

Canada Dominion Resources Limited Partnership

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Canada Dominion Resources Group

Canada Dominion Resources
Limited Partnership
Third Quarter Interim Report

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Third Quarter Interim Report

For the nine months ended September 30

Oil prices continued to climb during the third quarter peaking at US\$25/bbl in late September. The reasons for the price increase continued to be supply driven as reported in our second quarter report to unitholders. Gas prices were strong in the quarter amidst concerns that there may be gas delivery problems later in the year.

During the same period gold prices surged from lows of US\$261 at the beginning of the quarter to US\$307 by the end of the quarter. Prices were highest at the end of August and retreated during the month of September. The increase in gold price was largely due to an announcement by the ECU that member countries would limit the amount of gold sales by their respective central banks. The market interpreted this action to mean a shortfall in gold supply was imminent and the gold price increased sharply as a result aided by a short covering rally.

In response to this improved price environment the market value of the Partnership's portfolio increased by \$1.7 million (12.2%) during the quarter. The portfolio's

performance was led by significant gains in value in such companies as Baytex Energy, Berkley Petroleum, Genesis Exploration, MAXX Petroleum, McWatters Mining and Triumph Energy, to name a few. These strong performances were offset by a decline in value in two of the portfolio's investments, Canadian 88 Energy and Merit Energy. Both of these companies suffered production shortfalls and the market heavily penalized the share prices.

As at September 30th, the value of the Partnership's portfolio was \$16.0 million and its NAV increased by 18.0% to \$21.20 at quarter end as compared to \$19.09 at the beginning of the year. Operations for the quarter resulted in a net realized investment loss of \$148,000, or \$0.19 per unit, and corresponding unrealized financial operations income of \$1,599,000, or \$2.10 per unit.

"signed by"

James A. Hutton

President and Chief Executive Officer

November 15, 1999

Statements of Assets

(Prepared without audit)

	September 30 1999	December 31 1998
Assets		
Cash and short-term investments	\$ 89,455	\$ 246,262
Interest receivable	195	1,842
Due from General Partner	8,675	-
Investments, at market value (see schedule)	16,028,018	13,430,722
	<u>16,126,343</u>	<u>13,678,826</u>
Liabilities		
Accounts payable and accrued liabilities	17,811	14,309
Due to General Partner	-	9,394
	<u>17,811</u>	<u>23,703</u>
Net assets	<u>\$ 16,108,532</u>	<u>\$ 13,655,123</u>
Partners' Capital		
Issued and fully paid partnership units	\$ 17,158,048	\$ 17,158,048
Unrealized appreciation/ (depreciation) of investments	1,474,604	(3,382,720)
Net investment loss	(2,524,120)	(120,205)
	<u>\$ 16,108,532</u>	<u>\$ 13,655,123</u>
Units outstanding	760,000	760,000
Net asset value per unit	\$ 21.20	\$ 17.97

Statements of Financial Operations

For the nine months ended September 30

(Prepared without audit)

	1999	1998 ⁽¹⁾
Investment income:		
Interest and other income	\$ 18,817	\$ 153,135
Expenses:		
Administration	226,771	96,721
Investment Advisor fee	122,729	54,886
General Partner fee	90,712	40,568
	<u>440,212</u>	<u>192,175</u>
Loss on sale of investments	1,982,550	-
	<u>2,422,762</u>	<u>192,175</u>
Net investment loss for the period	(2,403,915)	(39,040)
Change in unrealized appreciation (depreciation) of investments for the period	4,857,324	(590,062)
Financial operations income (loss)	\$ 2,453,409	\$ (629,102)
Net investment loss per unit	\$ (3.16)	\$ (0.05)
Financial operations gain (loss) per unit	3.23	(0.83)

⁽¹⁾The Partnership completed its financing on June 18, 1998 and as such these comparative figures represent financial operations from that date.

Statements of Changes in Net Assets

For the nine months ended September 30

(Prepared without audit)

	1999	1998 ⁽¹⁾
Net assets, beginning of period	\$ 13,655,123	\$ 100
Increase (decrease) in net assets from financial operations:		
Net investment loss	(2,403,915)	(39,040)
Unrealized appreciation (depreciation) of investments	4,857,324	(590,062)
	<u>16,108,532</u>	<u>(629,002)</u>
Partners' Transactions:		
Proceeds from Issuance of Partnership units	-	19,000,000
Redemption of Initial Limited Partner	-	(100)
Cost of Issuance of Partnership units	-	(1,841,952)
	<u>-</u>	<u>17,157,948</u>
Net assets, end of period	<u>\$ 16,108,532</u>	<u>\$ 16,528,946</u>

⁽¹⁾The Partnership completed its financing on June 18, 1998 and as such these comparative figures represent financial operations from that date.

Schedule of Investments

As at September 30, 1999

(Prepared without audit)

Number of shares	Company	Cost	Market value
131,600	Baytex Energy Ltd. ⁽¹⁾	\$ 750,145	\$ 1,289,680
146,400	Berkley Petroleum Corp. ⁽¹⁾	1,500,625	2,152,080
27,600	Bonavista Petroleum Ltd. ⁽¹⁾	245,665	476,100
250,000	Calahoo Petroleum Ltd. ⁽¹⁾	600,025	537,500
170,000	Canadian 88 Energy Corp.	1,020,000	533,800
303,030	Claude Resources Inc. ⁽¹⁾	500,000	439,394
125,000	Genesis Exploration Ltd.	1,000,025	1,318,750
405,500	Ionic Energy Inc. ⁽¹⁾	750,200	1,500,350
130,000	MAXX Petroleum Ltd. ⁽¹⁾	533,025	754,000
454,550	McWatters Mining Inc. ⁽¹⁾	500,030	190,911
200,000	Merit Energy Ltd.	1,000,000	980,000
125,000	Newport Petroleum Corporation	743,775	625,000
100,000	Post Energy Corporation	550,025	730,000
19,250	Talisman Energy Inc. ⁽²⁾	700,025	845,075
200,000	Tethys Energy Inc. ⁽¹⁾	320,000	432,000
200,000	Thunder Energy Inc. ⁽¹⁾	400,025	460,000
82,237	Tri Link Resources Ltd. ⁽¹⁾	1,250,002	884,047
570,000	Trigas Exploration Inc.	940,525	1,031,700
212,766	Triumph Energy Corporation ⁽¹⁾	500,025	446,809
261,975	Viceroy Resources Corporation	749,274	400,822
		<u>\$14,553,416</u>	<u>\$16,028,018</u>

⁽¹⁾Represents investment in common shares of public companies issued by private placement with part or all of the share position subject to a hold period.

⁽²⁾This was originally an investment in shares of Highridge Exploration Ltd. Highridge was subsequently acquired by Talisman Energy Inc. on the basis of 0.11 Talisman share for each share of Highridge.