
Canada Dominion Resources 2006 Limited Partnership

Report to Limited Partners

During fiscal 2006, an aggregate of \$425.0 million was raised in the Canada Dominion Resources Limited Partnership (“Canada Dominion”) and the CMP Resource Limited Partnership (“CMP”). Together, these offerings make the Manager (Goodman & Company, Investment Counsel Ltd.) the leader in flow-through financial product offerings in Canada.

With the number of flow-through partnership offerings increasing in recent years, both CMP and Canada Dominion have made a concerted effort to be the first to market their issues. As more and more new partnerships enter this space, demand for quality flow-through shares is starting to overtake supply, which is why our issues have begun performing their initial public offerings much earlier in the year. By being one of the first to market a new issue, our partnerships are provided greater flexibility when building their portfolios and managing premiums (the added cost to receive the tax incentives from a flow-through share). This strategy affords our partnerships a significant advantage as the General Partner is provided more time to build a diversified portfolio of resource stocks from companies involved in various exploration and development efforts across Canada.

The Partnership has retained Goodman & Company, Investment Counsel Ltd. (“Goodman & Company”) to provide investment management, administrative, and other services. As at December 31, 2006, Goodman & Company had approximately \$1.03 billion in assets under management with respect to CMP and Canada Dominion, including the assets inside Dynamic Managed Portfolios Ltd. (“DMP Ltd.”), the rollover vehicle for the two respective partnerships. DMP Ltd. is an open-end mutual fund corporation managed by Goodman & Company which offers investors the choice of seven different classes of mutual fund shares. Each class of shares constitutes a separate mutual fund managed by Goodman & Company. The multiple-class structure allows investors to switch between the different classes on a tax-deferred basis and reposition their investment portfolios to meet their individual investment requirements.

Goodman & Company is a leading Canadian investment firm tracing its portfolio management roots back nearly 50 years, with nearly \$23 billion in assets under management. Goodman & Company, including Dynamic Funds™ and its affiliates, offers a wide range of wealth management solutions through registered financial advisors, including mutual funds, fee-based programs, a labour sponsored investment fund, hedge funds and a high net-worth investment counsel. As at December 31, 2006, Goodman & Company had approximately 63%, 94% and 95% of its funds in the top two quartiles for performance over a one-, three- and five-year period, respectively.

We would like to take this opportunity to thank our many investors and supporters from over the years and look forward to continuing our prosperous relationship for many years to come.

Canada Dominion Resources 2006 Limited Partnership

Board of Governors' Report

The Manager of the Funds recognizes that its business rests on a foundation of trust. For this reason, the Manager has sought to provide the securityholders of the Funds with an independent governance body (the "Board of Governors") that traces its roots to September 1996. Some of the Governors have been associated with the Funds since inception in 1957.

The function of the Board of Governors is to represent the interests of the securityholders in the Funds and to act in an advisory capacity to the Manager and Trustee of the Funds. This responsibility is expressed in the Board of Governors' mission and mandate:

- To help protect the interests of the securityholders of the Funds
- To oversee the operations of the Funds in the best interests of the securityholders
- To act in an advisory role to the Manager and Trustee of the Funds

The members of the Board of Governors are: Mr. Ronald Singer (Chairman), Mr. Alain Benedetti, Mr. Richard Crowe, Mr. Brahm Gelfand, Mr. Garth MacRae, Mr. Robert Ruggles and Mr. Frank White. Mr. Singer is a retired partner of Hyde Houghton, Chartered Accountants and has been associated with the Funds since 1957 and with the Manager since 1996. Mr. Benedetti is a retired Vice-Chairman and Canadian Area Managing Partner of Ernst & Young LLP. Mr. Crowe is retired and formerly President, Portfolio Manager and a founding partner of Senecal and Associates Investment Counsel. Mr. Gelfand is a senior partner of Lapointe Rosenstein, a law firm. Mr. MacRae is a director of Dundee Corporation, a director of Dundee Wealth Management Inc. and has held various positions within the Dundee organization since 1987. Mr. Ruggles is a retired investment counsel and portfolio manager and a founding partner of Ruggles and Crysedale which subsequently merged with Guardian Capital Group Ltd., an investment counselling firm. Mr. White is the President of Frank White Enterprises Inc. and has been associated with the Funds since 1957. All of the members of the Board of Governors are independent of management. The Board of Governors has held four meetings in the last year.

In carrying out its mandate effectively, the Board of Governors has formed the following four committees:

The Audit Committee: The committee reviews the semi-annual and annual reports that are sent to securityholders, provides the independent auditors of the Funds with a means to raise any unresolved issues with management and provides the auditors the vehicle to maintain their independence. The Audit Committee is comprised of Mr. Frank White (Chair), Mr. Brahm Gelfand, Mr. Garth MacRae and Mr. Ronald Singer. The committee held five meetings last year.

The Fund Review Committee: The committee is responsible for overseeing, among other things, fund performance, the workings of fund managers, soft dollar arrangements and execution costs. The Fund Review Committee is comprised of Mr. Robert Ruggles (Chair), Mr. Ronald Singer, Mr. Garth MacRae and Mr. Richard Crowe. The committee held three meetings last year.

The Governance Committee: The committee deals with, among other things, succession planning, member evaluation and education, member selection and appointment, code of ethics, compliance with laws and regulations, whistleblowing mechanism and ongoing developments with securities regulations relating to the Manager and investment industry. The Governance Committee is comprised of Mr. Alain Benedetti (Chair), Mr. Ronald Singer and Mr. Frank White. The committee held two meetings last year.

The Independent Review Committee: On January 19, 2006, a decision (the "Decision") was rendered by the Canadian Securities Regulators exempting the Funds from certain requirements which would otherwise prohibit them from making an investment during, or for 60 days after, the period in which Dundee Securities Corporation, a related company, is a member of the underwriting syndicate in an offering. This exemptive relief is available to the Funds provided Dundee Securities does not have more than a 5% interest in the offering, an independent review committee oversees any such investments and a number of other conditions are met.

Several years prior to the Decision, the Fund Manager had established the IRC as a subcommittee of its Board of Governors to resolve certain issues of conflict of interest. The Fund Manager has mandated the IRC to act under the provisions of the Decision. Under the Decision, the IRC has the authority to approve or withhold its approval with respect to offerings of securities in which the Funds wish to participate.

Canada Dominion Resources 2006 Limited Partnership

Board of Governors' Report (cont'd)

During the course of 2006, the IRC met on 14 different occasions in relation to the Decision, primarily to review offerings in which the Funds were contemplating participating in, but also to review the policies and procedures of the Fund Manager and the procedures required to follow the terms of the Decision.

Regularly, representatives from the portfolio management team of the Manager report to the Board of Governors on the operations of the Funds to ensure that the stated mandate of each Fund is maintained. Periodically, senior management, including representatives of the Manager's Compliance Committee and Internal Auditor, report to the Governors to ensure that the Manager has effective controls in place to protect the Fund's assets, and to review and discuss:

- Compliance with the Manager's Code of Ethics;
- Appropriate resolution of potential or perceived conflicts of interest;
- Internal controls over financial reporting;
- The accuracy of daily net asset value calculations; and
- Compliance with regulatory requirements.

The position, Director, Internal Audit, reports to the Audit Committee of the Board of Governors and provides independent oversight and reports on the operations of the Manager that affect the Funds. In addition, the Manager formed a committee called the Oversight Committee for Sub-Advisors and Portfolio Solutions which is responsible for monitoring and evaluating sub-advisors. The Oversight Committee periodically reports to the Board of Governors.

The purpose and function of the Board of Governors continues to evolve over time in response to changing market conditions and investment fund regulations and legislation.

Canada Dominion Resources 2006 Limited Partnership

Management Responsibility for Financial Reporting


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

The General Partner 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 General Partner. The significant accounting policies which the General Partner believes are appropriate for the Partnership are described in Note 2 to the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Partnership, 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.



DAVID GOODMAN
President and Chief Executive Officer
Goodman & Company, Investment Counsel Ltd.



JOHN PEREIRA
Executive Vice President and Chief Financial Officer
Goodman & Company, Investment Counsel Ltd.

March 14, 2007

Canada Dominion Resources 2006 Limited Partnership

Management Report of Fund Performance

Investment Objective and Strategies

The Partnership's investment objective is to achieve capital appreciation principally through investment in a diversified portfolio of equity securities of resource issuers engaged in oil and gas or mining exploration, development and/or production or certain energy production that may incur Canadian Renewable and Conservation Expense ("CRCE"), Canadian Exploration Expense ("CEE") or Canadian Development Expense ("CDE"). On the advice of the manager and sub-advisor, the Partnership will acquire flow-through shares and other securities of resource issuers, including junior issuers (of which it is anticipated there will be a significant number), in accordance with the investment strategies and guidelines outlined in the Partnership's prospectus, the objective being to achieve capital appreciation for the limited partners.

The Partnership's initial investment strategy entails investing in flow-through shares of resource issuers engaged in oil and gas or mining exploration, development and/or production or certain energy production that:

- have experienced management;
- have a strong exploration program in place;
- may require time to mature; and
- offer potential for future growth.

The focus of the Partnership's investment portfolio is expected to be on resource companies in the oil and gas sector. The allocation of the Partnership's portfolio to be invested in either the oil and gas sector or the mining sector will depend on investment opportunities at the time the available funds are invested.

In order to enhance the returns to limited partners, the Partnership will invest primarily in flow-through shares of resource issuers such that limited partners will be entitled to claim certain deductions from income or credits for income tax purposes for the 2006 taxation year, as more fully described in the Partnership's prospectus.

The Partnership will, as a general rule, at the time of investment, use its best efforts to observe the following guidelines in committing available funds to resource companies:

- at least 80% of available funds will be invested in resource companies that are listed on a stock exchange and at least 50% of available funds will be invested in

resource companies which are listed on the TSX, the New York Stock Exchange, the American Stock Exchange or NASDAQ;

- not more than 20% of available funds will be invested in any one resource company;
- the Partnership will not own more than 10% of any class of equity or voting securities of any resource company or purchase securities of any resource company for the purpose of exercising control or management over such resource company; and
- not more than 20% of available funds in aggregate will be invested in resource companies that are related issuers.

The manager and sub-advisor will manage the investment portfolio and seek to achieve capital appreciation of the Partnership's investments, following after the initial investment period.

This continuing investment management program may involve:

- the divestiture of flow-through shares and other investments and the reinvestment of the net proceeds from such dispositions (after consideration being given to applicable distributions to partners) in securities of resource issuers, including resource issuers whose principal business is:
 - oil and gas;
 - mining;
 - certain energy production that may incur CRCE;
 - pulp and paper, or forestry;
 - a related resource business (such as a pipeline or service company or utility);
 - subject to certain restrictions, investment in foreign resource issuers and illiquid securities.

All investments will be made in accordance with the guidelines as further described in the Partnership's prospectus and subject to compliance with all applicable laws and regulatory requirements. For tax purposes, any sale of flow-through shares generally is expected to result in a capital gain equal to the net proceeds because the adjusted cost base of flow-through shares is expected to be nil.

Canada Dominion Resources 2006 Limited Partnership

Risk

The risks associated with investing in the Partnership are as described in the prospectus.

Results of Operations

For the period February 14, 2006 to December 31, 2006, units of the Canada Dominion Resources 2006 Limited Partnership (“the Partnership”) generated a total return of –21.0%. The Partnership’s benchmark, a blend of the S&P/TSX Capped Energy Index (2/3) and the S&P/TSX Capped Materials Index (1/3), returned 1.6% during the same period. While the Partnership invests in a diversified mix of resource companies involved in exploration, development and production, performance is not expected to match that of any specific index.

As at December 31, 2006, the Partnership’s net asset value per unit was \$19.76. This represents a total after-tax return⁽¹⁾ on money-at-risk of approximately 23.4% for an Ontario investor subject to the highest marginal tax rate. Money-at-risk is calculated as the total investment less all income tax savings from deductions plus taxable capital gains.

Total net assets of the Partnership were \$118.5 million, a decrease of 21.0% since the closing of its initial public offering on February 15, 2006. A significant portion of the decrease in value comes from the issuance costs associated with the Partnership’s initial public offering and the premiums paid for the various flow-through issues purchased. In order to receive the tax incentives afforded through the flow-through program, many of the flow-through shares purchased for the Partnership are bought at a premium to share prices quoted on the open market.

On February 14, 2006, the Partnership established credit facilities with a Canadian Chartered Bank (the “Bank”) for the payment of issuance costs and provided the Bank with a security interest in all of the assets of the Partnership. The Partnership paid an up-front loan fee of \$10,000 which was expensed when the Partnership entered into the credit agreement with the Bank. Interest on the outstanding balance is charged at the greater of the prime lending rate and the sum of the rate per annum for Canadian dollar bankers’ acceptances (“BA”) 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 the rate existing at the borrowing date. All outstanding loans and credit facilities will be fully repaid prior to the Partnership’s tax-deferred rollover. As at December 31, 2006, the balance outstanding on the loan was \$11,670,000. The Partnership may also seek credit by way of prime loans or other bankers’ acceptances. The average

interest rate on the outstanding balances during the year was 4.26%.

For the period ended December 31, 2006, the Partnership’s highest and lowest bank borrowings were \$11,670,000 and \$10,350,000, respectively. With the exception of certain expenses which are typically fixed, the balance of expenses is mostly variable in nature, and outcomes were as expected.

Unitholder reporting costs were higher than expected, in order to comply with the one-time regulatory reporting requirement to print and mail the “Management Report on Fund Performance” to all of the Partnership’s limited partners.

Partnership performance

The majority of the portfolio management process begins early in the Partnership’s life, once the issue has closed its initial public offering and the monies raised are invested. Careful consideration is given to each security added to the Partnership based on: a company’s strategic position inside Canada’s resource sector, the health of the company’s balance sheet and its prospects for growth or exploration success. Once added, a stock may be sold for any and all of the following reasons: taking profits, deteriorating fundamentals within the firm or industry, liquidity constraints faced by smaller positions held within the Partnership, merger or acquisitions activities, in preparation for the tax-deferred rollover into Dynamic Managed Portfolios Ltd. (“DMP”) or to rebalance the Partnership’s commodity allocation or security selection.

Though the potential for slowing GDP growth in North America (and abroad) may temper what has been a healthy appetite for commodities, our long-term outlook for the energy, base and precious metals sectors remains positive. While any decrease in domestic consumption is likely to be offset by the continued strength of Far East nations such as China and India, we are unlikely to see the same type of commodities bull market investors have enjoyed over the last two fiscal years.

Commodity price cycles typically last for years. The argument holds that once prices commence declining, they continue declining for many years on end, and once they commence rising, they continue rising for years on end. This argument is of paramount importance to Canada’s exploration and development community as they profit directly from a commodity bull cycle. Since the beginning of the latest commodity bull cycle – which commenced around the turn of this decade – many wonder as to whether the bull cycle is about to end, or if the cycle has more years to run. Our outlook for the commodities sector remains positive. However, we cannot fully discount the

Canada Dominion Resources 2006 Limited Partnership

possibility of having a few “down” years – such as the 1974 to 1975 correction in gold prices – during what we believe to be a secular “up-cycle,” thus underscoring the importance of the downside protection afforded by the Partnership’s tax incentives.

At the end of the period, approximately 51.6% of the Partnership was invested in the energy sector. While our long-term outlook for oil and natural gas remains positive, some of the key factors supporting energy prices over the short term had weakened over the course of 2006. The price of oil retreated from its high of US\$78/barrel in July to dip below US\$60/barrel in the third quarter. As the war between Lebanon and Israel ended, political instability in the Middle East became more subdued, causing the fear premium for oil to shrink over the period. Meanwhile, natural gas prices continued to decline throughout most of the year as storage levels in North America rose above their five-year average. Prices dipped to a low of \$4.20/mcf late in the third quarter as fears of another disastrous hurricane season along the Gulf Coast began to subside and the collapse of hedge fund Amaranth helped to add to the sector’s volatility. While recent weakness in the energy sector may be cause for concern for some investors, it affords the Partnership the opportunity to build the energy component of its portfolio at lower multiples.

Outside of oil and gas, the Partnership made a concerted effort to invest a significant amount of its portfolio in resource companies involved in exploration efforts for uranium. With nuclear power once again becoming an acceptable and viable energy alternative, the price of uranium climbed from just over US\$45/lb to close the year at US\$72/lb – an increase of about 60%. The price of uranium has tripled since 2004 due to an imbalance between primary supply and demand, and these fundamental pressures are now becoming exacerbated by recent events in the uranium sector. Nuclear power will be a crucial component of base load electricity generation in both developed and developing countries for years, if not decades, to come. The growing gap between demand and supply can only be resolved by a significant increase in production, a reality that bodes well for investments made in Canada’s uranium companies. Canada produces about one-third of the world’s uranium mine output, with production that is expected to increase even further as more new mines come into production. This promising environment helped push the stock prices for holdings such as Mega Uranium Ltd. and CanAlaska Uranium Ltd. up significantly during the period.

The price of gold enjoyed yet another year of strength climbing to a record high of US\$725/oz in May before finishing the year at US\$638/oz on the New York Mercantile Exchange (“NYMEX”). The price of silver

experienced an even greater lift, rising over 40%. Despite having more than half the Partnership’s proceeds invested before gold’s correction in May, many of our holdings from the precious metals sector were up for the year, including Agnico-Eagle Mines Limited, Aurizon Mines Ltd. and Bravo Venture Group Inc. Economic forces are behind the rising price of gold, the most notable being the declining US dollar, which recently hit a 20-month low and is likely to fall much further in the coming years. It is our belief that prices for gold and silver still have a lot further to go (on a long-term basis) given the economic forces surrounding their spectacular rise over the last five years.

The base metals component of the portfolio managed to perform very well for the period as prices for zinc, nickel and copper reached new highs in 2006. The price for nickel enjoyed another strong year, climbing to a high of over US\$15/lb. As the surge in world stainless steel production continues, physical shortages and production losses caused nickel prices to increase during the period. Meanwhile, lack of mine production and accelerated demand growth left zinc concentrates and metal markets in large deficits, pushing the price past US\$1.95/lb before the end of the year. HudBay Minerals Inc. (a mining and smelting company involved in the production of copper, gold, silver, zinc and zinc oxide) whose stock rose from C\$5.89 to just over C\$21.84 over the course of the year was one of the largest benefactors in this environment. As at the end of the period, approximately 18.1% of the portfolio was invested in the diversified metals and mining sector.

While some of the Partnership’s holdings continue to trade below their book value, many of the shares purchased for the Partnership are bought at a premium to their market price in order to receive the generous tax deductions afforded through the flow-through program. These premiums are most often higher for some of the larger or more established resource companies. This gives rise to a decrease in the overall value of the Partnership as the shares are revalued down to their currently traded value.

Recent Developments

There have been no recent developments that affect the Fund.

Related Party Transactions

Commissions

Brokerage commissions were paid on securities transactions during the period of approximately \$2,000. Of this amount, Dundee Securities Corporation, an indirect

Canada Dominion Resources 2006 Limited Partnership

subsidiary of Dundee Wealth Management Inc., the parent of the Manager, received nil.

Management Fee

In consideration for portfolio and advisory services received from the Manager, Goodman & Company, Investment Counsel Ltd., the Partnership accrued a management fee of \$2.3 million. The management fee is an annualized management fee based on the net asset value of the Partnership and is accrued daily and payable on December 31, 2006 and monthly thereafter as a percentage of the month-end net assets. Of the management fee paid to the Manager, 100% is attributed to the portfolio and advisory services and general administrative costs.

The Partnership reimbursed the Manager for operating costs incurred in administering the Partnership of approximately \$488,000.

- ⁽¹⁾ After-tax return numbers assume that an investor is able to deduct the indicated net asset value per unit against income for income tax purposes and the subsequent disposition of an investment will result in a capital gain. The difference in the tax treatment of deducting against income and inclusion as capital gain at more favourable effective marginal tax rates has the effect of reducing the break-even proceeds of disposition. The actual after-tax rates of return may be different. Actual after-tax rates of return for a Limited Partner will vary depending on a number of factors including province of residence, date of disposition, marginal tax rates, receipt of distribution, actual capital gain inclusions and actual deductions or credits received.

Canada Dominion Resources 2006 Limited Partnership

Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance for the fiscal periods indicated. This information is derived from the Partnership's audited annual financial statements. The information on the following tables is based on prescribed regulations and as a result, are not expected to add due to the increase (decrease) in net assets from operations being based on average units outstanding during the period and all other numbers being based on actual units outstanding at the relevant point in time.

*The Partnership's Net Asset Value per Unit ("NAV")***

	Data Per Unit (commencement of operations February 14, 2006)
	December 31, 2006
Initial offering price	\$25.00
Issue costs	(1.81)
Net asset value, beginning of period⁽¹⁾	\$23.19
Increase (decrease) in net assets from operations:	
Total revenue	\$0.30
Total expenses	(0.57)
Realized gain (loss) for the period	(0.01)
Unrealized gain (loss) for the period	(3.15)
Total increase (decrease) in net assets from operations⁽¹⁾	\$(3.43)
Distributions to Partners:	
From income (excluding dividends)	\$-
From dividends	-
From net realized gain on investments	-
From return on capital	-
Total annual distributions⁽¹⁾	\$-
Net asset value, end of period⁽¹⁾	\$19.76

*Ratios and Supplemental Data***

Net assets (in 000s)	\$118,545
Number of units outstanding	6,000,000
Management fee	2.00%
Management expense ratio ("MER") ⁽²⁾	12.08%*
MER before waivers or absorptions ⁽²⁾	12.08%*
Portfolio turnover rate ⁽³⁾	1.50%
Trading expense ratio ⁽⁴⁾	0.00%

* Annualized

** Footnotes for the tables are found at the end of the Financial Highlights section.

Canada Dominion Resources 2006 Limited Partnership

- (1) Net asset value per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.
 - (2) Management expense ratio ("MER") is based on the total expenses of the Partnership for the stated period expressed as an annualized percentage of daily average net assets during the period. The annualized MER for 2006 (the year of inception) includes issue costs of \$10.125 million and agent fees of \$750,000 which are treated as one time expenses and therefore are not annualized. Had we annualized these expenses, the annualized MER would have been 13.3%; the MER before waivers and absorptions would have been 13.3%. MER excluding issue cost and agent fees is 3.17%.
 - (3) The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher a Partnership's portfolio turnover rate in a period, the greater the trading costs payable by the Partnership in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Partnership. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding any portfolio re-balancing transactions following a merger and cash and short-term investments maturing in less than one year, by the average market value of investments during the period.
 - (4) The trading expense ratio represents total commissions and other portfolio transaction costs, expressed as an annualized percentage of daily average net assets of the Partnership during the period.
-

Canada Dominion Resources 2006 Limited Partnership

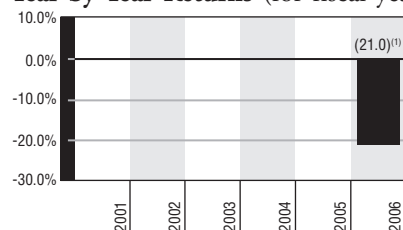
Past Performance

The following chart and table show the past performance of the Partnership and will not necessarily indicate how the Partnership will perform in the future. In addition, the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

The following chart shows the annual performance of the Partnership for each year shown and illustrates how the Partnership's performance has varied from year to year. The chart shows, in percentage terms, how much an investment held on the first day of each financial year would have increased or decreased by the last day of each financial year for units of the Partnership.

Year-by-Year Returns (for fiscal years ended December 31)



⁽¹⁾ Since inception date to the fiscal year-end

Canada Dominion Resources 2006 Limited Partnership

Annual Compound Returns

The following table shows the annual compound total return for each period indicated, compared with a blended index of the S&P/TSX Capped Energy Index (2/3) and the S&P/TSX Capped Materials Index (1/3).

The annual compound returns table compares the Partnership's performance to a benchmark. Benchmarks are usually an index or a composite of more than one index. An index is generally made up of a group of securities. Since the Partnership does not necessarily invest in the same securities as an index or in the same proportion, the Partnership's performance is not expected to equal the performance of the index. It may be more helpful to compare the Partnership's performance to that of other partnerships with similar objectives and investment disciplines.

The S&P/TSX Capped Energy Index is a sector-based index of the Global Industry Classification Standard (GICS®) developed by S&P and MSCI. The S&P/TSX Capped Energy Index is comprised of securities of Canadian energy sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The relative weight of any single index constituent is capped at 25%. The index assumes the reinvestment of all dividends.

The S&P/TSX Capped Materials Index is a sector-based index of the Global Industry Classification Standard (GICS®) developed by S&P and MSCI. The S&P/TSX Capped Materials Index is comprised of the securities of Canadian materials sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The relative weight of any single index constituent is capped at 25%. The index assumes the reinvestment of all dividends.

A discussion of the performance of the Partnership as compared to the Blended Index is found in the Results of Operations section of this report.

	Since Inception
Return (%)	(21.0)
Blended Index (%)	1.6
S&P/TSX Capped Energy Total Return Index (%)	(8.3)
S&P/TSX Capped Materials Total Return Index (%)	24.0

Canada Dominion Resources 2006 Limited Partnership

Summary of Investment Portfolio

Portfolio Breakdown as at December 31, 2006

Portfolio by Category	Percentage of Market Value of Long Investments
Energy	51.6
Gold and Precious Metals	21.7
Diversified Metals & Mining	18.1
Energy – Other*	7.3
Other	0.7
Cash and Cash Equivalents	0.6
Total	100.0

*The “Energy – Other” component of the portfolio consists of companies whose primary focus is on the exploration, development and production of alternative energy sources (outside of oil and natural gas), including uranium, wind generation and geothermal energy.

Top 25 Holdings as at December 31, 2006

Name of Security	Percentage of Total Net Assets
Agnico-Eagle Mines Limited	12.3
Wolfden Resources Inc., Restricted	6.2
HudBay Minerals Inc.	4.5
CanWest Petroleum Corporation	4.5
Questerre Energy Corporation, Class “A”	4.1
Dejour Enterprises Ltd.	2.3
Gold Eagle Mines Ltd.	2.3
Delphi Energy Corp.	2.1
Vanquish Oil & Gas Corporation	2.0
Saxony Petroleum Inc., Restricted	1.9
Paramount Resources Ltd., Class “A”	1.7
Liberty Mines Inc.	1.5
Celtic Exploration Ltd., Restricted	1.4
Connacher Oil and Gas Limited	1.4
Cumberland Resources Ltd.	1.4
Transeuro Energy Corp.	1.3
Greyhawke Resources Ltd., Restricted	1.3
Storm Exploration Inc.	1.3
Baffinland Iron Mines Corporation, Restricted	1.3
Crowflight Minerals Inc.	1.3
Donner Metals Ltd., Restricted	1.3
Dokie Wind Energy Inc., Restricted	1.3
Duvernay Oil Corp., Restricted	1.2
Flagship Energy Inc., Class “B”	1.2
Corridor Resources Inc.	1.1

The Partnership’s investment portfolio may change due to the ongoing portfolio transactions of the Partnership. The Portfolio by Category chart above provides a portfolio breakdown based on the total gross assets of the Partnership. Quarterly updates of the Partnership’s investment portfolio are available within 60 days (90 days in the case of the Partnership’s subsequent annual management report of partnership performance) of the end of each calendar quarter on the internet at www.canadadominion.com.

Canada Dominion Resources 2006 Limited Partnership

Caution regarding forward-looking statements

Certain portions of this report, including, but not limited to, “Recent Developments”, may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive.

We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing any undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Canada Dominion Resources 2006 Limited Partnership

Auditors' Report

TO THE PARTNERS OF

Canada Dominion Resources 2006 Limited Partnership

(the Partnership)

We have audited the statements of investments and net assets of the Partnership as at December 31, 2006 and the statements of operations, changes in net assets and cash flows for the period from February 14, 2006 to December 31, 2006. These financial statements are the responsibility of the General Partner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of 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 the Partnership as at December 31, 2006 and the results of its operations, the changes in its net assets and its cash flows for the period from February 14, 2006 to December 31, 2006 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario

March 14, 2007

Canada Dominion Resources 2006 Limited Partnership

STATEMENT OF INVESTMENTS

As at December 31, 2006

(in Canadian Dollars)	Par Value(\$)/ Number of Shares/Units	Cost	Market Value
EQUITIES (111.8%)			
Diversified Metals and Mining (20.4%)			
Baffinland Iron Mines Corporation, Restricted	500,000	\$1,250,000	\$1,525,000
Blue Pearl Mining Ltd.	48,600	138,510	479,682
Canadian Arrow Mines Limited, Restricted	480,000	61,920	115,200
Canadian Arrow Mines Limited, Rights, Sep. 15 08	240,000	480	12,000
Columbia Yukon Explorations Inc.	375,000	224,963	210,000
Columbia Yukon Explorations Inc., Warrants, Jul. 27 07	187,500	38	-
Crowflight Minerals Inc.	3,593,700	871,110	1,509,354
Donner Metals Ltd., Restricted	2,666,686	1,225,342	1,493,344
Donner Metals Ltd., Warrants, Sep. 29 08	1,333,343	1,333	1
El Nino Ventures Inc.	312,500	250,000	135,156
Fortune Minerals Limited	181,300	625,485	418,803
Geodex Minerals Ltd.	535,714	187,446	170,089
Geodex Minerals Ltd., Warrants, Dec. 27 07	267,857	54	-
Hathor Exploration Limited, Restricted	81,300	81,300	158,678
HudBay Minerals Inc.	245,000	3,368,750	5,350,800
Liberty Mines Inc.	650,857	455,600	1,815,891
Logan Resources Ltd.	1,500,000	825,000	645,000
Logan Resources Ltd., Warrants, Oct. 25 07	750,000	-	1
Mantle Resources Inc.	726,667	907,607	712,134
Mantle Resources Inc., Warrants, Feb. 23 07	363,333	727	-
Messina Minerals Inc.	72,500	145,000	87,000
New Millennium Capital Corp.	212,500	180,625	127,500
Pacifica Resources Ltd.	390,800	273,560	351,720
Phoenix Matachewan Mines Inc.	833,334	125,000	129,167
Phoenix Matachewan Mines Inc., Warrants, May 15 08	833,334	-	1
Playfair Mining Ltd.	473,600	449,920	241,536
Redcorp Ventures Ltd.	426,500	149,275	332,670
Slam Exploration Ltd., Restricted	1,400,000	182,000	203,000
Slam Exploration Ltd., Warrants, May 23 08	1,400,000	-	1
Wildrose Resources Ltd.	319,695	327,156	319,695
Wolfden Resources Inc., Restricted	2,421,600	4,479,960	7,385,880
Yukon Zinc Corporation	762,500	228,750	228,750
		17,016,911	24,158,053
Energy (58.0%)			
Alberta Clipper Energy Inc.	168,900	869,835	1,018,467
Bear Ridge Resources Ltd.	261,700	1,923,495	968,290
Breaker Energy Ltd., Class "A"	90,100	540,600	525,283
Cabrerra Resources Ltd., Restricted	439,300	746,810	615,020
CanWest Petroleum Corporation	905,800	5,978,280	5,299,212
Caribou Resources Corp.	784,300	2,392,115	611,754
Celtic Exploration Ltd., Restricted	120,800	2,083,800	1,680,328
Choice Resources Corp.	967,200	1,063,920	599,664
Churchill Energy Inc., Class "A"	634,500	1,364,175	583,740
Connacher Oil and Gas Limited	464,800	2,440,200	1,622,152
Corridor Resources Inc.	215,500	1,249,900	1,336,100
Cyries Energy Inc.	66,800	875,080	845,688
Defiant Resources Corporation	508,000	2,108,200	1,193,800
Dejour Enterprises Ltd.	1,026,600	1,539,900	2,699,958
Delphi Energy Corp.	1,027,700	4,932,960	2,548,696
Duvernay Oil Corp.	18,100	1,013,600	624,993
Duvernay Oil Corp., Restricted	41,800	1,828,750	1,443,354
Exall Energy Corporation	48,000	-	14,400
Fair Sky Resources Inc.	241,600	906,000	553,264
Fairquest Energy Limited	300,900	2,978,910	962,880
First West Petroleum Inc., Restricted	603,500	603,500	512,975
Flagship Energy Inc., Class "B"	302,000	2,083,800	1,402,790
G2 Resources Inc., Class "A"	695,135	882,310	486,595

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

Canada Dominion Resources 2006 Limited Partnership

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2006

(in Canadian Dollars)	Par Value(\$)/ Number of Shares/Units	Cost	Market Value
EQUITIES (111.8%) (cont'd)			
Energy (58.0%) (cont'd)			
Galleon Energy Inc., Class "A"	68,400	\$1,757,880	\$1,236,672
GeoPetro Resources Company	273,228	1,223,182	845,405
Glamis Resources Ltd., Class "A"	240,400	60,100	264,440
Glamis Resources Ltd., Class "B"	54,090	540,900	168,761
Greenbank Energy Ltd.	150,400	360,960	300,800
Greyhawk Resources Ltd., Restricted	724,700	1,811,750	1,539,988
Highview Resources Ltd.	3,543,200	602,344	177,160
Kereco Energy Ltd.	120,700	1,768,255	895,594
Laricina Energy Ltd., Restricted	120,600	1,507,500	1,130,625
Magnus Energy Inc., Class "A"	1,130,000	2,000,100	779,700
Magnus Energy Inc., Restricted	1,091,100	1,647,561	752,859
Marble Point Energy Ltd., Restricted	500,000	500,000	400,000
Masters Energy Inc.	93,100	567,910	316,540
Midnight Oil Exploration Ltd.	84,300	429,930	199,791
Mystique Energy, Inc.	2,779,100	1,301,669	694,775
Nexstar Energy Ltd., Class "A"	965,600	2,414,000	1,158,720
Nexstar Energy Ltd., Class "B"	217,260	-	760,410
NuLoch Resources Inc., Class "A"	591,800	1,094,830	621,390
Open Range Energy Corp.	75,200	428,640	248,160
Paramount Resources Ltd., Class "A"	85,000	4,420,000	2,040,000
Paramount Resources Ltd., Restricted	29,500	995,625	708,000
Peerless Energy Inc., Class "A"	48,200	202,440	195,210
ProspEx Resources Ltd.	60,100	345,575	266,844
Questerre Energy Corporation, Class "A"	3,623,700	3,732,411	4,855,758
Racing Resources Ltd., Class "A"	422,520	845,040	676,032
Real Resources Inc.	75,500	1,925,250	1,260,850
Rival Energy Ltd., Restricted	712,900	1,140,640	841,222
Rolling Thunder Exploration Ltd., Class "A"	601,900	1,263,990	824,603
Saxony Petroleum Inc., Restricted	762,700	2,745,720	2,288,100
Sierra Vista Energy Ltd., Class "A"	999,600	1,449,420	809,676
Silverwing Energy Inc.	482,600	1,206,500	530,860
Spear Exploration Inc., Restricted	2,011,300	1,206,780	1,005,650
Storm Exploration Inc.	216,900	1,778,580	1,538,906
Stylus Energy Inc.	120,800	573,800	395,016
Tango Energy Inc., Restricted	1,542,600	848,430	1,234,080
Temple Energy Inc., Restricted	468,000	1,497,600	1,170,000
Titan Exploration Ltd., Class "A"	117,600	752,640	410,424
Transeuro Energy Corp.	1,509,200	4,210,668	1,554,476
TriStar Oil & Gas Ltd.	135,900	1,209,510	793,656
TUSK Energy Corporation	331,100	1,705,165	1,042,965
Vanguard Exploration Corp., Restricted	570,600	570,600	456,480
Vanquish Oil & Gas Corporation	1,202,000	2,704,500	2,404,000
WaveForm Energy Ltd., Class "A"	1,019,500	2,446,800	152,925
WIN Energy Corporation	685,400	1,644,960	692,254
		101,846,295	68,789,180
Energy (Other)* (8.2%)			
Alberta Star Development Corp.	486,500	899,539	1,050,840
Alberta Star Development Corp., Warrants, Oct. 25 07	243,250	487	14,595
Aurora Energy Resources Inc.	31,300	392,815	424,115
Bayswater Uranium Corporation	501,000	450,850	821,640
Bayswater Uranium Corp., Warrants, Sep. 27 07	250,500	50	160,320
CanAlaska Uranium Ltd.	545,681	300,125	409,261
CanAlaska Uranium Ltd., Warrants, Apr. 11 07	272,840	-	27,284
Cash Minerals Ltd., Restricted	632,300	1,264,600	1,074,910
Dokie Wind Energy Inc., Restricted	823,300	1,811,260	1,481,940
Finavera Renewables Inc., Restricted	1,878,584	375,717	319,359
Forum Uranium Corp.	1,200,000	600,000	744,000
JNR Resources Inc.	143,800	215,700	398,326
Magnum Uranium Corp.	254,640	305,543	208,805
Magnum Uranium Corp., Warrants, Mar. 02 08	127,320	25	-

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

Canada Dominion Resources 2006 Limited Partnership

STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2006

(in Canadian Dollars)	Par Value(\$)/ Number of Shares/Units	Cost	Market Value
EQUITIES (111.8%) (cont'd)			
Energy (Other)* (8.2%) (cont'd)			
Mega Uranium Ltd., Restricted	117,500	\$558,125	\$840,125
Mega Uranium Ltd., Warrants, Apr. 02 08	58,750	–	67,563
Santoy Resources Ltd.	564,000	383,520	558,360
Silver Spruce Resources Inc.	475,000	284,525	266,000
Silver Spruce Resources Inc., Warrants, Nov. 18 07	475,000	475	–
Ur-Energy Inc.	45,500	125,125	175,630
Wealth Minerals Ltd.	75,000	146,243	194,250
Wealth Minerals Ltd., Warrants, Jan. 12 08	37,500	8	12,750
Western Uranium Corporation	200,000	250,000	460,000
		8,364,732	9,710,073
Gold and Precious Metals (24.4%)			
Agnico-Eagle Mines Limited	304,000	9,955,000	14,619,360
Alexco Resource Corp.	66,000	155,100	324,060
American Bonanza Gold Corp.	132,600	72,930	39,780
Armistice Resources Corp.	1,180,784	767,510	637,623
Aurizon Mines Ltd.	327,900	901,725	1,200,114
Bravo Venture Group Inc.	473,700	450,015	620,547
Cadiscor Resources Inc.	450,000	450,000	346,500
Canarc Resource Corp.	642,100	526,522	494,417
Cariboo Rose Resources Ltd.	319,695	75,036	52,750
Committee Bay Resources Ltd.	250,000	150,000	130,000
Consolidated Spire Ventures Ltd.	500,000	200,000	120,000
Cross Lake Minerals Ltd.	500,000	375,000	200,000
Cumberland Resources Ltd.	250,000	1,500,000	1,610,000
Erdene Gold Inc.	99,000	99,000	71,280
Gold Eagle Mines Ltd.	325,272	1,245,000	2,680,241
Golden Tag Resources Ltd.	333,332	60,000	199,999
IAMGOLD Corporation	56,700	607,500	585,144
Kenrich-Eskay Mining Corp.	62,500	106,250	66,250
Maximus Ventures Ltd.	900,000	450,000	364,500
Miramar Mining Corporation	235,000	1,222,000	1,247,850
North American Palladium Ltd., Restricted	43,500	543,750	385,845
Premier Gold Mines Limited, Restricted	301,000	346,150	415,380
Rainy River Resources Ltd.	184,500	498,150	1,023,975
Skygold Ventures Ltd.	201,000	301,500	327,630
Skygold Ventures Ltd., Warrants, Oct. 18 07	100,500	–	3,015
Tenajon Resources Corp.	122,500	55,125	31,850
Vencan Gold Corporation	750,000	75,000	71,250
YGC Resources Ltd.	391,600	587,400	1,069,068
		21,775,663	28,938,428
Other (0.8%)			
Pure Diamonds Exploration Inc.	937,500	450,000	328,125
Sanatana Diamonds Inc.	428,600	750,050	222,872
Tahera Diamond Corporation	334,800	1,272,235	401,761
		2,472,285	952,758
COST AND MARKET VALUE OF INVESTMENTS (111.8%)		151,475,886	132,548,492
UNREALIZED GAIN (LOSS) ON DERIVATIVES (0.0%)		–	–
BANK LOAN (–9.8%) (Note 3)		(11,670,000)	(11,670,000)
CASH AND CASH EQUIVALENTS (0.7%)			
Canadian		831,673	831,673
Foreign		–	–
Encumbered		–	–
		831,673	831,673
OTHER NET ASSETS (LIABILITIES) (–2.7%)		(3,165,326)	(3,165,326)
NET ASSETS (100.0%)		\$137,472,233	\$118,544,839

* The "Energy – Other" component of the portfolio consists of companies whose primary focus is on the exploration, development and production of alternative energy sources (outside of oil and natural gas), including uranium, wind generation and geothermal energy.

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

Canada Dominion Resources 2006 Limited Partnership

STATEMENT OF NET ASSETS

As at

(in Canadian dollars)	December 31, 2006
Assets	
Investments – long, at market value*	\$132,548,492
Cash and cash equivalents	831,673
Receivable for investment securities sold	–
Deferred interest expense on bank loans (Note 3)	69,232
Accrued interest, dividends and other	4,583
	<u>133,453,980</u>
Liabilities	
Loan payable (Note 3)	11,670,000
Payable for investment securities purchased	–
Management fee payable	2,286,594
Issuance costs payable	336,547
Performance bonus payable	–
Accrued expenses	616,000
	<u>14,909,141</u>
Net assets – representing partners' equity	\$118,544,839
Partners' capital	139,125,000
Retained earnings (deficit) (Note 5)	(20,580,161)
	<u>\$118,544,839</u>
*Investments, at cost	\$151,475,886
Number of units outstanding (Note 7)	6,000,000
Net asset value per unit	\$19.76

STATEMENT OF OPERATIONS

For the period indicated in Note 1

(in Canadian dollars)	2006
Investment income	
Interest	\$1,811,846
Dividends	19,305
Foreign withholding taxes	–
	<u>1,831,151</u>
Expenses (Note 4)	
Management fee	2,286,594
Performance bonus	–
Unitholder reporting costs	88,192
Unitholder administration costs	500,426
Custodian fees and bank charges	17,201
Audit fees	16,960
Legal fees	3,392
Filing fees	3,200
Interest expense (Note 3)	479,524
Upfront loan facility expense (Note 3)	10,000
	<u>3,405,489</u>
Expenses absorbed by the Manager	–
	<u>3,405,489</u>
Net investment income (loss)	(1,574,338)
Realized and unrealized gain (loss) on investments	
Net realized gain (loss) on sale of investments	(68,856)
Net realized and change in unrealized foreign exchange gain (loss)	(9,573)
Change in unrealized appreciation (depreciation) in value of investments	(18,927,394)
Net gain (loss) on investments	(19,005,823)
Increase (decrease) in net assets from operations	\$(20,580,161)
Increase (decrease) in net assets from operations per unit (Note 2)	\$(3.43)

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

Canada Dominion Resources 2006 Limited Partnership

STATEMENT OF CHANGES IN NET ASSETS

For the period indicated in Note 1

(in Canadian dollars)	2006
Net assets, beginning of period	\$-
Increase (decrease) in net assets from operations	(20,580,161)
Partners' transactions	
Proceeds from issue	150,000,000
Issuance costs	(10,875,000)
Payments on redemption	-
	139,125,000
Increase (decrease) in net assets	118,544,839
Net assets, end of period	\$118,544,839

STATEMENT OF CASH FLOWS

For the period indicated in Note 1

(in Canadian dollars)	2006
Cash flows from operating activities:	
Net Investment income (loss)	\$(1,574,338)
Changes in non-cash working capital:	
(Increase)/decrease in accrued interest, dividends and other	(4,583)
Increase/(decrease) in other payables	3,239,141
Decrease/(Increase) in receivable for investments securities sold	-
(Decrease)/Increase in payable for investments securities purchased	-
(Investments purchased)	(152,703,630)
Proceeds from sale of investments	1,158,888
Net realized and change in unrealized foreign exchange gain (loss)	(9,573)
Net cash provided by (used in) operating activities	(149,894,095)
Cash flows from financing activities:	
Proceeds from issue	150,000,000
Issuance costs	(10,875,000)
Redeemed units	-
Increase/(decrease) in loan payable	11,670,000
(Increase)/decrease in deferred interest expense on bank loan	(69,232)
Net cash provided by (used in) financing activities	150,725,768
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$831,673

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

Canada Dominion Resources 2006 Limited Partnership

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

1. Organization of the Limited Partnership

The Canada Dominion Resources 2006 Limited Partnership ("the Partnership") was formed as a limited partnership 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 Limited Partners. The Partnership was formed and commenced operations on the following dates:

<u>Name of Partnership</u>	<u>Date Formed</u>	<u>Commenced Operations</u>
Canada Dominion Resources 2006 Limited Partnership	February 6, 2006	February 14, 2006

The General Partner of the Partnership is as follows:

<u>Name of Partnership</u>	<u>General Partner</u>	<u>Date Incorporated</u>	<u>Date of Limited Partnership Agreement</u>
Canada Dominion Resources 2006 Limited Partnership	Canada Dominion Resources 2006 Corporation ("CDR 2006")	November 4, 2005	February 6, 2006

The General Partner is responsible for the management of the Partnership in accordance with the terms and conditions of the partnership agreement.

Financial Reporting Dates

The Statement of Investments and Statement of Net Assets are as at December 31, 2006. The Statements of Operations, Changes in Net Assets and Cash Flows of the Partnership are for the period from commencement of operations on February 14, 2006 to December 31, 2006.

Transactions of the Manager

All directors, officers and employees ("Employees") of the Manager are subject to its Code of Ethics and Standards of Professional Conduct (the "Code"). The Code has been put in place to protect the interests of all investors of the Partnership. The Board of Directors of the General Partner and the Board of Governors of the Partnership have reviewed and approved the Code. The Code includes a Trading Policy that Employees must adhere to.

2. Summary of Significant Accounting Policies

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

Valuation of Investments

The market value of investments is determined as follows:

- a) 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.

The quoted market values of publicly traded securities that are subject to a hold period are fair valued using the following guidelines: they are initially carried at cost until settlement of the transaction. Where the security was purchased at a discount, it is valued by amortizing the percentage discount over the length of the hold period. Where the security was purchased at a premium to the traded value of that security, the security is valued based on the market price of the related common shares.

Investments in securities having no quoted market values or in illiquid securities are valued based on fair value as determined by the Manager using the following guidelines: they are initially carried at cost until there is a substantial arm's length transaction that establishes a different value, or at their fair value as determined by the Manager. These values may differ from values that would have been used had a ready market existed for these investments.

In a situation where, in the opinion of the Manager, a market quotation for a security is inaccurate, unreliable or not readily available, the security is valued primarily using dealer supplied valuations or at its fair value as determined by the Manager.

- b) Short-term securities are valued based on original cost plus accrued interest, which approximates market value.
- c) Warrants are valued based on the market value of the underlying security less the strike price of the warrant. Where the market value of the underlying security is less than the strike price of the warrant, the warrant is valued with nil cost.

Investment Transactions and Income Recognition

All investment transactions are reported on the business day the order to buy or sell is executed. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated on an average cost basis. The cost of portfolio securities are

Canada Dominion Resources 2006 Limited Partnership

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2006

2. Summary of Significant Accounting Policies (cont'd)

calculated and reported on an average cost basis. Transaction costs related to the purchases and sales of investments are included in the cost of purchases of investments or treated as a reduction of the proceeds from investments sold.

Income from investments held is recognized on an accrual basis. Interest income is accrued as earned and dividend income and distributions from investment trusts are recognized on the ex-dividend date.

Distributions received from investment trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment trust on the Statement of Investments.

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.

Valuation of Partnership Units

Net asset value per unit for the Partnership is calculated at the end of each day on which the Manager is open for business ("valuation date") by dividing the net assets of the Partnership by its outstanding units.

Statement of Cash Flows

The Statement of Cash Flows has been included where the Partnership utilizes leverage or borrowing.

Issuance Costs

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

Allocation of Partnership Income and Loss

99.99% of the income or loss of the Partnership for the fiscal year is allocated to limited partners 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.

These financial statements present the financial position and results of operations of the Partnership and as such, do not include all assets, liabilities, revenues and expenses of the partners.

Increase (decrease) in net assets from operations per Unit

"Increase (decrease) in net assets 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

The Partnership established credit facilities with a Canadian Chartered Bank (the "Bank") for the payment of issuance costs and has provided the Bank with a security interest in all of the assets of the Partnership. The credit facilities were established on February 14, 2006. As at December 31, 2006, the principal loan balance outstanding was \$11,670,000. The maximum and minimum amounts borrowed during the period from commencement of operations on February 14, 2006 to December 31, 2006 were \$11,670,000 and \$10,350,000, respectively. The Partnership paid an up-front loan fee of \$10,000, which was expensed when the Partnership entered into the credit agreement with the Bank.

The Partnership may avail credit by way of prime loans or Bankers' Acceptances ("BA"). The Partnership pays interest on the outstanding prime loan balance at the greater of the Prime Lending Rate and the sum of the rate per annum for Canadian Dollar Bankers' Acceptances ("BA") having a term of 30 days as reported by the Bank and ½ of 1% per annum. The BA interest rate per annum is equivalent to the rate existing at the borrowing date. The average interest rate on the outstanding balances during the year was 4.26%

The initial interest paid on the drawdown or renewal of the BA is deferred and amortized over the term of the BA. For the period from commencement of operations on February 14, 2006 to December 31, 2006, the Partnership recorded interest expense of \$479,524.

4. Income and Expenses

The General Partner is entitled to 0.01% of the net income or loss of the Partnership.

Management Fee

In consideration for the Manager's services, the Partnership pays to the Manager an annual fee equal to 2% of the Net Asset Value. For the calendar year ended December 2006, the management fee became payable on December 31, 2006. Commencing in 2007, the management fee will be payable monthly in arrears.

Canada Dominion Resources 2006 Limited Partnership

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2006

4. Income and Expenses (cont'd)

Performance Bonus

The Manager is entitled to a performance bonus to be paid by the Partnership, equal to 20% of the amount by which the Net Asset Value per unit exceeds \$28 on the performance bonus date. The performance bonus is calculated on a per unit basis and multiplied by the number of units existing at the performance bonus date. The performance bonus date is on the earlier of the date on which the Partnership assets are transferred to DMP Resource Class of Dynamic Managed Portfolios Ltd. and the day immediately prior to the date of dissolution or termination of the Partnership. The performance bonus will be calculated on the Performance Bonus Date and paid as soon as practicable thereafter. As at December 31, 2006, no performance bonus was accrued.

Expenses

The Partnership pays all of the expenses relating to its operation and the carrying on of its business, including mailing and printing, 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. Brokerage commissions paid on securities transactions are included in the cost of purchasing, or netted out of the proceeds from selling securities.

During the 2006 calendar year the Manager has agreed to advance payment for all administrative partnership costs on behalf of the Partnership. Such costs will bear interest at the Prime Rate.

The General Partner is reimbursed for expenses incurred in the performance of its duties.

5. Partners' Equity

The authorized capital of the Partnership 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. On February 14, 2006, 6,000,000 Partnership units were issued.

The changes to retained earnings (deficit) for the period from commencement of operations on February 14, 2006 to December 31, 2006 are as follows:

	2006
Retained Earnings (deficit), beginning of period	\$-
Increase (decrease) in net assets from operations	(20,580,161)
Retained Earnings (deficit), end of period	\$(20,580,161)

6. Brokerage Commissions and Related Party Transactions

a) Portfolio Transactions

Broker commissions paid on securities transactions during the period from commencement of operations on February 14, 2006 to December 31, 2006 and the amounts paid to Dundee Securities Corporation ("Dundee Securities"), an indirect subsidiary of Dundee Wealth Management Inc. ("Dundee Wealth"), the parent of the Manager for brokerage services provided to the Partnership, are as follows:

Name of Partnership	Total Brokerage Commissions Paid 2006	Paid to Dundee Securities 2006
Canada Dominion Resources 2006 Limited Partnership	\$1,932	\$-

Dundee Wealth is the indirect parent of both the General Partner and Dundee Securities, one of the agents for the offering of the Partnership. Accordingly, the Partnership is related to Dundee Securities.

b) Private Placements

In addition to the commissions paid on the security transactions in a) above, the Partnership invests in flow-through shares through registered dealers, including Dundee Securities. Commissions on flow-through shares are paid directly from the issuer of the shares to the broker/dealer. In certain circumstances, Dundee Securities 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 Partnership.

c) Initial Offering of Partnership

The Partnership paid agents' fees of 6.75% for each unit sold in connection with the offering of the Partnership. Dundee Securities received a portion of these fees.

Canada Dominion Resources 2006 Limited Partnership

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2006

7. Partners' Capital

Unitholder transactions of units for the period ended December 31 are as follows:

	2006
Units outstanding, beginning of period	–
Subscriptions	6,000,000
Reinvestments	–
Redemptions	–
Units outstanding, end of period	6,000,000

8. Future Accounting Standards

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook section 3855, "Financial Instruments – Recognition and Measurement", which establishes Canadian GAAP for financial instruments. This section applies to fiscal years beginning on or after October 1, 2006.

Pursuant to National Instrument 81-106 Investment Fund Continuous Disclosure ("NI 81-106"), investment funds are required to calculate their net asset value in accordance with Canadian GAAP, which has been modified by section 3855. The Canadian Securities Administrators ("CSA") have granted relief on an interim basis from the requirement of NI 81-106 that investment funds calculate their net asset values in accordance with Canadian GAAP, with the exception of financial reporting purposes, for a period of one year ending September 30, 2007. This allows for further review of alternatives to calculating the net asset value in accordance with Canadian GAAP. Depending upon the outcome of such a review, the method for calculating the net asset value may result in a change to the trading net asset value per unit of an investment fund.

In accordance with relief granted by the CSA, a reconciliation of the net asset value between the trading net asset value and the net asset value calculated in accordance with section 3855 of an investment fund is required to be disclosed in the notes to the financial statements for financial reporting purposes for fiscal years beginning on or after October 1, 2006.

CANADA DOMINION RESOURCES LIMITED PARTNERSHIPS

Head Office

725–666 Burrard Street
Vancouver, BC V6C 2X8
Tel: 604.681.5543
Fax: 604.681.5561
Toll Free: 1.800.325.6888
Email: info@canadadominion.com
Website: www.canadadominion.com

Toronto Office

29th Floor
1 Adelaide Street East
Toronto, ON M5C 2V9
Toll Free: 1.866.977.0477

M0E3512 1439.0105.CDR



CANADA DOMINION RESOURCES GROUP