation basis.
June 2011	\$ 2,922,500	\$ 3,548,750	Write-up from prior value as arm's-length third party transactions provided new valuation basis.
<u>OSUM Oil Sands Corp.</u>⁽¹⁾			
June 2010	\$ 877,500	\$ 877,500	Write-down from previous value due to market conditions based on the General Partner's valuation.
October 2010	\$ 877,500	\$ 831,250	Write-up from cost as arm's-length third party transactions provided new valuation basis.
November 2010	\$ 831,250	\$ 1,235,000	Write-up from prior value as arm's-length third party transactions provided new valuation basis.
<u>P1 Energy Corp.</u>			
January 2011	\$ 500,500	\$ 546,000	Write-up from cost based on third party financing completed at higher value.
<u>Silverback Energy Ltd.</u>			
December 2010	\$ 400,000	\$ 964,250	Write-up from cost based on third party financing completed at higher value.
<u>Rodinia Oil Corp.</u>			
March 2010	\$ 11,843	\$ 129,606	Write-up from prior value based on IPO Offering. Security listed on TSX as on May 28, 2010
<u>TORC Oil & Gas Ltd.</u>			
May 2011	\$ 450,000	\$ 600,000	Write-up from cost based on third party financing completed at higher value.
<u>Tourmaline Oil Corp.</u>⁽¹⁾			
June 2010	\$ 1,113,606	\$ 1,113,606	Write-up from previous value as arm's length third party financing provided new valuation basis.
November 2010	\$ 1,113,606	\$ 1,719,207	Write-up from prior value as arm's length third party financing and by IPO Offering. Listed on TSX as of November 19,2011
November 2010	\$ 1,719,207	\$ 2,432,400	Tourmaline became a public company in November 2010.
<u>Windtronics, LLC</u>			
December 2010	\$ 419,950	\$ 530,212	Write-up from cost based on third party financing completed at higher value.

Note:

- Investments Acquired through rollover of Creststreet 2007 Limited Partnership Limited.

7. Financial Instrument Risk

The Fund's investment objectives are to provide for the long-term growth of capital, through fundamental securities selection by taking both long and short investment positions primarily in the securities of issuers engaged in the global energy sector. The Fund's portfolio is comprised mainly of mid to large-capitalization Canadian resource issuers. The Fund earns interest on its cash balances to maximize its yield on idle cash while maintaining a maximum amount of flexibility to ensure that sufficient cash is on hand to seize upon investment opportunities. The Fund's use of financial instruments gives rise to a number of risk factors.

Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of volatility of market prices. Market risk is comprised of three types of risk: *currency risk*, *interest rate risk*, and *other price risk*.

Currency Risk

Currency risk is the risk that the fair value of a financial instrument could fluctuate due to changes in foreign currency exchange rates. The Fund's functional currency is Canadian dollars, and the Fund is exposed to foreign currency risk when it invests in securities denominated in another currency since the fair value of those securities is determined by converting the price of the security into Canadian dollars.

As at June 30, 2011, had the Canadian Dollar appreciated or depreciated by 5% in relation to the applicable foreign currency, the NAV of the Fund will be higher or lower as detailed below:

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
GBP pounds	\$ 185,569	\$ -	\$ 185,569	\$ 9,278	0.03%
US dollars	\$ 514,978	\$ -	\$ 514,978	\$ 25,749	0.09%

As at December 31, 2010, had the Canadian Dollar appreciated or depreciated by 5% in relation to the applicable foreign currency, the NAV of the Fund will be higher or lower as detailed below:

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
US dollars	\$ 530,212	\$ -	\$ 530,212	\$ 26,511	0.10%

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market interest rates. The immediate impact of interest rate risk is greatest on debt and fixed income securities that have a relatively long duration (generally a year or more to maturity). As of June 30, 2011 the Fund held only 0.7% (2010 - Nil) of its net assets in debt or fixed income securities. Consequently, a 1% change in the interest rate will not materially affect the Fund.

Other Price Risk

Other price risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market conditions other than currency or interest rate risk. These changes could be due to a number of factors including, but not limited to; changes in relation to a specific security or the issuer of a security, changes in the prices of a market sector's underlying commodity, or changes due to shifts in overall market sentiment. The Fund's Manager mitigates other price risk by managing and allocating the investment portfolio within the parameters of the Fund's investment objectives. As at June 30, 2011 and December 31, 2010 and assuming all other variables were held constant, had the general price level of the equities markets been 5 percent higher or lower, the NAV of the Fund may have been \$155,833 or 0.56 percent higher or lower (2010 - \$174,720 or 1.04 percent respectively). This estimation is based on statistical tools that measure the relationships between each security in the Fund's portfolio and how their returns relate to the return of the overall equities markets. In reality, results could differ from this estimate and the difference could be material.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligations or commitments that it has entered into with the Fund. The Fund invests primarily in equity securities of Canadian resource issuers and does not typically invest in debt securities, thereby minimizing the Fund's exposure to credit risk. All transactions in listed securities are settled or paid for upon delivery

using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Liquidity Risk

The Fund is subject to the possibility of net redemptions on a monthly basis. The Fund invests the majority of its net assets in securities that are traded on a public exchange and can be readily liquidated if and as required in order to meet its redemption obligations. The Fund also retains sufficient cash and cash equivalents to maintain liquidity.

8. Fair value measurement

CICA Handbook Section 3862 "Financial Instruments – Disclosure" requires the Fund to present a classification of fair value measurements of the Fund's investment based on a three level of fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair value inputs is summarized as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are easily accessible.

Level 2: Inputs other than quoted prices that is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for assets or liabilities that are not based on observable data. There is little, if any, market activity and hence the requires significant management judgment or estimation.

As at June 30, 2011:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 20,841,369	\$ -	\$ 9,339,478	\$ 30,180,847
Warrants	3,900	347,404	105,000	456,304
Fixed Income	-	-	200,000	200,000
Total Assets	20,845,269	347,404	9,644,478	30,837,151
Liabilities				
Equities	(3,479,563)	-	-	(3,479,563)
Index Units	(988,500)	-	-	(988,500)
Total Liabilities	(4,468,063)	-	-	(4,468,063)
Total	\$ 16,377,206	\$ 347,404	\$ 9,644,478	\$ 26,369,088

As at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 23,106,052	\$ 714,000	\$ 6,259,962	\$ 30,080,014
Trust Units	578,000	-	-	578,000
Warrants	-	246,223	-	246,223
Total Assets	23,684,052	960,223	6,259,962	30,904,237
Liabilities				
Equities	\$ (2,257,537)	-	-	(2,257,537)
Index Units	(2,733,750)	-	-	(2,733,750)
Total Liabilities	(4,991,287)	-	-	(4,991,287)
Total	\$ 18,692,765	\$ 960,223	\$ 6,259,962	\$ 25,912,950

The following table is a reconciliation of Level 3 fair value measurements from December 31, 2010 to June 30, 2011:

	Fixed Income	Equities	Warrants
Balance at December 31, 2010	\$	6,259,962	\$ -
Net purchases and sales	\$ 200,000	1,493,250	91,350
Net transfers in (out)		-	-
Gains (Losses)			
Realized		-	-
Unrealized		1,586,266	13,650
Balance at June 30, 2011	\$ 200,000	\$ 9,339,478	\$ 105,000

The following table is a reconciliation of Level 3 fair value measurements from December 31, 2009 to December 31, 2010:

	Equities	Warrants
Balance at December 31, 2009	\$ 6,911,488	\$ 1,541,028
Net purchases and sales	(240,778)	(1,237,875)
Net transfers in (out)	(2,867,565)	(303,153)
Gains (Losses)		
Realized	537,320	-
Unrealized	1,919,497	-
Balance at December 31, 2010	\$ 6,259,962	\$ -

9. Soft Dollar Commissions

Section 3.6.3 of the National Instrument 81-106 Investment Fund Continuous Disclosure requires the Fund to disclose, where ascertainable, the soft dollar portions of the total commission and other portfolio transactions cost paid to the dealer by the Fund. Soft dollar commission refers to any goods and services, beyond the amount attributed to the order execution, received directly from the dealer executing the Fund's portfolio transactions, or from a third party. Such benefits may be in the form of research, or other materials that aid the investment process, thus contributing to long-term realization of returns for the shareholders. For the six months period ended June 30, 2011, the Fund paid \$845,815 in brokerage commissions of which \$13,090 were soft dollar commissions.

10. Changeover to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board (the "AcSB") has confirmed the ability to defer the adoption of International Financial Reporting Standards ("IFRS") to fiscal periods beginning on or after January 1, 2013 for entities applying Accounting Guideline 18, Investment Companies. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net assets per unit. IFRS is expected to have an impact on the presentation of securityholders' equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

11. Comparative Balances

Comparative figures have been reclassified where necessary to afford a meaningful comparison with the current period.

12. Filing Exemption:

The Fund is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106 to not file its financial statements with the Ontario Securities Commission.

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Creststreet Opportunities Fund Inc.

Board of Directors

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

Donna E. Shea, C.A.
Senior Vice-President, Finance and
Chief Financial Officer

Sheryl J. Chiddenton
Vice-President, Compliance and Investment
Services

Michael D. Clare, C.A, C.F.A.
Vice-President

Officers

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Chief Financial Officer

Sheryl J. Chiddenton
Vice-President, Compliance and Investment
Services

Michael D. Clare, C.A, C.F.A.
Vice-President

Administrator

RBC Dexia Investor Services Trust
Toronto, Ontario

Prime Broker

Scotia Capital Inc.
Toronto, Ontario

Investment Advisor and Investment Fund Manager

Creststreet Asset Management Limited
Toronto, Ontario

Clearing and Settlement Services

FundSERV Inc.

Fund Symbols

CAM901, CAM902

Auditors

KPMG LLP
Toronto, Ontario

Registered Address

Creststreet Opportunities Fund Inc.
70 University Avenue, Suite 1450
Toronto, Ontario
M5J 2M4

Tel: (416) 864-6330
Toll-free: 1 (866) 864-6330
Fax: (416) 862-8950
E-mail: info@creststreet.com
www.creststreet.com