



## CANADA DOMINION RESOURCES LIMITED PARTNERSHIP II

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### AUDITORS

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### LEGAL COUNSEL

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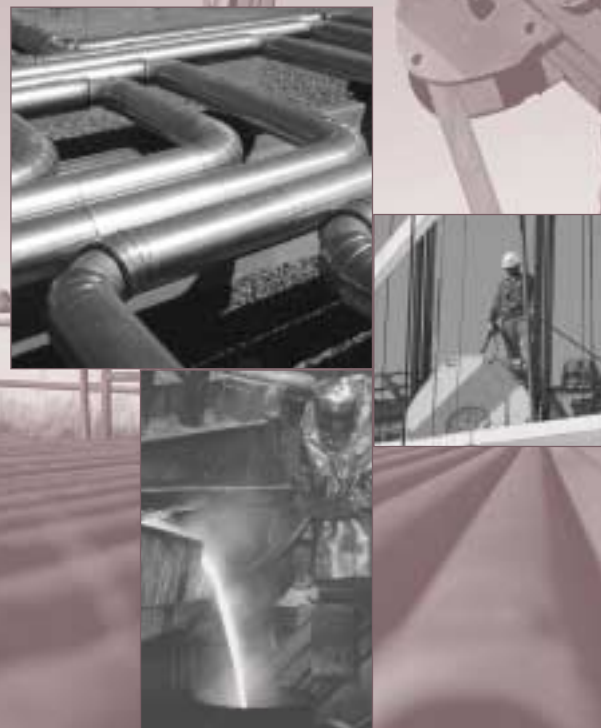
### TRANSFER AGENT

Montreal Trust  
Toronto, Ontario

### INVESTMENT ADVISOR

Tuscarora Capital Inc.  
Toronto, Ontario

## CANADA DOMINION RESOURCES GROUP



## CANADA DOMINION RESOURCES LIMITED PARTNERSHIP II

# 1st QUARTER INTERIM REPORT 2000

## 1ST QUARTER INTERIM REPORT

For the three months ended March 31

During the first quarter of the year oil and gas prices remained buoyant on world markets, however a market disconnect continued between the share price of oil and gas companies and the underlying economic fundamentals of the oil and gas industry. Accordingly, the Partnership's portfolio recorded only a modest increase in value to March 31st from the beginning of the year.

The General Partner and Investment Advisor remain convinced that oil and gas stock market multiples will expand during the year to reflect an anticipated growth environment in the industry. This belief began to materialize in the market subsequent to quarter end as evidenced by an increase in oil and gas company share prices. As at the time of writing this report the portfolio value (including cash) of the Partnership had increased to approximately \$35.3 million as compared to \$29.0 million and \$28.0 million at December 31, 1999 and March 31, 2000, respectively.

Loss before change in unrealized depreciation of investments for the quarter amounted to \$212,000 as compared to \$186,000 for the comparable period in 1999. In addition, the Partnership realized a gain from selling investments in the amount of \$30,000. During the quarter fees payable to the General Partner and Investment Advisor increased as compared to 1999 because of a higher portfolio value in the current year as compared to 1999. Administration costs also increased due to an increase in the cost of distributing certain income tax information to the Partnership's unitholders.

In early January, unitholders approved a proposed rollover transaction of the Partnership into a mutual fund corporation. This transaction is expected to close on or about May 31st of this year. The transaction will be completed on a tax-deferred basis such that no income taxes will be payable by unitholders on the rollover transaction itself. Income taxes will be payable by unitholders in the year that they dispose of the shares they receive in the mutual fund corporation.

"signed by"

JAMES A. HUTTON

PRESIDENT AND CHIEF EXECUTIVE OFFICER

May 18, 2000

## STATEMENTS OF NET ASSETS

(Prepared without audit)

	March 31 2000	December 31 1999
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,328,498	\$ 2,204,285
Interest and other receivables	34,000	–
Investments, at market value (see schedule)	26,801,456	26,958,119
	28,163,954	29,162,404
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	29,588	35,747
Mandatory distribution payable	57,062	57,062
Due to General Partner	87,272	46,320
	173,922	139,129
Net assets	\$27,990,032	\$29,023,275
<b>PARTNERS' EQUITY</b>		
Issued and fully paid partnership units	\$27,670,376	\$27,670,376
Unrealized appreciation (depreciation) of investments	(136,175)	715,588
Surplus (deficit)	455,831	637,311
	\$27,990,032	\$29,023,275
Units outstanding	1,209,129	1,209,129
Net asset value per unit	\$ 23.15	\$ 24.00

## STATEMENTS OF OPERATIONS

For the three months ended March 31, 2000 and 1999

(Prepared without audit)

	2000	1999
Investment income:		
Interest and other	\$ 4,566	\$ 4,029
Expenses:		
Administration	82,380	74,453
Investment Advisor fee	77,164	66,607
General Partner fee	57,035	49,231
	216,579	190,291
Net investment loss	(211,963)	(186,262)
Realized gain on sale of investments	30,483	–
Loss before change in unrealized appreciation (depreciation) of investments	(181,480)	(186,262)
Change in unrealized appreciation (depreciation) of investments		
End of period	(136,175)	(3,333,460)
Beginning of period	715,588	(3,234,338)
	(851,763)	(99,122)
Loss for the period	\$ (1,033,243)	\$ (285,384)
Loss per unit:		
Before change in unrealized appreciation (depreciation) of investments	\$ (0.15)	\$ (0.15)
Change in unrealized appreciation (depreciation) of investments	(0.70)	(0.08)
Loss per unit	\$ (0.85)	\$ (0.23)

## STATEMENTS OF SURPLUS (DEFICIT)

For the three months ended March 31, 2000 and 1999

(Prepared without audit)

	2000	1999
Surplus (deficit), beginning of period	\$ 637,311	\$ (31,279)
Loss before change in unrealized appreciation (depreciation) of investments	(181,480)	(186,262)
Surplus (deficit), end of period	\$ 455,831	\$ (217,541)

## STATEMENTS OF CHANGES

### IN NET ASSETS

For the three months ended March 31, 2000 and 1999

(Prepared without audit)

	2000	1999
Proceeds from sale of investments	\$ 551,471	\$ –
Cost of investments sold	520,988	–
Realized gain on sale of investments	30,483	–
Net investment loss	(245,963)	(186,262)
Loss before change in unrealized appreciation (depreciation) of investments	(181,480)	(186,262)
Change in unrealized appreciation (depreciation) of investments	(851,763)	(99,122)
Decrease in net assets	(1,033,243)	(285,384)
Net assets, beginning of period	29,023,275	24,461,821
Net assets, end of period	\$27,990,032	\$24,176,437

## SCHEDULE OF INVESTMENTS

As at March 31, 2000

(Prepared without audit)

Number of Shares	Company	Cost	Market Value
234,200	Blackrock Ventures Inc.	\$ 236,592	\$ 222,490
197,400	Bonavista Petroleum Ltd.	1,756,885	3,898,650
606,061	Claude Resources Inc.	1,000,001	484,849
1,957,900	Compton Petroleum Corp.	3,720,035	3,485,052
350,000	Courage Energy Inc.	700,000	997,500
263,158	CrownJoule Exploration Ltd.	500,025	168,421
441,176	Cumberland Resources Ltd.	750,024	772,058
136,995	Cypress Energy Inc.	500,032	746,623
12,500	Diamondex Resources Ltd.		10,000
870,545	Equatorial Energy Inc.	1,915,214	1,610,508
906,250	Forte Energy Ltd.	1,450,025	2,265,625
350,000	Founders Energy Ltd.	1,050,025	455,000
168,100	Lionore Mining Ltd.	319,613	336,200
794,000	Magin Energy Inc.	2,699,625	1,873,840
110,000	Maxx Petroleum Ltd.	451,025	451,000
97,000	Peak Energy Services Ltd.	166,865	174,600
407,000	Petromet Resources Ltd.	1,552,550	1,404,150
600,000	Probe Exploration Inc.	1,500,025	24,000
813,000	Range Petroleum Corporation	650,400	593,490
200,000	Richland Petroleum Corporation	500,025	650,000
141,000	Tethys Energy Inc.	202,060	197,400
1,500,000	Trigas Exploration Inc.	2,025,025	2,475,000
400,000	Vermilion Resources Ltd.	1,500,015	2,400,000
260,000	Westminster Resources Ltd.	1,755,000	845,000
100,000	Winspear Resources Ltd.	220,000	260,000
Total Investments		\$27,121,086	\$26,801,466