

CITADEL™ GROUP OF FUNDS™

CROWN HILL Capital Corporation

SUSTAINABLE PRODUCTION ENERGY TRUST

SEMI-ANNUAL REPORT

(UNAUDITED)

JUNE 30, 2010

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SUSTAINABLE PRODUCTION ENERGY TRUST

Sustainable Production Energy Trust (the "Fund" or "Sustainable") is a closed-end investment trust which became listed on the Toronto Stock Exchange upon closing of its initial public offering on October 17, 2005. The Fund does not have a fixed termination date.

For the six months ended June 30, 2010, Sustainable paid total cash distributions of $0.5 million or $0.18 per Unit based on monthly distributions of $0.03 per Unit from January through June.

INVESTMENT HIGHLIGHTS:	**June 30, 2010**	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Net assets per Unit [1]	**$ 5.50**	$ 5.85	$ 4.06	$ 5.12	$ 6.43	$ 9.64
Market price per Unit [1]	**$ 5.20**	$ 5.38	$ 3.65	$ 4.80	$ 6.00	$ 9.70
Trading premium (discount)	**(5.4)%**	(8.5)%	(10.0)%	(6.3)%	(6.7)%	(0.6)%
Cash distributions per Unit	**$ 0.18**	$ 0.45	$ 0.90	$ 0.90	$ 0.90	$ 0.15
Trailing yield [2]	**3.5%**	8.4%	24.7%	18.8%	15.0%	n/a
Market capitalization ($ millions)	**$ 15.45**	$ 24.30	$ 19.40	$ 34.80	$ 49.40	$ 82.1
Net assets ($ millions)	**$ 16.34**	$ 26.43	$ 21.60	$ 37.10	$ 53.00	$ 81.53

(1) Net assets and market price per Unit are based on period end values.

(2) For the interim period trailing yield is based on the last 6 months cash distributions declared expressed as a percentage of market price. For the comparative annual periods trailing yield is based on the respective 12 months cash distributions declared expressed as a percentage of market price.

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(August 30, 2010)

This interim report for the six month period ended June 30, 2010 includes both the interim management's report of fund performance, containing financial highlights, and the unaudited interim financial statements of Sustainable Production Energy Trust.

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

On June 3, 2009 Citadel Fund Administration LP became the administrator of the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. On December 18, 2009, Crown Hill Capital Corporation ("Crown Hill") acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On August 27, 2009, Valiant Trust Company, a wholly-owned subsidiary of Canadian Western Bank, replaced Computershare Trust Company of Canada as trustee for the Fund. The change in trustee is to be approved at the next meeting of Unitholders. The investment manager of the Fund is Galileo Equity Management Inc.

INVESTMENT OBJECTIVES AND STRATEGIES

Sustainable's investment objectives are to provide investors with monthly cash distributions and to maintain the production and reserves underlying each trust unit over time by combining a portfolio of oil and gas trusts with a portfolio of oil and gas corporations. The Fund, through its investment manager, seeks to achieve these investment objectives by actively managing a diversified portfolio of oil and gas trusts and corporations.

RISK

There are a number of risks associated with an investment in Sustainable Production Energy Trust. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its Unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks.

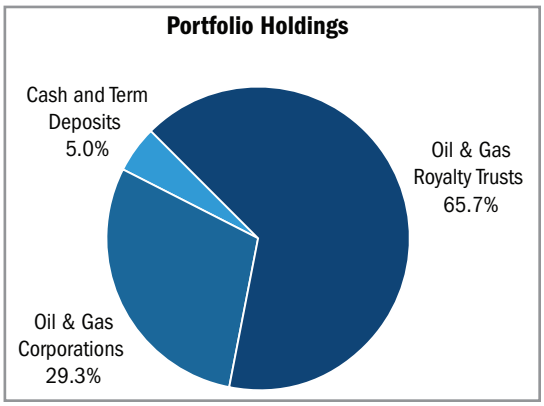
INCOME TRUST TAX

Bill C-52, an Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, was given Royal Assent on June 22, 2007 thereby passing into law the Government's imposition of a tax on income trusts starting in 2011. Since the announcement of the income trust tax in October 2006, takeover activity in the trust sector has been significant. We expect that a significant level of takeover activity will persist in the trust sector leading up to 2011. The tax on income trusts does not directly affect Sustainable, however the tax will affect many of the holdings within its portfolio.

The Fund's investment policies require that it invest in a portfolio of oil and gas royalty trust units. This investment policy is fundamental to the Fund and cannot be changed without the approval of Unitholders. As the date upon which the Federal Government's imposition of a tax on the distributions of income trusts, including oil and gas royalty trusts, approaches, it is expected that more income trusts will convert to dividend paying corporations. However, many oil and gas royalty trusts have significant tax pools which may allow those trusts to defer the dates at which they will consider converting to dividend paying corporations. If the number of oil and gas royalty trusts available for purchase in the market diminishes substantially, the ability of the Fund to achieve its investment objectives will become more challenging.

RESULTS OF OPERATIONS

Global financial market conditions began to stabilize in early 2010 due to government spending. During the first quarter, the market experienced steady growth until April when speculation about the European debt crisis caused a downturn in economic activity. By the end of the second quarter, the market had declined and the early growth witnessed in the first quarter had faded. The S&P/TSX Capped Energy Trust index rose by 3.2% in the first half of 2010, compared with a 16.2% return in the same period in 2009.



On January 4, 2010, Unitholders exercised their redemption privilege and redeemed 1,469,614 Units at a redemption price of $5.88 per Unit for a total cost of $8.6 million. As a result of this redemption, monthly unit repurchases, and cash distributions to Unitholders, Sustainable's net assets decreased to $16.3 million at June 30, 2010 from $26.4 million at December 31, 2009. On a per Unit basis, the Fund's net assets decreased to $5.50 per Unit at June 30, 2010 from $5.85 per Unit at December 31, 2009.

The Fund's market price decreased over the six month period, from $5.38 per Unit at December 31, 2009 to $5.20 per Unit at June 30, 2010. Sustainable's market price decrease, along with its annual redemption, monthly unit repurchases, and monthly cash distributions, produced a 0.0% total return over the period. Sustainable's net asset value decrease, along with its annual redemption, monthly unit repurchases, and monthly cash distributions, caused a loss of 2.9% on a net assets basis over the period.

Total revenue for the first half of 2010 was $0.56 million compared to $0.90 million for the comparative period in 2009. This decline in revenue was a result of the diminished asset base. Total expenses for the first six months of 2010 was $0.34 million compared to $0.39 million in the comparative period. The decrease in expenses was primarily due to not incurring any severance costs in the current period. Administrative and investment manager fees, which are calculated in reference to the Fund's net asset value, fell to $0.10 million for the first half of 2010 compared to $0.11 million for the comparative period. Trailer fees, which are also calculated in reference to the Fund's net asset value, were $0.04 million for both the first halves of 2010 and 2009. The Fund did not utilize leverage throughout the period, and as such, the Fund did not incur any loan interest in the first half of 2010 compared to $1,089 in the comparative period. The credit facility was fully repaid and cancelled in July 2009.

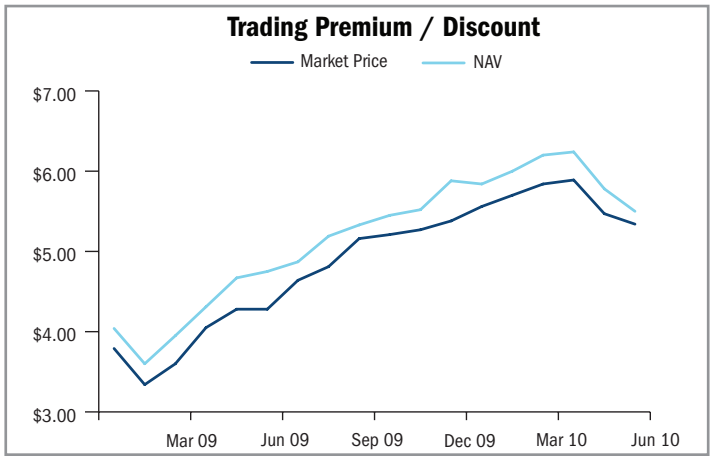
After total expenses of $0.34 million in the first half of 2010, the Fund generated net investment income of $0.23 million or $0.07 per Unit compared to $0.5 million or $0.11 per Unit in 2009 due primarily to lower revenue year over year.

The Fund realized gains of $0.78 million on the sale of investments in the first half of 2010. However, the Fund experienced unrealized losses of $1.5 million, which resulted in the Fund experiencing a comprehensive loss from operations of $0.46 million or a loss of $0.15 per Unit in 2010 compared to comprehensive income from operations of $4.2 million or $0.89 per Unit in 2009. In the first half of 2009, the Fund realized losses of $3.3 million with unrealized gains of $6.9 million.

During the first half of 2010, Sustainable paid total cash distributions of $0.18 per Unit based on monthly distributions of $0.03 per Unit. In the prior year, Sustainable paid total cash distributions of $0.075 per Unit during January and February and $0.03 per Unit during March through June 2009.

TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

For the first half of 2010, Sustainable's Unit price traded at an average discount to its net asset value of 6.7% compared to an average discount of 8.2% for the prior year. With this discount, the Fund repurchased 76,900 Units for cancellation under its mandatory repurchase program at an average cost of $5.67 per Unit (six months ended June 30, 2009 – 122,700 Units at an average cost of $3.91 per Unit). Under its mandatory repurchase program, the Fund is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the Units outstanding.



RECENT DEVELOPMENTS

While the global economic recovery is ongoing, it is anemic in the developed world. Unlike past recoveries, the United States is not leading the way out, rather the recovery is being driven by growth in Asia and Latin America.

With regards to the energy market, China is particularly relevant because of its voracious appetite for oil. The growth in automobile ownership continues unabated and there is no indication that China's energy demands will slow anytime soon. On the supply side, Mexico's giant Cantarell oil field in the Bay of Campeche continues to experience significant declines in production. From a peak of 2.3 million barrels per day ("bpd") in 2004, the field is now producing just 500,000 bpd. Mexico is a mature oil producer in secular decline and may be a net importer by 2015. The unfortunate BP oil spill in the Gulf of Mexico has highlighted the inherent risks in deep offshore drilling. The industry is pushing technology to the limits in pursuing these offshore exploration plays. Going forward, offshore drilling will be more costly with longer regulatory delays in virtually every jurisdiction.

Increasing demand from Asia coupled with evolving supply challenges suggest that the price of oil is headed higher in the future. The Sustainable Production portfolio is focused on holding the highest quality companies that have reasonable payout ratios.

On June 3, 2009 Citadel Fund Administration LP acquired the administrative contract of the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. On December 18, 2009, Crown Hill acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On August 27, 2009 Valiant Trust Company replaced Computershare Trust Company as the trustee of the Fund. The change in trustee is to be approved at the next meeting of Unitholders.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA Emerging Issues Committee ("EIC") issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(ies) when determining the fair value of the financial assets and financial liabilities, including derivative instruments. EIC-173, which became effective for the Fund on January 1, 2009, had no material impact on the Fund's net assets or results of operations.

Financial Instruments — Disclosures

On May 29, 2009 the Canadian Accounting Standards Board issued amendments to CICA Handbook Section 3862 ("3862 Amendments"). As a result of these amendments, the Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (Level 1, Level 2 and Level 3 inputs as defined in the standard). The 3862 Amendments are applicable for years ending after September 30, 2009. As a result, the Fund implemented the 3862 Amendments in the financial statements for the year ending December 31, 2009 and subsequent periods.

Future accounting changes

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles will be replaced by International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. These new standards are effective for the Fund beginning January 1, 2012. The Fund is currently assessing the impact of IFRS on its financial reporting.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that will derive therefrom. The forward looking statements contained in this annual report are expressly qualified by this cautionary statement. Except as may be required by applicable securities law, we undertake no obligation to publicly update or revise any forward looking statements.

RELATED PARTY TRANSACTIONS

Prior to June 4, 2009, Sustainable PE Management Inc. was the administrator of Sustainable and therefore a related party to the Fund. CIFSG Funds Inc., an affiliate of Sustainable PE Management Inc. and therefore also a related party to the Fund, provided administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs were allocated among the Citadel Group of Funds. After June 3, 2009 Citadel Fund Administration LP and Crown Hill continued this policy.

Pursuant to the Administrative Services Agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable monthly in arrears. The administrator and/or its agent are also reimbursed for all general and administrative expenses that relate to the operation of the Fund. First Paladin Inc., a company related to the administrative agent, received $30,000 plus applicable taxes over the period to cover related administrative salaries, employee benefits, general overhead and office supplies.

On June 3, 2009, CIFSG Funds Inc. made severance payments of $2.2 million to its employees. As well, payments of $0.54 million were made to terminate the office lease held by CIFSG Funds Inc. and guaranteed by one of the Citadel Group of Funds. These costs were allocated to all of the Citadel Group of Funds based upon their net asset value. The Fund's portion of this allocation was $44,534 for severance and $8,862 to terminate the office lease and is included in severance and other costs for the period ended June 30, 2009. In the current period, the Fund did not incur any severance or office lease termination costs.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for each year since inception to December 31, 2009 and from the unaudited interim financial statements for the six months ended June 30, 2010.

Net Assets per Unit ("NAPU")

	Six months ended June 30, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006	Year ended December 31, 2005 (1)
NAPU — beginning of period	**$ 5.85**	$ 4.06	$ 5.12	$ 6.43	$ 9.64	$ 9.41
Increase (decrease) from operations:						
Total revenue	**0.19**	0.38	0.62	0.68	0.87	0.23
Total expenses	**(0.11)**	(0.17)	(0.16)	(0.18)	(0.21)	(0.04)
Realized gains (losses)	**0.26**	(0.54)	(1.49)	(1.15)	0.80	0.01
Unrealized gains (losses)	**(0.49)**	2.53	0.87	0.27	(2.18)	0.15
Total increase (decrease) from operations	**$ (0.15)**	$ 2.20	$ (0.16)	$ (0.38)	$ (2.32)	$ 0.35
Distributions:						
From net investment income		0.20	0.52	0.57	0.76	0.15
Return of capital		0.25	0.38	0.33	0.14	–
Total cash distributions	**0.18**	0.45	0.90	0.90	0.90	0.15
NAPU — end of period	**$ 5.50**	$ 5.85	$ 4.06	$ 5.12	$ 6.43	$ 9.64

(1) The Fund commenced operations on October 17, 2005.

Net assets per Unit ("NAPU") and cash distributions per Unit are based on the actual number of Units outstanding at the time. The June 30, 2010, December 31, 2009 and 2008 NAPU are based on bid prices and all prior NAPU are based on closing prices. The increase (decrease) from operations is based on the weighted average number of Units outstanding over the financial period. This schedule is not a reconciliation of NAPU since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

Ratios and Supplemental Data

	Six months ended June 30, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006	Year ended December 31, 2005
Net assets ($ 000's)	**$ 16,342**	$ 26,413	$ 21,593	$ 37,117	$ 52,951	$ 81,535
Number of Units outstanding	**2,971,739**	4,517,137	5,321,841	7,251,978	8,240,155	8,461,311
Management expense ratio	**3.28%**	2.95%	2.51%	2.69%	2.52%	1.91%
Portfolio turnover ratio	**96.0%**	108.51%	53.34%	31.92%	86.89%	14.82%
Trading expense ratio	**0.42%**	0.55%	0.40%	0.38%	0.50%	1.64%
Closing market price	**$ 5.20**	$ 5.38	$ 3.65	$ 4.80	$ 6.00	$ 9.70

Management expense ratio is based on total expenses (excluding portfolio transaction costs) for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

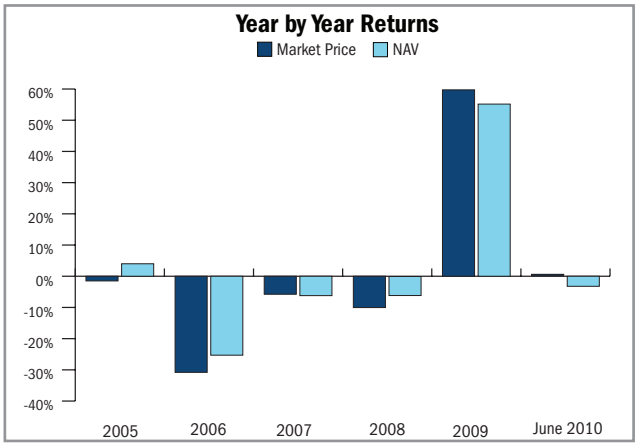
MANAGEMENT FEES

Pursuant to the Administrative Services Agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units or cash monthly in arrears. On November 1, 2008, the Fund commenced paying these fees in cash in accordance with the Fund's Administrative Services Agreement. Galileo Equity Management Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for a portion of these fees.

PAST PERFORMANCE

Sustainable's performance numbers represent the compound total returns over the period from inception in October 2005 to June 30, 2010 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net assets per Unit plus the reinvestment of all distributions in additional units of the Fund.

Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.



ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Sustainable based on market price and net asset value with comparison to the S&P/TSX Capped Energy Trust Index for the periods indicated to June 30, 2010. The S&P/ TSX Capped Energy Trust Index is a market cap weighted total return index of income trusts which are classified in the energy sector of the Global Industry Classification Standards. In the current period, Sustainable's net assets return slightly underperformed the index.

	1 Year	3 Year	Since inception
Sustainable Production (market price)	34.65%	7.20%	(2.63)%
Sustainable Production (net assets)	26.31%	6.62%	(0.99)%
S&P/TSX Capped Energy Trust Index	27.48%	1.24%	3.76%

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2010

Transactional Net Assets: $16,372,880

Portfolio by Sector	% of Transactional Net Assets
Oil & Gas Royalty Trusts	66.5%
Oil & Gas Corporations	29.7%
Cash and Equivalents	4.5%
Liabilities, Net of Other Assets	(0.7)%
Total Transactional Net Assets	100.0 %

TOP HOLDINGS (as a % of Transactional Net Assets)

Baytex Energy Trust	9.7%	NAL Oil & Gas Trust	7.1%
Bonterra Oil & Gas Ltd.	9.6%	ARC Energy Trust	6.6%
Freehold Royalty Trust	8.7%	Bankers Petroleum Ltd.	3.8%
Bonavista Energy Trust	8.4%	Zargon Energy Trust	3.3%
Vermilion Energy Trust	8.2%	Pacific Rubiales Energy Corp.	2.9%
Crescent Point Energy Corp.	8.0%	Alange Energy Corp.	2.7%
Penn West Energy Trust	7.5%	Emerge Oil & Gas Inc.	2.7%
Daylight Energy Ltd.	7.1%		

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.citadelfunds.com.

SUSTAINABLE PRODUCTION ENERGY TRUST

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30, 2010 AND 2009

STATEMENTS OF NET ASSETS

As at		June 30, 2010		December 31, 2009
Assets				
Investments, at fair value	$	**15,744,000**	$	20,915,100
Cash and equivalents		**741,811**		4,847,719
Receivable for investments sold		**-**		787,847
Revenue receivable		**83,150**		127,400
Accounts receivable (note 4)		**-**		-
Prepaid expenses		**-**		-
		16,568,961		26,678,066
Liabilities				
Accounts payable and accrued liabilities (note 4)		**127,693**		114,421
Distributions payable		**89,152**		135,514
Payable for investments purchased		**9,672**		14,615
		226,517		264,550
Net Assets representing Unitholders' Equity	$	**16,342,444**	$	26,413,516
Units outstanding (note 3)		**2,971,739**		4,517,137
Net Assets per Unit	$	**5.50**	$	5.85

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board,

Wayne L. Pushka
Chief Executive Officer

Davindra Persaud
Chief Financial Officer

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

For the six months ended June 30	2010	2009
Revenue		
Distribution income	$ 550,759	$ 824,615
Interest income	12,247	78,839
	563,005	903,454
Expenses		
Administrative and investment manager fees (note 4)	104,369	113,416
Portfolio transaction costs (note 8)	38,701	67,432
General and administration costs	36,568	35,641
Trailer fees (note 5)	36,165	41,484
Custody, valuation and transfer fees	34,347	4,003
Audit and review fees	29,847	6,978
Reporting costs	25,427	7,572
Legal fees	18,097	11,753
Trustee fees	5,209	2,260
Independent Review Committee fees	4,984	335
Directors' fees	4,842	39,220
Severance and other costs (note 4)	-	53,396
Loan interest (note 7)	-	1,089
	338,556	384,571
Net investment income	224,449	518,883
Net realized gain (loss) on sale of investments (note 6)	782,296	(3,250,533)
Net change in unrealized (loss) gain on investments	(1,466,500)	6,906,765
Total results of operations and comprehensive income	$ (459,755)	$ 4,175,115
Results of operations per Unit [1]	$ (0.15)	$ 0.89

(1) Based on the weighted average number of Units outstanding.

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30	**2010**	2009
Net Assets — beginning of period	**$ 26,413,516**	$ 21,592,531
Operations:		
Net investment income	**224,449**	518,883
Net realized gain (loss) on sale of investments	**782,296**	(3,250,533)
Net change in unrealized (loss) gain on investments	**(1,466,500)**	6,906,765
	(459,755)	4,175,115
Unitholder Transactions: (note 3)		
Proceeds from distribution reinvestment plan	**6,199**	17,420
Repurchase of trust Units	**(435,672)**	(480,376)
Redemption of trust Units	**(8,641,330)**	(2,270,151)
	(9,070,803)	(2,733,107)
Distributions to Unitholders	**(540,514)**	(1,265,948)
Net Assets — end of period	**$ 16,342,444**	$ 21,768,591
Distributions per Unit	**$ 0.18**	$ 0.27

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the six months ended June 30	2010	2009
Cash flows from operating activities:		
Net investment income	**$ 224,449**	$ 518,883
Net change in non-cash working capital	**794,064**	761,026
Purchase of investments	**(6,099,998)**	(15,032,882)
Proceeds from sale of investments	**10,586,894**	15,935,076
	5,505,409	2,182,103
Cash flows from financing activities:		
Proceeds from distribution reinvestment plan	**6,199**	17,420
Cash distributions to Unitholders	**(540,514)**	(1,526,343)
Repurchase of trust Units	**(435,672)**	(480,376)
Redemption of trust Units	**(8,641,330)**	(2,270,151)
	(9,611,317)	(4,259,450)
Net decrease in cash and equivalents	**$ (4,105,908)**	$ (2,077,347)
Cash and equivalents, beginning of period	**4,847,719**	3,649,684
Cash and equivalents, end of period	**$ 741,811**	$ 1,572,337

Supplementary Information		
Interest paid	**$ -**	$ 1,089

See accompanying notes.

STATEMENTS OF INVESTMENTS

	As at June 30, 2010				As at December 31, 2009			
	Number of Units held	**Cost**	**Fair Value**	**% of Net Assets**	*Number of Units held*	Cost	Fair Value	% of Net Assets
Oil & Gas Royalty Trusts								
ARC Energy Trust	***55,000***	**$ 1,235,934**	**$ 1,084,050**		*80,000*	$ 1,805,440	$ 1,595,200	
Baytex Energy Trust	***50,000***	**986,639**	**1,590,000**		*60,000*	1,110,252	1,771,800	
Bonavista Energy Trust	***60,000***	**1,599,509**	**1,368,600**		*70,000*	1,878,073	1,558,900	
Daylight Energy Ltd.	***130,000***	**1,482,796**	**1,157,000**		*130,000*	1,489,467	1,322,100	
Daylight Resources Trust - 10% - Con. Debenture - Dec 31, 2013	-	-	-		*680,000*	638,350	788,800	
Freehold Royalty Trust	***90,000***	**1,457,522**	**1,424,700**		*120,000*	1,943,363	1,806,000	
NAL Oil & Gas Trust	***110,000***	**1,713,491**	**1,161,600**		*130,000*	2,025,035	1,775,800	
Penn West Energy Trust	***60,000***	**1,290,512**	**1,218,000**		-	-	-	
Peyto Energy Trust	-	-	-		*70,000*	900,912	977,900	
Vermilion Energy Trust	***40,000***	**1,272,375**	**1,341,200**		*40,000*	1,257,808	1,296,000	
Zargon Energy Trust	***30,000***	**879,162**	**543,000**		*60,000*	1,758,324	1,147,200	
		11,917,940	**10,888,150**	**66.6**		14,807,024	14,039,700	53.2
Oil & Gas Corporations								
Alange Energy Corp.	***1,300,000***	**667,489**	**448,500**		*1,500,000*	738,733	945,000	
Bankers Petroleum Ltd.	***90,000***	**545,259**	**629,100**		*50,000*	254,527	310,500	
Bonterra Oil & Gas Ltd.	***45,000***	**1,256,566**	**1,563,300**		*50,000*	1,212,274	1,733,000	
Crescent Point Energy Corp.	***35,000***	**830,516**	**1,299,550**		*50,000*	988,685	1,972,500	
Emerge Oil & Gas Inc.	***140,000***	**546,350**	**438,200**		-	-	-	
Husky Energy Inc.	-	-	-		*40,000*	1,233,111	1,200,800	
Pacific Rubiales Inc.	***20,000***	**250,124**	**477,200**		-	-	-	
Pacific Rubiales Energy Corp. Wts - July 12, 2012	-	-	-		*80,000*	484,490	713,600	
		4,096,304	**4,855,850**	**29.7**		4,911,820	6,875,400	26.0
Total Investments		**$ 16,014,244**	**$ 15,744,000**	**96.3**		$ 19,718,844	$ 20,915,100	79.2
Other Assets, Net of Liabilities			**598,444**	**3.7**			5,498,416	20.8
Total Net Assets			**$ 16,342,444**	**100.0**			$ 26,413,516	100.0

All of the oil & gas royalty trusts are trust Units, while all of the oil & gas corporations are common shares unless otherwise noted.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

1. STRUCTURE OF THE FUND

Sustainable Production Energy Trust (the "Fund" or "Sustainable") is a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 29, 2005. The Fund commenced operations upon completion of its initial public offering on October 17, 2005. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the administrator with the prior approval of the Unitholders of the Fund by special resolution passed at a meeting called for such purpose.

On June 3, 2009 Citadel Fund Administration LP became the administrator of the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. On December 18, 2009, Crown Hill Capital Corporation ("Crown Hill") acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On August 27, 2009, Valiant Trust Company, a wholly-owned subsidiary of Canadian Western Bank, replaced Computershare Trust Company of Canada as trustee for the Fund. The change in trustee is to be approved at the next meeting of Unitholders.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and equivalents

Cash consists of cash on hand and short-term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are valued at fair value. Securities which are actively traded are valued at bid price as published on the recognized stock exchange on which the investment is listed or principally traded. Investments not traded on the valuation date are valued at the average of the closing bid and ask prices. Average cost is used to compute realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its Unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to Unitholders, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) Application of CICA Handbook Section 3855

For purposes of preparing its financial statements, the Fund values its investments pursuant to Section 3855 of the Canadian Institute of Chartered Accountants ("CICA") Handbook as outlined above in Note 2(b); the resulting net assets balance is referred to as "Net Assets". For all other purposes, including the processing of unitholder transactions, the value of its investments that trade in an active market continues to be determined using the last traded price; the resulting net assets balance is referred to as "Transactional Net Assets". On each valuation date, the net asset value per Unit is computed by dividing the net assets of the Fund by the total number of its Units outstanding.

(f) New accounting changes

On May 29, 2009 the Canadian Accounting Standards Board issued amendments to CICA Handbook Section 3862 ("3862 Amendments"). As a result of these amendments, the Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (Level 1, Level 2 and Level 3 inputs as defined in the standard). The 3862 Amendments are applicable for years ending after September 30, 2009. As a result, the Fund implemented the 3862 Amendments in the financial statements for the year ending December 31, 2009 and subsequent periods. Please see Note 9 for further details.

(g) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA Emerging Issues Committee ("EIC") issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(ies) when determining the fair value of the financial assets and financial liabilities, including derivative instruments. EIC-173, which became effective for the Fund on January 1, 2009, had no material impact on the Fund's net assets or results of operations.

(h) Future accounting changes

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian GAAP will be replaced by International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. These new standards are effective for the Fund beginning January 1, 2012. The Fund is currently assessing the impact of IFRS on its financial reporting.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust Units which are transferable redeemable units of beneficial interest.

	June 30, 2010		December 31, 2009	
Issued and outstanding	**Number**	**Amount**	Number	Amount
Trust Units – beginning of year	**4,517,137**	**$ 59,008,957**	5,321,841	$ 62,303,390
Issued under DRIP	**1,116**	**6,199**	6,416	22,267
Repurchases of trust Units	**(76,900)**	**(435,672)**	(232,000)	(1,046,549)
Redemptions of trust Units	**(1,469,614)**	**(8,641,330)**	(579,120)	(2,270,151)
Trust Units – end of year	**2,971,739**	**$ 49,938,154**	4,517,137	$ 59,008,957

The weighted average number of Units outstanding for the six months ended June 30, 2010 was 3,037,946 Units (six months ended June 30, 2009 – 4,690,103 Units).

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per Unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of Units outstanding at the beginning of such quarter. For the six months ended June 30, 2010, 76,900 trust Units were repurchased under this program at an average cost of $5.67 per Unit (year ended December 31, 2009 - 232,000 Units at an average cost of $4.45 per Unit).

Unitholders of Sustainable can acquire additional Units by participating in the Distribution Reinvestment Plan ("DRIP"). The DRIP enables Unitholders to reinvest their monthly distributions in additional Units of the Fund at the five-day weighted average market price of the Fund's Units. For the six months ended June 30, 2010, a total of 1,116 Units were issued under the DRIP (year ended December 31, 2009 - 6,416 Units).

Unitholders have the right to redeem their Units on an annual basis in January of each year. The redemption value is net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount. In January 2010, a total of 1,469,614 trust Units were redeemed for a total of $8.6 million or $5.88 per Unit (January 2009 - 579,120 trust Units for a total of $2.3 million).

4. ADMINISTRATIVE AND INVESTMENT MANAGER FEES AND OTHER RELATED PARTY EXPENSES

Prior to June 4, 2009, Sustainable PE Management LP ("SPEM") was the administrator of the Fund and therefore a related party to the Fund. On June 3, 2009, Citadel Fund Administration LP became the administrator of the Citadel Group of Funds and therefore, a related party to the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. On December 18, 2009, Crown Hill Capital Corporation acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. Galileo Equity Management Inc. is the investment manager of the Fund. Pursuant to the Administrative Services and Investment Management Agreements, total annual administrative and investment manager fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable monthly in arrears based on the average daily closing price.

For the six months ended June 30, 2010, the Fund paid administrative and management fees of $104,369. In the comparative period, the Fund issued 4,745 trust Units and recorded an expense of $113,416 in respect of the administrative and investment management fees during the period. The Administrative Services Agreement also provides for the reimbursement of certain expenses incurred by the administrator and/or its agent during the performance of its duties. First Paladin Inc., a company related to the administrative agent, received $30,000 plus applicable taxes over the period to cover related administrative salaries, employee benefits, general overhead and office supplies. As at June 30, 2010, included in accounts payable were amounts owed to the administrative agent of $10,540 and $5,250 owed to First Paladin Inc. (December 31, 2009 - $16,184 owed from SPEM included in accounts receivable).

On June 3, 2009, CIFSG Funds Inc. made severance payments of $2.2 million to its employees. As well, payments of $0.54 million were made to terminate the office lease held by CIFSG Funds Inc. and guaranteed by one of the Citadel Group of Funds. These costs were allocated to the Citadel Group of Funds. Severance and other costs included severance payments of $44,534 made on June 3, 2009 to the departing employees of an affiliate of SPEM, as well as $8,862 to terminate the office lease for the period ended June 30, 2009. In the current period, the Fund did not incur any severance or office lease termination costs.

5. TRAILER FEE

Sustainable pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by Unitholders in accounts with investment dealers. For the six months ended June 30, 2010, the Fund recorded an expense of $36,165 relating to the trailer fee (six months ended June 30, 2009 - $41,484).

6. INVESTMENTS

The net realized gain (loss) on the sale of investments was determined as follows:

For the six months ended June 30	**2010**	2009
Proceeds from the sale of investments	**$ 10,586,894**	$ 15,935,076
Less cost of investments sold:		
Investments at cost – beginning of period	**19,718,844**	28,483,345
Investments purchased during period	**6,099,998**	15,032,882
Investments at cost – end of period	**(16,014,244)**	(24,330,618)
Cost of investments disposed of during period	**9,804,598**	19,185,609
Net realized gain (loss) on sale of investments	**$ 782,296**	$ (3,250,533)

7. LOAN FACILITY

The Fund had a revolving credit facility with a Canadian chartered bank to a maximum of $20 million or 25% of the total assets of the Fund. The maximum and minimum borrowings during the year were $1.3 million and nil respectively. In July 2009 the loan facility was fully repaid and cancelled.

8. PORTFOLIO TRANSACTION COSTS

For the six months ended June 30, 2010, the Fund incurred portfolio transaction costs of $38,701 (six months ended June 30, 2009 – $67,432) and they are recorded separately in the Statements of Operations and Comprehensive Income as an expense for the period.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund aims to provide Unitholders with monthly distributions primarily through investments in oil & gas royalty trusts and corporations. As a result, the Fund is exposed to the risk of being invested, on a concentrated basis, in these asset classes. The Fund's investment manager uses a disciplined, fundamental approach in its investment selection and portfolio management approach which consists of an intensive and ongoing research process of investment opportunities. The investment manager purchases and holds securities for the Fund for the short to medium term and also determines the timing of when to rotate the Fund's portfolio in order to enhance the Fund's portfolio performance and/or limit risk.

Financial Instruments

CICA Handbook Section 3862 requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows: (i) Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets; (ii) Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; (iii) Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

The following tables present as at June 30, 2010, and December 31, 2009, the level within the fair value hierarchy for each of the financial assets measured at fair value:

Financial assets — trading investments	Level 1	Level 2	Level 3	June 30, 2010 Total Fair Value
Equities	$ 15,744,000	-	-	$ 15,744,000
Total	$ 15,744,000	-	-	$ 15,744,000

Financial assets — trading investments	Level 1	Level 2	Level 3	December 31, 2009 Total Fair Value
Equities	$ 20,126,300	-	-	$ 20,126,300
Convertible Debenture	$ 788,800	-	-	$ 788,800
Total	$ 20,915,100	-	-	$ 20,915,100

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investing in the trust market. The Fund will continue to invest taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for Unitholders. The best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Capped Energy Trust index ("Energy index"), with other variables held constant, is as follows. If income trust prices on the Energy index had increased or decreased by 10.00%, all other variables held constant, the net assets of the Fund would increase or decrease by 9.6%, respectively. In practice the actual results may differ from the above sensitivity analysis and the difference could be material.

Interest Rate Risk

The majority of the Fund's assets are non-interest bearing. The Fund is also exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its investments. Excess cash and cash equivalents are invested in overnight deposits and bankers acceptances.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform to the terms of their obligations to the Fund. The Fund maintains all of its cash and equivalents at its custodian. All transactions in listed securities are settled (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. The trade will fail if either party fails to meet its obligation.

Foreign Currency Risk

The assets and liabilities of the Fund are predominately held in the functional currency of the Fund which is the Canadian dollar; therefore, the Fund is not exposed to significant foreign currency risk.

Liquidity Risk

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times or that the prices at which the securities trade accurately reflect their fair values. Thin trading in a security could make it difficult to liquidate holdings in a short period of time. The Fund generally maintains a sufficient cash balance to meet its daily operating expenses.

10. CAPITAL MANAGEMENT

Sustainable's capital structure consists of its Unitholders' equity. The Fund's administrative agent manages the Fund's capital in accordance with its investment objectives, strategies and restrictions as detailed in its Declaration of Trust. Unitholders' equity consists of issued units, undistributed net investment income, if any, undistributed realized gains (losses) on sale of investments, if any, and unrealized gains (losses) in value of investments. Pursuant to its Declaration of Trust, the Fund is required to distribute all of its net income and net realized capital gains (as calculated for tax purposes); therefore, Unitholders' equity mainly represents issued units and unrealized gains or losses in the value of investments.

11. SUBSEQUENT EVENT

A Special Meeting of Unitholders of the Fund was held on August 30, 2010 to discuss the proposed reorganization and merger with one or both of Energy Plus Income Trust ("Energy Plus") and CGF Resource 2008 Flow Through Limited Partnership ("CGF Resource"), with the continuing fund to be named Energy Income Fund. The Unitholders of the Fund approved the reorganization and merger.

It is expected that the merger between the Fund and Energy Plus will occur on October 4, 2010 subject to the permitted merger provision in Energy Plus' Declaration of Trust and approval from the TSX to form Energy Income Fund.

CGF Resource is expected to have a special meeting of security holders on September 28, 2010. Should the security holders of CGF Resource approve the merger at their meeting, then it will merge into the proposed Energy Income Fund on or subsequent to October 4, 2010.

CORPORATE INFORMATION

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AUDITORS

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Sustainable Production Energy Trust units: **SPU.un**

INVESTMENT MANAGER

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INDEPENDENT REVIEW COMMITTEE

Mark Maxwell
John Campbell
Andrew Fleming
Mark Arthur

DIRECTORS OF THE ADMINISTRATIVE AGENT

Wayne Pushka – Director
Michael Burns – Independent Director
Gary Van Nest – Independent Director

OFFICERS OF THE ADMINISTRATIVE AGENT

Wayne Pushka – Chief Executive Officer
Davindra Persaud – Chief Financial Officer

TRUSTEE

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CUSTODIAN

CIBC Mellon Global Securities Services Company
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Toronto, Ontario M5H 4A6

TRANSFER AGENT

Computershare Investor Services Inc.
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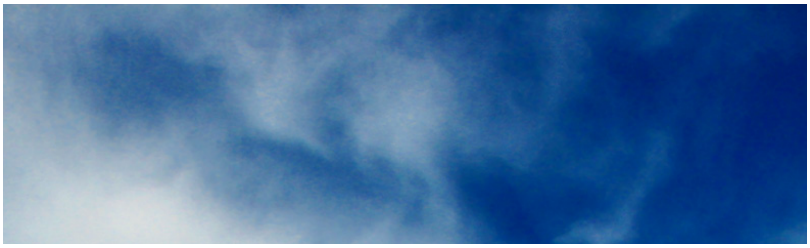

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