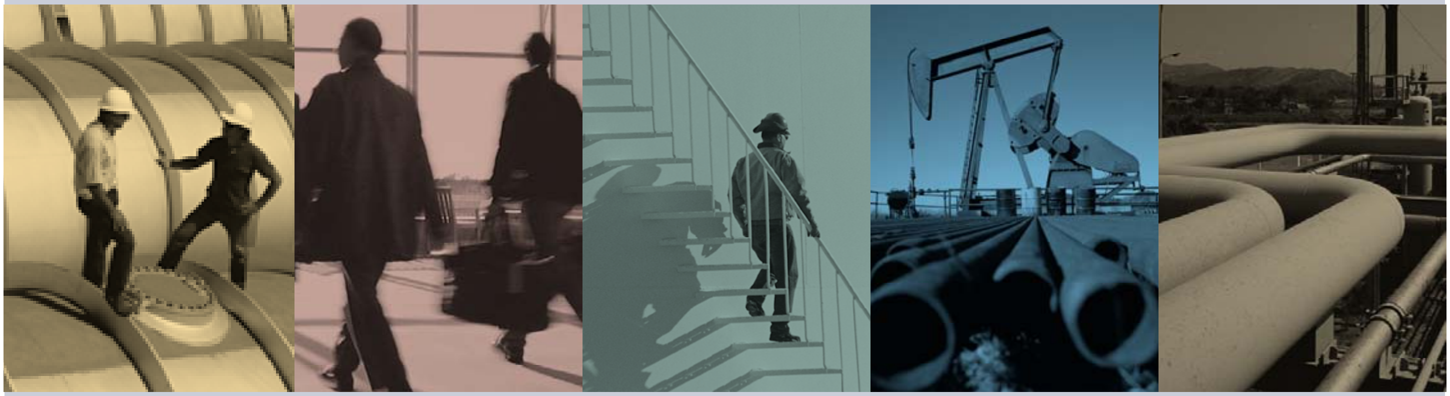
CANADA DOMINION RESOURCES LIMITED PARTNERSHIPS



ANNUAL REPORT 2004

Canada Dominion Resources Limited Partnership XI

Canada Dominion Resources Limited Partnership XII

Canada Dominion Resources 2004 Limited Partnership

DECEMBER 31, 2004

CANADA DOMINION RESOURCES GROUP

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CANADA DOMINION RESOURCES GROUP

REPORT TO LIMITED PARTNERS

During fiscal 2004, Goodman & Company, Investment Counsel Ltd. ("GCICL") raised an aggregate of $250 million through its flow-through limited partnership offerings in Canada Dominion Resources Group (CDR) and CMP Group (CMP). All of the funds were successfully invested in a diverse flow-through share portfolio by year end 2004. Together these offerings make GCICL the leader in flow-through financial product offerings in Canada. As at December 31, 2004, GCICL had approximately $493 million of assets under administration with respect to CDR and CMP including their related mutual fund corporation.

Investment returns realized by CDR during 2004 were excellent. Canada Dominion Resources Limited Partnership XI (LP XI) and Canada Dominion Resources Limited Partnership XII (LP XII) recorded year-over-year net asset value (NAV) increases of 10.9% and 16.4% respectively. As with past limited partnerships in CDR, the composition of the portfolios of LP XI and LP XII was modified substantially during the year leading to a realized gain in LP XI of $2.6 million and a realized loss of $0.7 million in LP XII on sale of securities. LP XI's gain was largely the result of significant gains realized on the disposition of a portion of the partnership's holdings in UEX Corp. and International Uranium Corp. LP XII's loss was the result of a number of transactions, the most significant being a loss realized on the disposition of a portion of its holdings in Athlone Minerals. Investments that have performed well during 2004 include AIM PowerGen, Birch Mountain Resources, Deep Resources, Delphi Resources, Devlan Exploration, Fairborne Energy, International Uranium, Rider Resources, Storm Exploration and UEX Corp.

CDR's 2004 offering, Canada Dominion Resources 2004 Limited Partnership (LP 2004), has a NAV of $20.28 per unit as December 31, 2004, well within historical valuations for previous offerings in the early stage of the investment process.

The continued strong performance of GCICL's various flow-through offerings is due to a number of factors including our disciplined investment approach; the large volume of transaction opportunities we have to choose from; and, of course, the underlying economic fundamentals driving commodity prices.

With regard to economic events in 2004 and their impact on CDR's portfolios, a number of significant trends occurred including a further weakening of the US dollar against other major world currencies; a sharp increase in the price of oil; and an increase in the price of gold matched by a price increase in many base metals.

A variety of factors led to these events with the important point being that most all such economic fundamentals are still in place and are expected to continue driving commodity prices for the foreseeable future creating a continued growth opportunity for CDR's offerings and an investment opportunity for its limited partners.

GCICL intends to continue offering both CDR and CMP products to our investors. CDR will be weighted more to the energy sector while CMP will maintain its investment bias to the mining sector. We continue to believe it is important to offer such product choice as it allows Canadian investors to purchase a resource portfolio that best meets their personal investment needs and criteria.

At this time we would like to thank our many investors and we look forward to a continuing and prosperous relationship with you.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Goodman & Company, Investment Counsel Ltd. in its capacity as Manager of the Partnerships ("the Manager") and approved by the Board of Directors of the General Partner. The Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Partnerships are described in Note 2 to the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Partnerships, appointed by the limited partners. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the limited partners their opinion on the financial statements. Their report is set out herein.

Ned Goodman
Director

James Hutton
Director

March 4, 2005

AUDITORS' REPORT

To the Partners of the:

Canada Dominion Resources Limited Partnership XI
Canada Dominion Resources Limited Partnership XII
Canada Dominion Resources 2004 Limited Partnership

(the "Partnerships")

We have audited the statements of investments of the Partnerships and the statements of net assets, operations and cash flows as at and for the periods indicated in Note 1. These financial statements are the responsibility of the General Partners. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Partnerships and the results of each of their operations and each of their cash flows as at and for the periods indicated in Note 1 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Toronto, Canada
February 18, 2005

INDUSTRY OUTLOOK

One of the key contributing factors to commodity price markets in 2004 (as in prior years) was the demand for commodities from China. It is estimated that at the end of 2004 China accounted for approximately 20% to 25% of world usage for such commodities as steel, aluminum, copper, zinc and nickel, with such consumption expected to increase in the medium term. This factor, when taken together with other economic fundamentals, leads the General Partner to anticipate a continued robust bull market for commodities over the medium term.

Energy

During 2004 we saw a surge in the price of oil from a low of US$ 32 per bbl at the beginning of the year to as high as US$ 55 per bbl in October, ending the year at US$ 43 per bbl. This price increase was largely driven by robust world demand (primarily China and the US) combined with geopolitical tensions in the Middle East. The Energy Information Administration recently projected that global demand for petroleum will increase on average around 2.1 million barrels per day for 2005 to 2006 indicating an ongoing tightness in the market. Accordingly, the expectation is that crude oil prices will remain in their current trading range for the foreseeable future.

Natural gas traded in a relatively broad range during the year from a low of about US$ 4.50 per Mcf to a high of about US$ 8.70 per Mcf, averaging around US$ 6.20 per Mcf, the price that it ended the year at. Based on strong economic fundamentals over the medium term, the General Partner expects gas prices to continue trading in its recent price range with perhaps a short-term decrease due to inventory buildup resulting from the warmer than normal winter being experienced in the northeastern United States.

One further energy commodity deserving of mention is uranium. Uranium spot prices increased in the year from US$ 15 per lb U_3O_8 to US$ 20 per lb U_3O_8 with further significant price increases projected for 2005 and 2006.

Mining

Gold traded down in the first six months of the year but recovered in the last six months, ending the year at US$ 438 per ounce as compared to US$ 416 per ounce at the beginning of the year. The price of gold continues to be heavily influenced (inversely) by the value of the US dollar against other world currencies. At present the General Partner does not foresee any significant strengthening of the US dollar with the more likely scenario a further weakening and consequently the price of gold is expected to trade at current levels or higher.

Base metal prices also increased during 2004 and at the end of the year inventories of copper, zinc, aluminum and nickel were all at historically low levels and facing ongoing demand increases driven primarily by the Chinese economy. Accordingly the General Partner expects over the medium term that base metals will maintain their current trading range with a bias to higher prices.

One other commodity worth noting is coal. Coking coal is a key component in the production of steel and as a result of a significant increase in steel demand realized during 2004 the spot price of metallurgical coal increased from about US$ 50 per tonne at the beginning of the year to in excess of US$ 100 per tonne in early 2005.

Canada Dominion Resources Group

Canada Dominion Resources Limited Partnership XI

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

The Partnership is a Canadian Limited Partnership, and as such all income or losses of the Partnership are allocated to its limited partners. In addition, Canadian Exploration Expenses renounced to the Partnership from its investments in "flow-through" shares of Canadian resource companies are also allocated to limited partners of the Partnership.

Income

Income of the Partnership during the current year primarily consisted of dividends received from certain of its investments and interest income earned from investing surplus cash in interest bearing instruments.

During 2003 the Partnership's income was solely derived from investing its surplus cash in interest bearing financial instruments.

Expenses

The 2004 Partnership expenses are, with the exception of audit fees, significantly greater than the 2003 comparative expenses. This increase was expected since the Partnership completed its initial public offering in April of 2003 and as such the 2003 expenses reflect only about eight months of operating activity as compared to a full year in 2004. The audit fees were relatively unchanged from year to year since this expense item is incurred annually irrespective of how long the Partnership has been operating.

Interest expense increased in part due to the increased operating period in 2004 as compared to 2003, in part due to increased interest rates, and in part because the full amount of indebtedness was outstanding for all of 2004 whereas in 2003 the indebtedness increased incrementally as the debt facility was drawn down.

Administration expenses increased in the current year compared to the prior year. During 2004, the partnership's share of administrative expenses increased to properly reflect the ongoing costs incurred by the Manager in providing administrative services to the partnership.

Gain on Sale of Investments

During 2004 the Partnership realized a gain on the sale of investments in the amount of $2,586,799. This figure is comprised of transactions involving numerous securities held by the Partnership and is the net result of gains and losses realized on disposition. A few of the more significant transactions include gains realized on the sale of all or a portion of the Partnership's investment in International Uranium and UEX Corp (aggregate gain $5.4 million), E3 Energy, Midnight Oil and Gas and Miramar Mining, offset by losses on Petrobank Energy and McWatters Mining (aggregate loss $3.8 million), Milagro Energy, Storm Energy and Triquest Energy. The McWatters Mining loss resulted from the bankruptcy of that company.

Net Asset Value ("NAV") and Investment Activity

The NAV of the Partnership at December 31, 2004 was $73,022,414 representing an increase of 10.9% over the December 31, 2003 NAV of $65,832,270 which in turn was virtually equivalent to the gross proceeds realized on the issuance of Partnership units in 2003.

The significant increase in NAV during the year resulted in part from the robust resource market that existed during 2004, in particular with respect to the price of oil and uranium, and in part from the investment activities of the Manager.

The price of oil surged upward from a low of US$ 32 per bbl at the beginning of the year to as high as US$ 55 per bbl in October, ending the year at US$ 43 per bbl. Uranium spot prices increased in the year from US$ 15 per lb to US$ 20 per lb with further significant price increases projected for 2005 and 2006.

Gold traded down in the first six months of the year but recovered in the last six months, ending the year at US$ 438 per ounce as compared to US$ 416 per ounce at the beginning of the year.

MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

These commodity prices presented both excellent opportunities for locking in profits in some cases and new investment opportunities in other cases. Investment holdings that were sold in part or in whole are discussed earlier in this report. New names added to the portfolio include Alamos Gold, Anatolia Minerals, Canico Resource, EuroZinc Mining, Harvest Energy Trust, Masters Energy and Penn West Petroleum.

By comparison, in 2003 investing activities of the Partnership consisted entirely of the Manager, on behalf of the Partnership, researching potential investments and entering into agreements with select issuers wherein the Partnership provided financing in exchange for flow-through shares of the issuers. Particular emphasis was placed on ensuring compliance with the requirements for investment in Toronto Stock Exchange listed companies and companies with a market capitalization in excess of $50 million. The Partnership at all times focused on investing in quality Canadian resource issuers with a weighting to the oil and gas sector.

Liquidity and Future Trading

On February 7, 2005, the Partnership's units were exchanged for shares in DMP Resource Class. Such shares are redeemable by limited partners from the fund on or after March 14, 2005.

STATEMENT OF INVESTMENTS

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (104.5%)			
Alamos Gold Inc.	500,000	$ 1,492,430	$ 1,800,000
Amerigo Resources Ltd.	352,000	720,440	679,360
Anatolia Minerals Development Limited, Restricted	800,000	1,400,000	1,280,000
Anatolia Minerals Development Limited, Warrants, Dec. 15 06	400,000	–	4,000
APF Energy Trust	28,544	342,019	334,536
Aquest Energy Ltd.	245,000	490,000	605,150
Aurizon Mines Ltd.	640,740	864,999	1,005,962
Blue Mountain Energy Ltd.	86,600	1,515,500	701,460
Bolivar Gold Corp.	446,270	762,890	883,615
Bravo Venture Group Inc., Restricted	1,000,000	150,000	150,000
Bravo Venture Group Inc., Warrants, Dec. 01 06	500,000	–	5,000
Cambior Inc.	460,014	1,647,345	1,476,645
Canadian Gold Hunter Corp.	1,375,000	550,000	825,000
Canadian Royalties Inc.	305,000	838,750	600,850
Canico Resource Corp.	79,100	996,812	1,146,950
Cinch Energy Corp.	200,000	550,000	488,000
Clear Energy Inc.	692,590	2,280,000	3,739,986
Continuum Resources Ltd.	700,000	200,000	196,000
Crowflight Minerals Inc.	1,530,700	750,043	466,864
Daylight Energy Trust	185,000	1,922,150	1,776,000
Devlan Exploration Inc.	312,500	1,000,000	1,281,250
Devlan Exploration Inc., Restricted	930,572	2,605,602	3,759,438
Diamondex Resources Ltd.	1,334,000	1,000,500	1,147,240
Diamondex Resources Ltd., Warrants, Mar. 08 05	667,000	–	33,350
Diamonds North Resources Ltd.	375,000	300,000	363,750
E3 Energy Inc.	869,734	913,221	2,009,086
EuroZinc Mining Corporation	1,000,000	400,000	700,000
EuroZinc Mining Corporation, Warrants, Feb. 06 06	500,000	–	100,000
Gentry Resources Ltd., Restricted	120,000	342,000	405,162
GEOCAN Energy Inc., Restricted	357,000	499,800	495,900
GEOCAN Energy Inc., Warrants, May 22 06	178,500	–	8,925
Harvest Energy Trust, Units	100,000	1,443,225	2,295,000
Heritage Explorations Ltd.	1,500,000	750,000	225,000
Hudson Resources Inc., Restricted	301,858	166,022	144,121
Hudson Resources Inc., Warrants, Nov. 15 06	150,929	–	1,509
International Uranium Corporation	862,800	949,080	3,451,200
Kinloch Resources Inc.	370,000	740,000	325,600
Lake Shore Gold Corp.	1,071,500	750,050	1,071,500
Lake Shore Gold Corp., Warrants, Aug. 20 05	535,750	–	26,788
Landore Resources Inc.	2,000,000	500,000	300,000
Landore Resources Inc., Warrants, Feb. 07 05	1,000,000	–	10,000

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

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (104.5%) (cont'd)			
Lightning Energy Ltd.	400,000	$ 1,762,500	$ 1,732,000
Limerick Mines Limited, Special Warrants	895,000	223,750	358,000
Luke Energy Ltd.	100,000	200,000	328,000
Majescor Resources Inc.	1,303,571	365,000	286,786
Masters Energy Inc.	544,444	1,775,605	1,415,554
Meridian Energy Corporation	175,000	367,500	735,000
Metalex Ventures Ltd.	931,677	3,250,000	791,925
Midnight Oil Exploration Ltd.	92,500	202,127	314,500
Miramar Mining Corporation	314,100	659,610	430,317
Nomis Power Corp., Restricted	480,000	726,667	720,000
Nomis Power Corp., Warrants, Dec. 20 07	200,000	–	–
Pacific Rodera Energy Inc.	500,000	100,000	885,000
Pan-Global Energy Ltd.	1,100,000	880,000	1,100,000
Patricia Mining Corp.	1,750,000	700,000	1,295,000
Penn West Petroleum Ltd.	20,000	1,477,210	1,585,000
Quadra Mining Ltd.	200,000	1,200,000	1,130,000
Rider Resources Ltd.	450,000	2,182,500	3,825,000
Rock Creek Resources Ltd., Class "A"	380,000	950,000	1,045,000
Rock Energy Inc.	24,088	95,148	84,549
Rubicon Minerals Corporation	800,000	1,000,000	968,000
Savanna Energy Services Corp.	150,000	1,467,000	2,577,000
Sherritt International Corporation, Restricted Voting	100,000	754,000	994,000
Southern Cross Resources Inc.	200,000	261,000	122,000
Storm Exploration Inc.	654,500	1,767,525	2,618,000
Tagish Lake Gold Corp.	1,805,028	523,455	261,729
Tagish Lake Gold Corp., Warrants, Jul. 04 05	902,514	–	9,025
Tempest Energy Corp., Class "A"	445,000	3,115,000	2,954,800
Tiverton Petroleums Ltd., Class "A"	4,000,000	1,500,000	1,140,000
Twin Mining Corporation	3,571,428	1,000,000	732,143
Twin Mining Corporation, Restricted	2,000,000	440,000	410,000
UEX Corporation	1,697,800	169,780	3,735,160
URSA Major Minerals Incorporated	400,000	200,000	244,000
Virtus Energy Ltd.	640,000	499,200	326,400
Winslow Resources Inc.	231,500	46,300	54,401
Wolfden Resources Inc.	1,020,500	4,034,797	4,796,350
Cost and market value of investments (104.5%)		**63,728,552**	**76,324,836**
Cash and short-term investments (2.8%)			
Canadian		**2,015,528**	**2,015,528**
Other net assets (liabilities) (-7.3%)		**(5,317,950)**	**(5,317,950)**
Net assets (100.0%)		**$ 60,426,130**	**$ 73,022,414**

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

STATEMENTS OF NET ASSETS

As at December 31	2004	2003
Assets		
Investments, at market value*	$ 76,324,836	$ 70,502,712
Cash	2,015,528	535,674
Receivable for investment securities sold	28,357	–
Deferred interest expense (Note 3)	1,976	49,012
Accrued interest, dividends and other	49,778	1,223
	78,420,475	71,088,621
Liabilities		
Loan payable (Note 3)	5,100,000	5,100,000
Management fee payable (Note 4)	109,337	116,031
Accounts payable and accrued liabilities	188,724	40,320
	5,398,061	5,256,351
Net assets	**$ 73,022,414**	**$ 65,832,270**
Limited partner units outstanding (Note 5)	**2,628,332**	**2,628,332**
Net asset value per unit	**$ 27.78**	**$ 25.05**
*Investments, at average cost	$ 63,728,552	$ 64,242,594

Approved on behalf of the General Partner, Canada Dominion Resources XI Corporation:

Ned Goodman
Director

James Hutton
Director

March 4, 2005

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

STATEMENTS OF OPERATIONS

For the periods indicated in Note 1	2004	2003
Investment income		
Interest	$ 84,786	$ 161,545
Dividends	145,139	–
	229,925	161,545
Expenses (Note 4)		
Management fee	1,340,687	925,192
Interest expense (Note 3)	171,307	59,288
Administration	417,134	196,645
Audit fees	14,369	14,659
Legal fees	12,742	167
Filing fees	6,507	–
	1,962,746	1,195,951
Net investment income (loss)	**(1,732,821)**	**(1,034,406)**
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on sale of investments	2,586,799	–
Change in unrealized appreciation (depreciation) in value of investments	6,336,166	6,260,118
Net gain (loss) on investments	**8,922,965**	**6,260,118**
Increase (decrease) in net assets from operations	**$ 7,190,144**	**$ 5,225,712**
Earnings (Losses) per Unit (Note 2)	**$ 2.73**	**$ 1.99**

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

STATEMENTS OF CASH FLOWS

For the periods indicated in Note 1	2004	2003
Cash flows from operating activities:		
Net investment income (loss)	$ (1,732,821)	$ (1,034,406)
Changes in non-cash working capital:		
Increase (decrease) in accrued interest, dividends and other	(48,555)	(1,223)
Increase (decrease) in liabilities	141,710	156,351
Net cash provided by (used in) operating activities	**(1,639,666)**	**(879,278)**
Cash flows from investing activities:		
Increase (decrease) in receivable for investment securities sold	(28,357)	–
Investments purchased	(28,279,562)	(64,242,594)
Proceeds from sale of investments	31,380,403	–
Net cash provided by (used in) investing activities	**3,072,484**	**(64,242,594)**
Cash flows from financing activities:		
Gross proceeds from issue of units	–	65,708,400
Issuance costs paid	–	(5,101,742)
Payment on redemption of initial partnership units	–	(100)
Increase (decrease) in bank loan payable	–	5,100,000
(Increase) decrease in deferred interest expense	47,036	(49,012)
Net cash provided by (used in) financing activities	**47,036**	**65,657,546**
Cash and cash equivalents, beginning of period	**535,674**	**–**
Cash and cash equivalents, end of period	**$ 2,015,528**	**$ 535,674**

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

CANADA DOMINION RESOURCES GROUP

Canada Dominion Resources Limited Partnership XII

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

The Partnership is a Canadian Limited Partnership, and as such all income or losses of the Partnership are allocated to its limited partners. In addition, Canadian Exploration Expenses renounced to the Partnership from its investments in "flow-through" shares of Canadian resource companies are also allocated to limited partners of the Partnership.

Income

Income of the Partnership during both 2004 and 2003 was nominal, as expected, and consisted of dividends received from various of its investments in 2004 and interest earned from investing surplus cash in interest bearing instruments during 2003.

Expenses

The 2004 Partnership expenses are, with the exception of audit fees, significantly greater than the 2003 comparative expenses. This increase was expected since the Partnership closed its initial public offering on December 4, 2003 and as such the 2003 expenses reflect only one month's operating activity compared to a full year in 2004. The audit fees were relatively unchanged from year to year since this expense item is incurred annually irrespective of how long the Partnership has been operating.

The performance fee is an estimate of the liability owed to the Manager based on the Partnership's cumulative performance from inception to December 31, 2004. Payment of a performance fee will only occur if the Partnership exceeds certain performance criteria at the time of the rollover transaction into DMP Resource Class. The amount of such fee, if any, may vary significantly from the amount recorded on the Partnership's accounts at December 31, 2004 because of the changes in the Partnership's portfolio value during the period between January 1, 2005 and consummation of the rollover transaction.

Interest expense relates to the Partnership's borrowings to cover the issuance costs and agents' fees associated with its initial public offering.

Administration expenses are as expected and are charged in a consistent manner using the same methodology for all limited partnerships in the Canada Dominion Resources Group and the CMP Group.

Gain on Sale of Investments

During 2004 the Partnership realized a loss on the sale of investments in the amount of $691,007. This figure is comprised of transactions involving numerous securities held by the Partnership and is the net result of gains and losses realized on disposition. The gains and losses from these transactions more or less netted each other out with the exception of the Partnership's sale of Athlone Minerals at a loss of $0.6 million. Some of the more significant transactions involved the disposition of all or a portion of the Partnership's holdings in Bow Valley Energy, Claude Resources, Deep Resources, Delphi Energy, Fairborne Energy, Hawker Resources and Tusk Energy.

Net Asset Value ("NAV") and Investment Activity

The NAV of the Partnership at December 31, 2004 was $21,640,749 representing an increase of 16.4% over the December 31, 2003 NAV of $18,594,386 which in turn was 7.0% less than the gross proceeds realized on the issuance of Partnership units in 2003.

The significant increase in NAV realized during the year resulted in part from the robust resource market that existed during 2004, in particular with respect to the price of oil, and in part from the investment activities of the Manager.

The price of oil surged upward from a low of US$ 32 per bbl at the beginning of the year to as high as US$ 55 per bbl in October, ending the year at US$ 43 per bbl.

MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

Gold traded down in the first six months of the year but recovered in the last six months, ending the year at US$ 438 per ounce as compared to US$ 416 per ounce at the beginning of the year.

These commodity prices presented both excellent opportunities for locking in profits in some cases and new investment opportunities in other cases. Investment holdings that were sold in part or in whole are discussed earlier in this report.

By comparison, in 2003 investing activities of the Partnership consisted entirely of the Manager, on behalf of the Partnership, researching potential investments and entering into agreements with select issuers wherein the Partnership provided financing in exchange for flow-through shares of the issuers. Particular emphasis was placed on ensuring compliance with the requirements for investment in Toronto Stock Exchange listed companies and companies with a market capitalization in excess of $50 million. The Partnership at all times focused on investing in quality Canadian resource issuers with a weighting to the oil and gas sector.

Income Tax Deductions

Cumulative net income tax deductions available to Limited Partners to December 31, 2004 were approximately $22.4077 per Unit, including deductions of approximately $25.7249 per Unit and taxable capital gains of $3.3172 per Unit.

Liquidity and Future Trading

On February 7, 2005, the Partnership's units were exchanged for shares in DMP Resource Class. Such shares are redeemable by limited partners from the fund on or after March 14, 2005.

STATEMENT OF INVESTMENTS

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (105.5%)			
AIM PowerGen Corporation	52,200	$ 300,150	$ 1,044,000
Athlone Minerals Ltd., Warrants, Jan. 11 05	666,667	–	6,667
Baffinland Iron Mines Corporation	338,133	202,880	338,133
Bear Creek Energy Ltd.	100,000	505,000	849,000
Birch Mountain Resources Ltd.	1,000,000	500,000	2,460,000
Crowflight Minerals Inc.	638,340	478,755	194,694
Deep Resources Ltd.	1,220,000	366,000	1,445,700
Delphi Energy Corp.	1,142,000	2,197,266	4,202,560
Denison Mines Inc.	21,429	198,218	274,539
Denison Mines Inc., Warrants, Nov. 24 09	10,715	–	536
Devlan Exploration Inc., Restricted	350,000	980,000	1,413,973
Eastmain Resources Inc.	381,000	400,050	213,360
Eastmain Resources Inc., Warrants, Jun. 15 05	190,500	–	1,905
Fairborne Energy Ltd.	204,600	1,381,050	2,465,430
Fronteer Development Group Inc.	200,000	290,000	364,000
Geodex Minerals Ltd.	1,500,000	300,000	195,000
Geodex Minerals Ltd., Warrants, Dec. 31 05	750,000	–	7,500
Miramar Mining Corporation	548,000	2,000,200	750,760
Murgor Resources Inc.	2,500,000	250,000	537,500
Pan-Global Energy Ltd.	566,667	850,001	566,667
Purcell Energy Ltd.	330,000	990,000	953,700
Sabina Resources Limited	350,000	402,500	385,000
Sharon Energy Ltd.	1,250,000	500,000	200,000
Southern Star Resources Inc.	1,000,000	500,000	217,500
St Andrew Goldfields Ltd.	1,500,000	450,000	322,500
StarPoint Energy Ltd.	250,000	1,050,000	1,325,000
Thunder Energy Inc.	66,666	495,000	499,995
TKE Energy Trust	75,000	751,500	717,000
Tribute Minerals Inc.	833,334	250,000	83,333
True North Gems Inc.	240,000	252,000	103,200
True North Gems Inc., Warrants, Jun. 30 05	120,000	–	1,200
TUSK Energy Corporation	75,000	107,590	221,250
Winstar Resources Ltd.	285,714	400,000	171,428
Wolfden Resources Inc.	62,000	465,000	291,400
Cost and market value of investments (105.5%)		**17,813,160**	**22,824,430**
Cash and short-term investments (3.8%)			
Canadian		**825,927**	**825,927**
Other net assets (liabilities) (-9.3%)		**(2,009,608)**	**(2,009,608)**
Net assets (100.0%)		**$ 16,629,479**	**$ 21,640,749**

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

STATEMENTS OF NET ASSETS

As at December 31,

	2004	2003
Assets		
Investments, at market value*	$ 22,824,430	$ 20,262,466
Cash	825,927	433,058
Deferred interest expense (Note 3)	4,970	10,055
Accrued interest, dividends and other	9,467	11,165
	23,664,794	20,716,744
Liabilities		
Loan payable (Note 3)	1,795,000	1,600,000
Issuance costs payable	–	441,910
Management fee payable	35,707	31,003
Performance fee payable (Note 4)	8,487	–
Accounts payable and accrued liabilities	184,851	49,445
	2,024,045	2,122,358
Net assets	**$ 21,640,749**	**$ 18,594,386**
Limited partner units outstanding (Note 5)	**800,000**	**800,000**
Net asset value per unit	**$ 27.05**	**$ 23.24**
*Investments, at average cost	$ 17,813,160	$ 19,800,846

Approved on behalf of the General Partner, Canada Dominion Resources XII Corporation:

Ned Goodman
Director

James Hutton
Director

March 4, 2005

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

STATEMENTS OF OPERATIONS

For the periods indicated in Note 1		2004		2003
Investment income				
Interest	$	–	$	11,165
Dividends		9,000		–
		9,000		11,165
Expenses (Note 4)				
Management fee		362,971		31,003
Performance fee (Note 4)		8,487		–
Interest expense (Note 3)		58,387		4,615
Administration		361,897		36,426
Audit fees		14,369		14,445
Legal fees		6,514		–
Filing fees		6,173		–
Upfront loan facility expense		25,000		–
		843,798		86,489
Net investment income (loss)		**(834,798)**		**(75,324)**
Net Realized and Unrealized Gain (Loss) on Investments				
Net realized gain (loss) on sale of investments		(691,007)		–
Change in unrealized appreciation (depreciation) in value of investments		4,549,650		461,620
Net gain (loss) on investments		**3,858,643**		**461,620**
Increase (decrease) in net assets from operations	**$**	**3,023,845**	**$**	**386,296**
Earnings (Losses) per Unit (Note 2)	**$**	**3.78**	**$**	**0.49**

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

STATEMENTS OF CASH FLOWS

For the periods indicated in Note 1	2004	2003
Cash flows from operating activities:		
Net investment income (loss)	$ (834,798)	$ (75,324)
Changes in non-cash working capital:		
Increase (decrease) in accrued interest, dividends and other	1,698	(11,165)
Increase (decrease) in liabilities	(293,313)	522,358
Net cash provided by (used in) operating activities	**(1,126,413)**	**435,869**
Cash flows from investing activities:		
Investments purchased	(4,024,842)	(19,800,846)
Proceeds from sale of investments	5,321,521	–
Net cash provided by (used in) investing activities	**1,296,679**	**(19,800,846)**
Cash flows from financing activities:		
Gross proceeds from issue of units	–	20,000,000
Issuance costs paid	22,518	(1,791,910)
Increase (decrease) in bank loan payable	195,000	1,600,000
(Increase) decrease in deferred interest expense	5,085	(10,055)
Net cash provided by (used in) financing activities	**222,603**	**19,798,035**
Cash and cash equivalents, beginning of period	**433,058**	**–**
Cash and cash equivalents, end of period	**$ 825,927**	**$ 433,058**

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

Canada Dominion Resources Group

Canada Dominion Resources 2004 Limited Partnership

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

The Partnership is a Canadian Limited Partnership, and as such all income or losses of the Partnership are allocated to its limited partners. In addition, Canadian Exploration Expenses renounced to the Partnership from its investments in "flow-through" shares of Canadian resource companies are also allocated to limited partners of the Partnership.

Assets of the Partnership

The Partnership received $75 million gross proceeds from the issuance of Partnership units on May 17 and June 3, 2004 for investment in flow-through shares of Canadian resource issuers.

As at December 31, 2004, the Partnership had a net asset value ("NAV") of $60.8 million. The decrease in portfolio value from inception of operations to year end resulted in part because of the issue costs incurred with respect to completing the offering and in part because of the premiums paid to market prices for the purchase of the flow-through shares comprising the portfolio. These are both normal course events for the Partnership and its NAV is well within historical valuations for previous offerings in the early stage of the investment process.

All of the available proceeds of the offering were invested in flow-through shares of Canadian resource companies on or before December 31, 2004 resulting in a well diversified portfolio of holdings. In the end the portfolio consisted of holdings in seventy-four companies, including names such as Agnico-Eagle Mines, Birch Mountain Resources, Duvernay Oil & Gas, First Nickel, FNX Mining, Marauder Resources, Pacific Rodera Energy, Paramount Resources, Western GeoPower and Wolfden Resources.

Operations

The Partnership recorded a decrease in net assets from operations for the period ended December 31, 2004 of $8.5 million. There is no comparative figure for 2003 as the Partnership did not commence its operating activities until May 17, 2004, the date of the initial closing of its prospectus offering. Included in the decrease in net assets is an amount of $7.5 million relating to the unrealized depreciation of investments which represents the aggregate net difference between the market value of the portfolio at December 31, 2004 and the original cost of the investments. This difference largely consists of the premium to market price paid by the Partnership to acquire the flow-through shares in its portfolio and is not an unexpected event.

Interest income consists of interest earned from investing the Partnership's surplus cash in interest bearing financial instruments. By the end of the year the Partnership had no surplus cash as it was fully invested. Nominal interest income is expected to be received in 2005 as the cash balance on hand at any point during 2005 is expected to be nominal.

Administration expenses are as expected and are charged in a consistent manner using the same methodology for all limited partnerships in the Canada Dominion Resources Group and the CMP Group.

Management fees for 2004 were also as expected and are calculated monthly in arrears at 2% per annum based on the Partnership's month end NAV.

Investment Activity

Throughout the second half of 2004 the Manager, on behalf of the Partnership, researched potential investments and entered into agreements with select issuers wherein the Partnership provided financing in exchange for flow-through shares of the issuers. Particular emphasis was placed on ensuring compliance with the requirements for investment in Toronto Stock Exchange listed companies and companies with a market capitalization in excess of $50 million. The Partnership focussed on investing in quality Canadian resource issuers with a weighting to oil and gas producers.

Liquidity and Future Trading

There currently is no formal market through which Units of the Partnership may be sold, and none is expected to develop until the mutual fund roll-over transaction is completed on or about May 31, 2006.

STATEMENT OF INVESTMENTS

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (110.1%)			
Agnico-Eagle Mines Limited, Restricted	145,319	$ 3,342,337	$ 2,400,670
AIM PowerGen Corporation, Restricted	13,137	197,055	262,740
Alberta Star Development Corp.	483,500	120,875	101,535
Alexis Minerals Corporation	1,178,200	648,010	547,863
Almaden Minerals Ltd.	44,820	100,845	73,953
Anaconda Gold Corp.	300,000	95,997	90,000
Anaconda Gold Corp., Warrants, Jun. 16 05	150,000	3	1,500
Angle Energy Inc., Restricted	1,035,800	1,242,960	1,035,800
Arctic Star Diamond Corp., Restricted	432,652	173,061	98,582
Arrow Energy Ltd.	297,113	371,391	221,349
Aurizon Mines Ltd.	313,300	626,600	491,881
Baffinland Iron Mines Corporation	358,744	448,430	358,744
Birch Mountain Resources Ltd.	797,937	478,762	1,962,925
Burmis Energy Inc.	555,720	1,011,410	1,222,584
C1 Energy Ltd.	700,000	1,750,000	1,225,000
Cambior Inc.	116,260	534,796	373,195
Canarc Resource Corp., Restricted	150,000	97,500	82,670
Cangold Limited	699,520	139,904	104,928
Capitol Energy Resources Ltd.	1,700,000	1,309,000	1,156,000
Caribou Resources Corp.	757,047	2,422,550	1,514,094
Choice Resources Corp.	2,025,000	1,215,000	1,215,000
Cinch Energy Corp.	222,200	499,950	542,168
Commander Resources Ltd.	196,070	117,642	68,625
Committee Bay Resources Ltd., Restricted	78,368	141,062	105,797
Connacher Oil and Gas Limited, Restricted	2,356,636	1,413,982	1,296,150
Contact Diamond Corporation	606,470	909,705	473,047
Crew Energy Inc., Restricted	43,000	473,000	359,050
Deer Creek Energy Limited, Restricted	141,354	1,590,233	1,307,525
Delphi Energy Corp., Restricted	416,551	1,473,653	1,532,908
Devlan Exploration Inc., Restricted	99,650	348,775	408,565
Diamondex Resources Ltd., Restricted	393,345	373,678	338,277
Diamonds North Resources Ltd.	91,500	114,375	88,755
Duvernay Oil Corp.	125,000	1,968,750	2,435,000
Dynamic Oil & Gas, Inc., Restricted	100,000	560,000	347,000
Eastshore Energy Ltd., Class “A”	80,000	288,000	266,000
Ecstall Mining Corporation	350,618	52,593	28,049
Espoir Exploration Corp., Class “A”	105,000	525,000	397,950
Expatriate Resources Ltd., Restricted	312,500	100,000	100,452
First Narrows Resources Corp., Restricted	72,000	18,000	25,200

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

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (110.1%) (cont'd)			
First Narrows Resources Corp., Warrants, Oct. 28 06	72,000	$ –	$ 3,600
First Nickel Inc.	3,586,000	1,793,000	4,374,920
FNX Mining Company Inc.	371,900	3,068,175	1,926,442
Forte Resources Inc.	151,030	581,466	489,337
Fortune Minerals Limited	53,480	173,810	299,488
Fronteer Development Group Inc., Restricted	33,600	42,000	60,418
Galleon Energy Inc., Class "A"	134,000	1,340,000	1,453,900
Gentry Resources Ltd.	200,000	500,000	698,000
GEOCAN Energy Inc., Restricted	375,243	694,200	525,340
Gold Canyon Resources Inc.	900,000	630,000	522,000
Gold City Industries Ltd.	638,983	159,746	124,602
Gold City Industries Ltd., Warrants, Aug. 19 05	319,491	–	3,195
Goldbrook Ventures Inc.	595,393	327,466	202,434
Goldbrook Ventures Inc., Restricted	219,971	120,984	74,790
Golden Eagle Energy Ltd., Restricted	1,250,000	748,750	748,750
Golden Eagle Energy Ltd., Warrants, Sep. 30 05	625,000	1,250	625
Grand Petroleum Inc.	287,700	690,480	676,095
Great Plains Exploration Inc.	149,226	209,074	201,455
Heritage Explorations Ltd.	381,695	106,875	57,254
Hornby Bay Exploration Limited	180,000	72,000	74,700
Indicator Minerals Inc.	175,309	70,124	56,099
International KRL Resources Corp.	349,476	69,546	54,169
International KRL Resources Corp., Warrants, Aug. 16 05	174,738	349	1,747
International Uranium Corporation, Restricted	63,935	255,740	255,740
Kenrich-Eskay Mining Corp.	370,000	203,500	266,400
Kenrich-Eskay Mining Corp., Warrants, Jul. 28 06	185,000	–	9,250
Ketch Resources Ltd.	26,767	417,565	452,362
Kinloch Resources Inc.	230,000	326,600	202,400
KWG Resources Inc.	576,869	86,530	100,952
Lightning Energy Ltd.	100,000	660,000	433,000
Lithic Resources Ltd., Restricted	125,000	37,500	18,750
LongBow Energy Corp.	3,181,818	700,000	397,727
Los Altares Resources Ltd., Restricted	74,000	107,300	107,300
MacDonald Mines Exploration Ltd.	2,475,000	495,000	259,875
Marauder Resources East Coast Inc.	4,375,000	8,312,500	5,250,000
Marauder Resources West Coast Inc., Restricted	687,500	1,512,500	1,512,500
Maximus Ventures Ltd., Restricted	2,100,000	315,000	304,500
Miramar Mining Corporation, Restricted	540,000	1,080,000	739,800
New Millennium Capital Corp.	191,300	57,199	94,694

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

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (110.1%) (cont'd)			
New Millennium Capital Corp., Warrants, Aug. 11 05	191,300	$ 191	$ 9,565
North American Palladium Ltd.	48,600	729,000	477,252
Northern Sun Exploration Company Inc.	900,000	314,910	477,000
Northern Sun Exploration Company Inc., Warrants, Aug. 11 05	900,000	90	45,000
NovaGold Resources Inc., Restricted	99,010	1,000,001	925,744
Orphan Boy Resources Inc.	79,005	82,955	58,464
Orphan Boy Resources Inc., Warrants, Jul. 12 05	39,502	–	395
Pacific Rodera Energy Inc., Restricted	1,420,249	1,633,286	2,382,113
Pacifica Resources Ltd.	78,884	23,665	28,201
Paramount Resources Ltd., Restricted	90,000	2,655,000	2,421,000
Patrician Diamonds Inc., Restricted	250,000	30,000	20,000
Peregrine Diamonds Ltd., Restricted	303,824	607,648	607,648
Peregrine Energy Ltd.	325,000	1,105,000	741,000
Platinum Group Metals Ltd.	33,600	40,320	36,960
Pure Gold Minerals Inc., Restricted	985,223	88,670	67,813
Pure Gold Minerals Inc., Warrants, Apr. 08 06	492,612	–	4,926
Questerre Energy Corporation, Restricted	1,414,318	424,295	381,866
Redcorp Ventures Ltd.	671,600	268,640	194,764
Regis Resources, Inc., Restricted	90,000	72,000	–
Resolve Ventures Inc., Restricted	152,969	27,534	13,652
Result Energy Inc., Restricted	915,560	549,336	412,002
Result Energy Inc., Warrants, Dec. 15 05	457,780	–	4,578
Rising Tide Oil and Gas Ltd., Restricted	800,000	500,000	400,000
Sabina Resources Limited, Restricted	106,666	159,988	117,333
Sabina Resources Limited, Warrants, May 05 06	53,333	11	533
Seymour Exploration Corp., Restricted	875,000	175,000	173,170
Shear Minerals Ltd.	604,400	483,520	205,496
Southern Cross Resources Inc., Restricted	100,000	135,000	61,000
Spider Resources Inc.	865,304	86,530	125,469
Storm Exploration Inc.	99,891	349,619	399,564
Strongbow Exploration Inc.	138,740	104,055	45,091
Tagish Lake Gold Corp., Restricted	303,547	60,709	42,341
Trade Winds Ventures Inc.	268,638	255,206	349,229
Trigon Exploration Canada Ltd.	50,114	27,563	21,549
TriLoch Resources Inc., Restricted	37,783	113,349	103,903
TUSK Energy Corporation, Restricted	86,697	229,747	255,756
Tyhee Development Corp.	528,700	211,480	237,915
UEX Corporation, Restricted	120,000	300,000	264,000
URSA Major Minerals Incorporated	172,555	189,811	105,259

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

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2004

	Number of Shares/Units	Average Cost	Market Value
Equities (110.1%) (cont'd)			
Vaaldiam Resources Ltd., Restricted	116,777	$ 46,711	$ 48,410
Vigilant Exploration Inc., Restricted	600,000	690,000	690,000
Watch Resources Ltd.	3,166,667	949,683	981,667
Watch Resources Ltd., Warrants, Jun. 21 06	1,583,334	317	15,833
Western GeoPower Corp.	1,793,683	3,318,314	2,672,588
Wildcat Exploration Ltd., Restricted	216,326	86,530	86,530
Win Energy Corp., Restricted	1,068,300	1,068,300	854,640
Wolfden Resources Inc.	307,179	1,843,074	1,443,741
Yukon Zinc Corporation	857,210	194,752	257,161
Cost and market value of investments (110.1%)		**74,492,923**	**66,964,262**
Cash and short-term investments (0.0%)			
Bank overdraft		**(13,636)**	**(13,636)**
Other net assets (liabilities) (-10.1%)		**(6,111,296)**	**(6,111,296)**
Net assets (100.0%)		**$ 68,367,991**	**$ 60,839,330**

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

STATEMENT OF NET ASSETS

As at December 31		2004
Assets		
Investments, at market value*	$	66,964,262
Deferred interest expense (Note 3)		26,955
Accrued interest, dividends and other		141
		66,991,358
Liabilities		
Bank overdraft		13,636
Loan payable (Note 3)		5,750,000
Management fee payable		107,496
Issuance cost payable		75,779
Accounts payable and accrued liabilities		205,117
		6,152,028
Net assets	**$**	**60,839,330**
Limited partner units outstanding (Note 5)		**3,000,000**
Net asset value per unit	**$**	**20.28**
*Investments, at average cost	$	74,492,923

Approved on behalf of the General Partner, Canada Dominion Resources 2004 Corporation:

Ned Goodman
Director

James Hutton
Director

March 4, 2005

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

STATEMENT OF OPERATIONS

For the periods indicated in Note 1		2004
Investment income		
Interest	$	133,429
Expenses (Note 4)		
Management fee		815,071
Interest expense (Note 3)		112,281
Administration		266,566
Audit fees		16,050
Legal fees		3,238
Filing fees		5,050
Upfront loan facility expense		10,000
		1,228,256
Net investment income (loss)		**(1,094,827)**
Net Realized and Unrealized Gain (Loss) on investments		
Net realized gain (loss) on sale of investments		125,318
Change in unrealized appreciation (depreciation) in value of investments		(7,528,661)
Net gain (loss) on investments		**(7,403,343)**
Increase (decrease) in net assets from operations	**$**	**(8,498,170)**
Earnings (Losses) per Unit (Note 2)	**$**	**(2.84)**

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

STATEMENT OF CASH FLOWS

For the periods indicated in Note 1	2004
Cash flows from operating activities:	
Net investment income (loss)	$ (1,094,827)
Changes in non-cash working capital:	
Increase (decrease) in accrued interest, dividends and other	(141)
Increase (decrease) in other payables	388,392
Net cash provided by (used in) operating activities	**(706,576)**
Cash flows from investing activities:	
Investments purchased	(75,577,174)
Proceeds from sale of investments	1,209,569
Net cash provided by (used in) investing activities	**(74,367,605)**
Cash flows from financing activities:	
Gross proceeds from issue of units	75,000,000
Issuance costs paid	(5,662,500)
Increase (decrease) in bank loan payable	5,750,000
(Increase) decrease in deferred interest expense	(26,955)
Net cash provided by (used in) financing activities	**75,060,545**
Cash and cash equivalents, beginning of period	–
Cash and cash equivalents, end of period	**$ (13,636)**

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

Canada Dominion Resources Group

Canada Dominion Resources Limited Partnership XI

Canada Dominion Resources Limited Partnership XII

Canada Dominion Resources 2004 Limited Partnership

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the periods ended December 31, 2004 and 2003

1. ORGANIZATION OF THE LIMITED PARTNERSHIPS

The Canada Dominion Resources Limited Partnerships (the "Partnerships") were formed as limited partnerships under the laws of the Province of Ontario for the purpose of acquiring flow-through shares and other securities of resource companies with a view to achieving capital appreciation for the Limited Partners. The Partnerships were formed on the following dates:

Name of Limited Partnership	Date Formed	Commenced Operations
Canada Dominion Resources Limited Partnership XI ("LP XI")	**December 28, 2002**	**April 16, 2003**
Canada Dominion Resources Limited Partnership XII ("LP XII")	**October 1, 2003**	**December 4, 2003**
Canada Dominion Resources 2004 Limited Partnership ("LP 2004")	**December 19, 2003**	**May 17, 2004**

The General Partner of the Partnerships is as follows:

Partnership	General Partner	Date Incorporated	Date of Limited Partnership Agreement
LP XI	**Canada Dominion Resources XI Corporation ("CDR XI")**	**December 12, 2002**	**March 31, 2003**
LP XII	**Canada Dominion Resources XII Corporation ("CDR XII")**	**December 12, 2002**	**November 24, 2003**
LP 2004	**Canada Dominion Resources 2004 Corporation ("CDR 2004")**	**December 11, 2003**	**April 26, 2004**

(collectively known as the "General Partners")

The General Partners are responsible for the management of their Partnerships in accordance with the terms and conditions of each partnership agreement.

Under the Limited Partnership Agreement between the General Partner and each of their limited partners, each General Partner is entitled to a 0.01% beneficial interest in their Partnership.

The Statements of Investments are as at December 31, 2004. The Statements of Net Assets are as at December 31, 2004 and 2003 for LP XI and LP XII. The Statement of Net Assets is as at December 31, 2004 for LP 2004. The Statements of Operations and Cash Flows are for the year ended December 31, 2004 and the period from inception on April 16, 2003 to December 31, 2003 for LP XI. The Statements of Operations and Cash Flows are for the year ended December 31, 2004 and the period from inception on October 1, 2003 to December 31, 2003 for LP XII. The Statements of Operation and Cash Flows are for the period from inception on May 17, 2004 to December 31, 2004 for LP 2004.

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

NOTES TO FINANCIAL STATEMENTS (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies used by the Partnerships.

a) Valuation of Investments

All securities listed on a recognized public stock exchange are valued at their closing sale price on the valuation date. Securities not traded on that date are valued at the average of the closing bid and ask price. Securities traded on an over-the-counter market are valued in the same manner. Investments in securities having no quoted market values or in illiquid securities are normally carried at cost, unless there is a substantial arm's length transaction that establishes a different value, or there is a significant change from the General Partner's expectations. The quoted market values of securities that are subject to a hold period are valued by amortizing the purchase discount, if any, over the length of the hold period. Where the security is purchased at a premium to the traded value of that security on trade date, the restricted securities are valued based on the market price of related common shares. The market values can be impacted by trading volumes and restrictions, and the quoted market value may not be indicative of what the Partnership could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price. These values may differ from values that would have been used had a ready market existed for the investments. Any difference between the market value and the cost of the investments is treated as unrealized appreciation or depreciation. Short-term securities are valued based on original cost plus accrued interest, which approximates market value.

b) Investment Transactions and Income Recognition

All investment transactions are accounted for on the business day the order to buy or sell was executed. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated on an average cost basis.

Income from investment transactions is recognized on an accrual basis. Interest income is accrued as earned and dividend income is recognized on the ex-dividend date.

For income tax purposes, the adjusted cost base of flow-through shares is reduced by the amount of expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain will result and be allocated to the Limited Partners based upon their proportionate share of the Partnership.

c) Issuance Costs

Expenses related to the initial offering of the Partnership units have been accounted for as a reduction of partners' equity.

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

NOTES TO FINANCIAL STATEMENTS (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Financial Instruments

The fair value of the Partnership's financial assets and liabilities approximate the carried value due to their short-term nature.

e) Allocation of Partnership Income and Loss

99.99% of the income or loss of the Limited Partnership for the fiscal year will be allocated to owners of the limited partnership units at the end of the fiscal year in proportion to the number of limited partnership units owned. The Partnership is not itself a taxable entity. Accordingly, no provision for income tax is required.

f) Generally Accepted Accounting Principles

The Canadian Institute of Chartered Accountants ("CICA") issued Section 1100, "Generally Accepted Accounting Principles ("GAAP")" of the *CICA Handbook – Accounting*, which establishes standards for financial reporting. Section 1100 applies to all entities, with the exception of rate-regulated operations, for fiscal years beginning on or after October 1, 2003. As a result, the calculation and disclosure of earnings (losses) per unit are required under GAAP as well as reporting all investment transactions on a trade date basis for financial reporting purposes.

Certain disclosures previously considered GAAP by virtue of general practice in the investment funds industry are not considered GAAP for purposes of inclusion in the Partnership's financial statements.

g) Earnings (Losses) per Unit

"Earnings (losses) per unit" from operations is disclosed in the Statement of Operations and represents the increase or decrease in net assets from operations for the period divided by the average number of units outstanding during the period.

3. LOAN PAYABLE

LP XI, LP XII and LP 2004 established credit facilities with The Bank of Nova Scotia (the "Bank") for the payment of issuance costs and has provided the Bank with a security interest in all of the assets of the Partnerships. The credit facilities were established on May 23, 2003, December 4, 2003 and May 17, 2004 for LP XI, LP XII and LP 2004 respectively. As at December 31, 2004, the principal loan balance outstanding was $5,100,000 for LP XI, $1,795,000 for LP XII and $5,750,000 for LP 2004. The partnerships may avail credit by way of prime loans or Bankers' Acceptances ("BA"). The Partnerships pay interest on the outstanding prime loan balance at 1% per annum plus the greater of the Prime Lending Rate and the sum of the rate per annum for Canadian Dollar Bankers' Acceptances having a term of 30 days as reported by the Bank and 1/2 of 1% per annum. The BA interest rate per annum is equivalent to 1% per annum plus the rate existing at the borrowing date.

LP XI, LP XII and LP 2004 paid upfront loan facility expenses of $25,500, $25,000 and $10,000 respectively, which were expensed when the partnerships were charged.

The initial interest paid on the drawdown or renewal of the BAs is deferred and amortized over the term of the BA.

For the period ended December 31, 2004, LP XI, LP XII and LP 2004 recorded interest expense of $171,307, $58,387 and $112,281 respectively.

On January 21, 2005 LP XI and LP XII paid the outstanding loan balances of $5,100,000 and $1,795,000 respectively.

NOTES TO FINANCIAL STATEMENTS (cont'd)

4. EXPENSES OF THE PARTNERSHIP

The General Partners, who are related parties to the limited partnerships, are entitled to an annual management fee equal to 2% of the net asset value of their respective Partnership, calculated and payable monthly in arrears. For the periods ended December 31, the Partnerships recorded management fee expense as follows:

Name of Partnership	2004	2003
LP XI	1,340,687	925,192
LP XII	362,971	31,003
LP 2004	815,071	n/a

In respect of each financial year for LP XI, LP XII and LP 2004, an aggregate performance bonus equal to 20% of the amount by which the Net Asset Value per Unit of the Partnerships, as defined in the Limited Partnership Agreements, exceeds a threshold increase of 12% per annum will be payable to the portfolio advisor and the General Partners. As at December 31, 2004, LP XII had $8,487 in performance bonus accruals.

The General Partners are entitled to 0.01% of the net income or loss of the Partnerships.

The Partnerships pay all the expenses of their operations and carrying on of their businesses including legal and audit fees, interest, taxes, administrative costs relating to the cost of financial and other reports, and compliance with all applicable laws, regulations and policies.

The General Partners are reimbursed for expenses incurred in the performance of their duties. For the periods ended December 31, the Partnership incurred expenses in respect of these services as follows:

	2004	2003
LP XI	417,134	196,645
LP XII	361,897	36,426
LP 2004	266,566	n/a

LP XI paid approximately $15,000 and $3,700 of the issuance costs to Hutton Capital Corporation and Dundee Securities Corporation, related parties, respectively. LP 2004 paid approximately $1,000 and $6,000 of the issuance costs to Hutton Capital Corporation and Dundee Securities Corporation, related parties, respectively. These payments were at cost as reimbursement for expenses incurred on behalf of the Partnership.

NOTES TO FINANCIAL STATEMENTS (cont'd)

5. PARTNERS' EQUITY

The authorized capital of the Partnerships consists of an unlimited number of Partnership units. All Partnership units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Partnership and the right to one vote at any meeting of the limited partners.

6. BROKERAGE COMMISSIONS

a) Portfolio Transactions

Broker commissions paid on securities transactions during the periods ended December 31 and the amounts paid to Dundee Securities Corporation, an indirect subsidiary of Dundee Wealth Management Inc. ("DWM Inc."), the parent of the Manager for brokerage services provided to the Partnerships, are as follows:

	Total Brokerage Commissions Paid		Paid to Dundee Securities	
Name of Partnership	**2004**	**2003**	**2004**	**2003**
LP XI	$ 166,808	$ n/a	$ 39,173	$ n/a
LP XII	39,834	n/a	32,387	n/a
LP 2004	4,490	n/a	984	n/a

Dundee Wealth is the parent of DWM Inc., which in turn is the parent of the General Partners and Dundee Securities Corporation ("Dundee"), one of the agents for the offerings of LP XI, LP XII and LP 2004. Accordingly, the LPs are related to Dundee.

b) Private Placements

In addition to the commissions paid on the security transactions in a) above, the LP's invest in flow through shares through registered dealers, including Dundee Securities Corporation. Commissions on flow through shares are paid directly from the issuer of the shares to the broker/dealer. In certain circumstances, Dundee and the other agents may be entitled to receive fees and, in some cases, rights to purchase shares in connection with the sale of flow through shares to the LPs.

c) Initial Offering of Partnerships

The LP's paid agent's fees of 6.75% for each unit sold in connection with the offerings of the LPs of which Dundee receives a portion of these fees.

7. COMPARATIVE INFORMATION

LP 2004 was formed on December 19, 2003, but did not complete its initial financing until May 17, 2004. Accordingly, there are no comparative figures for 2003 on the Statements of Net Assets, Operations and Cash Flows for LP 2004.

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.

8. SUBSEQUENT EVENT

Asset Transfer into DMP Resource Class of Dynamic Managed Portfolios Ltd.

On February 7, 2005, LP XI and LP XII completed a transfer of all their assets (other than cash and liabilities which were paid) to DMP Resource Class in exchange for Series A units of DMP Resource Class.

(in 000s of dollars except number of shares)		**Shares Issued from**
Flow Through Share Limited Partnership	**Net Assets Transferred**	**DMP Resource Class**
LP XI	$75,013	2,169,688
LP XII	$21,977	635,680

NOTES

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