



CANADA DOMINION RESOURCES LIMITED PARTNERSHIP III

HEAD OFFICE

Suite 1000 – 1075 West Georgia Street
Vancouver, BC V6E 3C9
Tel: 604/681.5543
Fax: 604/681.5561
Toll Free: 1.800.325.6888
www.canadadominion.com

TORONTO OFFICE

Royal Trust Tower #3104
PO Box 157 Toronto-Dominion Centre
Toronto, Ontario M5K 1H1
Tel: 416/364.0249
Fax: 416/364.8893
www.canadadominion.com

AUDITORS

KPMG LLP
Vancouver, British Columbia

LEGAL COUNSEL

Stikeman Elliott
Toronto, Ontario

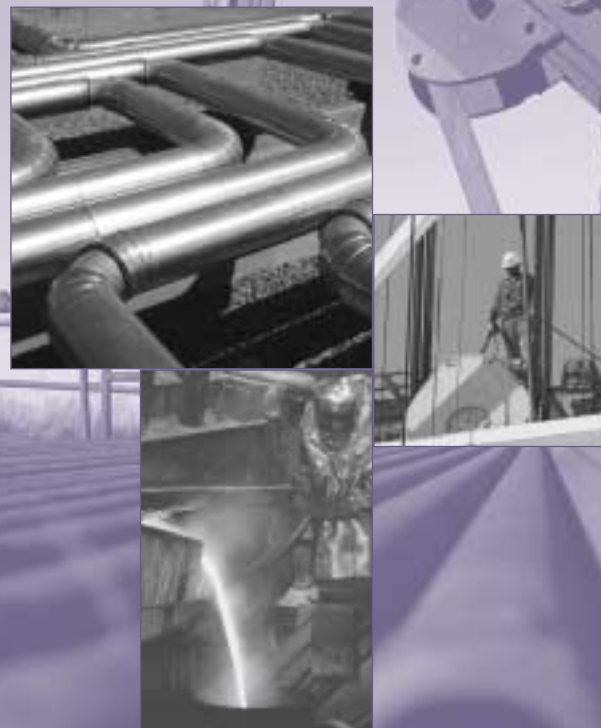
TRANSFER AGENT

Montreal Trust
Toronto, Ontario

INVESTMENT ADVISOR

Tuscarora Capital Inc.
Toronto, Ontario

CANADA DOMINION RESOURCES GROUP



CANADA DOMINION RESOURCES LIMITED PARTNERSHIP III

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 the 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 \$15.1 million as compared to \$14.0 million and \$12.2 million at December 31, 1999 and March 31, 2000, respectively.

Loss before change in unrealized depreciation of investments for the quarter amounted to \$154,000. Included in this amount are administration costs of \$94,000. This amount exceeded expectations by approximately \$30,000 primarily because of legal costs associated with bringing an action against Merit Energy Ltd., its directors and the underwriting syndicate associated with Merit's \$15 million prospectus offering of flow-through shares completed in August 1999. The results of this action are indeterminate at this time, however, the Partnership believes it has a valid claim under the circumstances.

"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
ASSETS		
Cash and cash equivalents	\$ 297,346	\$ 410,316
Due from General Partner	–	3,788
Investments, at market value (see schedule)	11,913,519	13,647,939
	12,210,865	14,062,043
LIABILITIES		
Accounts payable and accrued liabilities	12,696	14,707
Due to General Partner	39,082	–
	51,778	14,707
Net assets	\$12,159,087	\$14,047,336
PARTNERS' EQUITY		
Issued and fully paid partnership units	\$18,822,596	\$18,822,596
Unrealized depreciation of investments	(6,359,305)	(4,624,884)
Deficit	(304,204)	(150,376)
	\$12,159,087	\$14,047,336
Units outstanding	828,000	828,000
Net asset value per unit	\$ 14.68	\$ 16.97

STATEMENT OF OPERATIONS

For the three months ended March 31, 2000⁽¹⁾

(Prepared without audit)

	2000
Investment income	
Interest and other	\$ 793
Expenses	
Administration	93,983
Investment Advisor fee	34,867
General Partner fee	25,771
	154,621
Loss before change in unrealized depreciation of investments	(153,828)
Change in unrealized depreciation of investments	
End of period	(6,359,305)
Beginning of period	(4,624,884)
	(1,734,421)
Loss for the period	\$ (1,888,249)
Loss per unit:	
Before unrealized change in depreciation of investments	\$ (0.19)
Change in unrealized depreciation of investments	(2.09)
Loss per unit	\$ (2.28)

⁽¹⁾ The Partnership was not formed until April 7, 1999 and accordingly there are no comparative figures for the three months ended March 31, 1999

STATEMENT OF DEFICIT

For the three months ended March 31, 2000⁽¹⁾

(Prepared without audit)

	2000
Deficit, beginning of period	\$ (150,376)
Loss before change in unrealized depreciation of investments	(153,828)
Deficit, end of period	\$ (304,204)

STATEMENT OF CHANGES IN NET ASSETS

For the three months ended March 31, 2000⁽¹⁾

(Prepared without audit)

	2000
Loss before unrealized change in depreciation of investments	(153,828)
Change in unrealized depreciation of investments	(1,734,421)
	(1,888,249)
Net assets, beginning of period	14,047,336
Net assets, end of period	\$12,159,087

⁽¹⁾ The Partnership was not formed until April 7, 1999 and accordingly there are no comparative figures for the three months ended March 31, 1999

SCHEDULE OF INVESTMENTS

As at March 31, 2000

Number of Shares	Company	Cost ⁽¹⁾	Market Value
150,000	Berkley Petroleum Corp.	\$ 2,025,025	\$ 1,350,000
370,000	Benson Petroleum Ltd.	499,525	499,500
1,140,000	Cambiex Exploration Inc.	399,025	467,400
350,000	Compton Petroleum Corporation	770,000	623,000
1,555,555	Diaz Resources Ltd.	700,025	466,667
377,358	Draig Energy Ltd.	999,998	566,037
300,000	Foran Mining Corp.	300,000	132,000
1,923,077	Interaction Resources Ltd.	1,500,000	1,134,615
428,600	Kinwest Resources Inc.	750,075	750,050
244,000	Maxx Petroleum Ltd.	1,647,025	1,000,400
225,000	Merit Energy Ltd.	1,518,775	33,750
120,000	Paramount Resources Ltd.	2,700,000	1,572,000
143,000	Saddle Resources Inc.	150,175	100,100
486,000	Thunder Energy Inc.	1,263,625	729,000
180,000	Ventus Energy Ltd.	1,800,025	1,215,000
490,000	Winspear Resources Ltd.	1,249,525	1,274,000
Total Investments		\$ 18,272,823	\$ 11,913,519

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