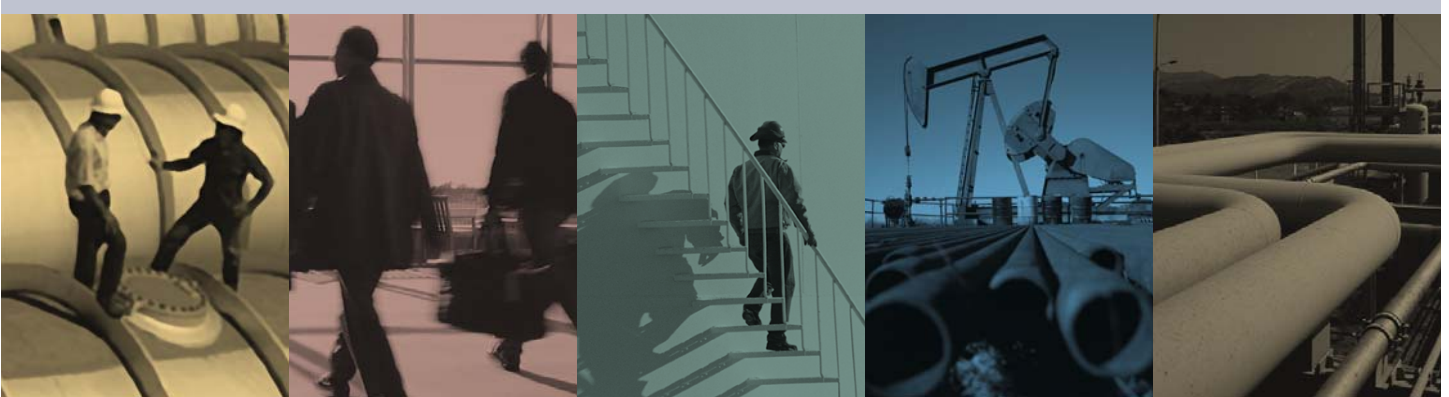


# CANADA DOMINION RESOURCES LIMITED PARTNERSHIPS



## SEMI-ANNUAL REPORT 2005

Canada Dominion Resources 2004 Limited Partnership  
Canada Dominion Resources 2005 Limited Partnership

JUNE 30, 2005



CANADA DOMINION RESOURCES GROUP

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CANADA DOMINION RESOURCES GROUP

## REPORT TO LIMITED PARTNERS

During the first half of fiscal 2005, Goodman & Company, Investment Counsel Ltd. ("Goodman & Company") raised more than \$225 million through its flow-through limited partnership offerings in Canada Dominion and CMP. Together, these offerings make Goodman & Company the leader in flow-through financial product offerings in Canada. As at June 30, 2005, Goodman & Company had approximately \$526 million of assets under management with respect to Canada Dominion and CMP including their related mutual fund corporation, Dynamic Managed Portfolios Ltd. ("DMP").

DMP Resource Class was created on December 30, 2004 following shareholder approval to merge the CMP Fund Corporation into the Canada Dominion Resource Fund Ltd. and was subsequently renamed DMP Resource Class – part of DMP. Six new classes were added to the DMP family of funds on May 24 which allows investors to convert their shares of DMP Resource Class into shares of any other class inside DMP on a tax-deferred basis. Each of the six new classes invests in units of an underlying fund managed by Goodman & Company. As at June 30, 2005, Goodman & Company had approximately 78%, 88% and 82% of its assets in the top two quartiles for performance over a one-, two- and three-year period, respectively.

On May 6, 2005, Canada Dominion Resources 2005 Limited Partnership ("CDR 2005") completed a public offering of partnership units, raising aggregate gross proceeds of \$75 million. At period's end there were two active limited partnerships within the Canada Dominion Group: Canada Dominion Resources 2004 Limited Partnership ("CDR 2004") and Canada Dominion Resources 2005 Limited Partnership ("CDR 2005") (collectively "the Partnerships").

Despite a difficult period for many of the mining exploration companies held inside the portfolio, CDR 2004 recorded an increase in net asset value per unit ("NAVPU") of 3.4% over the period closing at \$20.97. Contributing to the increase in NAVPU was strong performance from names in the energy sector including Duvernay Oil Corp., Deer Creek Energy Limited., and Burmis Energy Inc. Contributions also came from a few select mining exploration companies, including FNX Mining Company Inc., First Nickel Inc. and Birch Mountain Resources Ltd. Portfolio weightings for CDR 2004 are approximately 65% energy, 15% gold and precious metals, 16% base metals and 4% in various other resource exploration companies (including alternative energy). CDR 2004 is expected to complete the tax-deferred roll over into DMP Resource Class by no later than June 30, 2006. Shares of the Fund will be distributed to limited partners shortly thereafter.

CDR 2005 recorded a closing NAVPU of \$20.93 as of June 30, 2005, well within historical valuations for previous offerings in the early stage of the investment process. The partnership is approximately 52% invested, with the balance of the portfolio in cash. The general partner does not foresee any difficulties in having CDR 2005 fully invested before the end of the year as these amounts are very much in-line with those from previous limited partnerships.

## 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 General Partner is responsible for the information and representations contained in these financial statements and other sections of the Semi-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.



Ned Goodman  
Chief Executive Officer



Robert McMoran  
Chief Financial Officer

August 18, 2005

## INDUSTRY OUTLOOK

The first six months of 2005 saw ongoing tensions in the Middle East and sluggish economic growth in Europe. This slowdown was partially offset by the beginnings of a recovery in the US and continued growth in China, which is expected to remain strong for the remainder of 2005. The US Federal Reserve (Fed) has taken a more aggressive stance against consumption and deficits by raising its overnight rate four times to its current level of 3.25%. Some economists believe that we may even see interest rates climb as high as 4% by year-end. This has helped the US dollar with its recent – albeit small – cyclical rise against other major currencies and could rise even further before a renewed decline sets in. Against this background, commodity prices produced mixed results for the first half of the year, with the demand for energy pushing the S&P/TSX Capped Energy Index up 32% for the period whilst the S&P/TSX Capped Materials Index fell by 4.6%.

Canadian energy stocks were volatile during the first part of the year, as the market attempted to filter through the noise on expectations for the price of oil. Many believe that the world's demand for oil has caught up with its ability to supply it. Spare productive capacity has reached a 20-year low, with little breathing room left for OPEC members to increase its supply. In an attempt to keep the price of oil in check, members of OPEC (primarily Saudi Arabia) twice increased their daily production quotas, only to have their efforts stifled by concerns over the world's refining capacity. The balancing act between supply and demand has become increasingly tight across oil's value chain as producers now struggle to keep up with demand pressures not seen in over two decades. Further, short-term supply disruptions could push the price of oil well above US\$60 per barrel as Saudi Arabia's ability to act as a buffer during unexpected supply interruptions has been diminished. Higher quotas and heavier, more sulphurous grades of crude – which are more complicated and costly to process by refiners – have left the world questioning OPEC's ability to stabilize oil prices, leading to a higher fear premium in commodity markets.

Despite having storage levels above the five-year average, spot prices for natural gas have remained strong – above US\$7.00 per Mmbtu for most of 2005 - due to high world oil prices. They are expected to remain tight over the course of the year with gas-fired electricity generation running at higher levels and because of limited prospects for growth in domestic natural gas production. New supply from Canada – which represents approximately 95% of US natural gas imports – has increased by a marginal amount over the period. The feverish drilling activity in western Canada has been focused mostly on developing wells which are easier to bring online – such as shallow gas and development wells – and require less time, energy and effort to develop as opposed to exploring for larger deposits which could end up requiring much more capital with no guarantee of success.

Most uranium companies experienced a generous lift over the period as the spot price for uranium ( $Ux U_3O_8$ ) was pushed to new highs, climbing to US\$29/lb. With the US looking to increase its energy independency, and China to sustain the long-term needs of its growing infrastructure, we expect to see continued demand for uranium with the possibility that it may even outpace supply over the coming decade. Currently there are 439 nuclear reactors operating in the world, with 25 under construction and another 74 proposed. China alone plans to quadruple its nuclear power generating capacity over the coming 16 years. This corresponds to an average of two new plants per year.

The macro-economic environment has been gold-friendly in recent years, but not so much in recent quarters. The US dollar has recently stopped falling due in part to the raising of the overnight rate by the Fed and the continued resiliency of the US consumer. Despite a difficult environment for gold over the last two quarters, the spot price has managed to remain mostly flat, finishing the period slightly above US\$435/ounce. We are still very optimistic about the prospects for the price of gold. We believe that the war on terrorism and the growing US current account deficit will result in further depreciation of the US dollar, which we expect to be a positive for gold.

In the near term, continued rate hikes by the Fed may lead to some short-term strengthening of the US dollar, but we continue to believe that it is only a matter of time before it begins to weaken under the stress of an increasingly large current account deficit. Though the US deficit may need to reach US\$1 trillion before gold embarks upon another bull leg, higher oil prices, increasing imports and a low interest rate environment may take us to that point much sooner than anyone may have expected.

## INDUSTRY OUTLOOK (cont'd)

Demand for base metals is expected to remain strong as GDP growth in China is expected to be another 8% to 10% (year-over-year) in 2005. Chinese demand currently represents approximately 22% of the world's aluminum market, 21% of the copper market, 11% of the nickel market, 20% of the lead market and 24% of the zinc market. Meanwhile India represents 2% to 3% of global consumption of most metals. This is still rising, with copper consumption alone hitting 10% compound annual growth rates followed by aluminum at 8%, zinc at 6% and nickel at 4%. With respect to nickel and copper, this demand is satisfied almost exclusively by imports. On the supply side, constraints have been clearly seen in the inventory levels of most of these commodities. Copper inventories have reached new lows and currently stand at approximately 73,000 tonnes, down from 1,000,000 in 2002 whilst nickel inventories have fallen to 7,200 tonnes from 60,000. The squeeze on supply has pushed prices for copper and nickel to the US\$1.60/lb and US\$7.00/lb range respectively, up considerably from US\$0.65 and US\$3.50 over the same period. Notwithstanding these developments, the global mining industry has been slow to respond to increases in demand. Strong foreign currencies relative to the US dollar and higher input constraints for new mining projects – including the rising cost of construction steel and fuel – have made it more challenging for producers to increase supply.

Though the first half of the year has proven to be a more volatile period for the Partnerships, it has presented us with some unique investment opportunities for the construction of the portfolio for CDR 2005. The general partner continues to believe that strong economic fundamentals remain in place to support increasing the value of the Partnerships' portfolios as the market now seems to have a clearer picture on the direction of commodity prices – and the subsequent impact on producing companies – going forward.



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.

### Income

Income of the Partnership during the six months ended June 30, 2005 primarily consisted of interest income earned from investing surplus cash in interest bearing instruments and from dividends received from certain of its investments.

During 2004 the Partnership's income was solely derived from investing its surplus cash in interest bearing financial instruments.

### Expenses

The Partnership expenses are significantly greater for the period ended June 30, 2005 than for the comparative 2004 period. This increase was as expected as the Partnership completed the initial close of its initial public offering on May 17, 2004 and commenced operations from that date. Accordingly, the 2004 comparative figures cover a much shorter operating period.

Management fees are calculated as 2% of the Partnership's Net Asset Value ("NAV") per annum. Accordingly, the fees recorded in any reporting period vary with changes in the NAV for such period. During the six months ended June 30, 2005, the NAV was relatively unchanged and comparable to the Partnership's NAV during the comparative period in 2004. As such, the difference in amounts recorded for 2005 reporting period as compared to 2004 period is largely a result of the short operating period in 2004.

Interest expense increased in part due to the increased operating period in 2005 as compared to 2004 and in part because the amount of indebtedness outstanding during the 2005 reporting period was greater than in the comparable period for 2004. This occurred because the indebtedness increased incrementally during fiscal 2004 as the debt facility was drawn down. Full draw down of the facility was achieved by the end of 2004.

Administration expense consists of direct and indirect charges that include; transfer agency costs, accounting and reporting, and printing and mailing. For the six-month period ended June 30, 2005 as compared to the same period in 2004, the difference in amounts recorded was primarily a result of the short operating period in 2004.

### Gain on Sale of Investments

During the six months ended June 30, 2005 the Partnership realized a gain on sale of investments in the amount of \$2,753,891. This figure is comprised of numerous transactions involving several of the securities held by the Partnership and is the net result of gains and losses realized on disposition of these securities. Most all of the gains and losses realized on these transactions netted each other out and were not material in size with the exception of two transactions. Virtually all of the gain was generated from the sale of all of the Partnership's holdings in First Nickel (\$1.26 million) and substantially all of the Partnership's holdings in Birch Mountain Resources (\$1.47 million).

## MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

### Net Asset Value and Investment Activity

The net asset value ("NAV") of the Partnership at June 30, 2005 increased by 3.4% from \$60,839,330 at December 31, 2004 to \$62,908,274. The December 31, 2004 NAV in turn represented an 18.9% decrease from the gross proceeds of the initial public offering. The modest increase in NAV during the 2005 reporting period represents a general increase in value of the oil and gas holdings in the Partnership's portfolio offset by a general decrease in mining stocks and alternative energy stocks. The decrease in NAV during the year ended December 31, 2004 occurred as a result of the Partnership bearing the costs of completing its initial public offering and paying premiums to market price to acquire flow-through investments for its portfolio. Both of these events were well within historical parameters for creating the flow-through investment portfolios of other partnerships.

As noted earlier, a gain on sale of investments was recorded during the 2005 period. Aggregate net proceeds of disposition of investment holdings amounted to approximately \$14.3 million of which approximately \$12.7 million was reinvested in such companies as: Celtic Exploration, Cinch Energy, LionOre Mining International, Penn West Energy Trust, Sequoia Oil & Gas Trust, Stylus Energy, Trilogy Energy Trust and West Energy.

Portfolio holdings that performed well during the six-month period ended June 30, 2005 include: C1 Energy, Deer Creek Energy, Duvernay Oil and FNX Mining. Holdings that performed poorly include: Marauder Resources, Pacific Rodera Energy, Paramount Resources, Western GeoPower and Wolfden Resources.

By comparison, during the comparable period in 2004 and throughout the second half of 2004 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 publicly listed companies. 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

The General Partner expects that on or before June 30, 2006, the Partnership's units will be exchanged for shares in DMP Resource Class. Such shares will be redeemable by limited partners or may be exchanged on a tax-deferred basis for shares in any other class inside Dynamic Managed Portfolios Ltd.

## STATEMENT OF INVESTMENTS

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (108.5%)</b>			
A.J. Resources Inc., Restricted	355,000	\$ 355,000	\$ 355,000
A.J. Resources Inc., Warrants, Dec. 31 05	177,500	—	—
A.J. Resources Inc., Warrants, May 31 06	53,250	—	—
Agnico-Eagle Mines Limited	145,319	3,342,336	2,227,738
AIM PowerGen Corporation	13,137	197,055	197,055
Alberta Star Development Corp.	483,500	120,875	101,535
Alexis Minerals Corporation	1,128,200	620,510	722,048
Almaden Minerals Ltd.	44,820	100,845	87,847
Anaconda Gold Corp.	300,000	95,997	54,000
Angle Energy Inc.	1,035,800	1,242,960	1,035,800
Arctic Star Diamond Corp.	432,652	173,061	108,163
Arrow Energy Ltd.	36,907	46,134	22,144
Aurizon Mines Ltd.	313,300	626,600	372,827
Baffinland Iron Mines Corporation	252,800	316,000	300,832
Birch Mountain Resources Ltd.	146,637	87,982	404,718
Burmis Energy Inc.	555,720	1,011,410	1,672,717
C1 Energy Ltd.	700,000	1,750,000	1,995,000
Cambior Inc.	116,260	534,796	305,764
Canarc Resource Corp.	150,000	97,500	52,500
Cangold Limited	699,520	139,904	71,701
Capitol Energy Resources Ltd.	340,000	1,309,000	1,343,000
Caribou Resources Corp.	764,079	2,338,373	1,680,974
Celtic Exploration Ltd.	88,100	901,263	982,315
Choice Resources Corp.	2,025,000	1,215,000	1,417,500
Cinch Energy Corp.	421,400	1,045,622	1,179,920
Commander Resources Ltd.	196,070	117,642	43,626
Committee Bay Resources Ltd.	78,368	141,062	61,127
Connacher Oil and Gas Limited	2,114,936	1,268,962	1,734,248
Contact Diamond Corporation	606,470	909,705	297,170
Crew Energy Inc.	43,000	473,000	599,850
Deer Creek Energy Limited	141,354	1,590,233	2,332,341
Delphi Energy Corp.	515,551	1,821,628	1,778,651
Diamondex Resources Ltd.	393,345	373,678	310,743
Diamonds North Resources Ltd.	31,700	39,625	20,922
Duvernay Oil Corp.	125,000	1,968,750	4,076,250
Dynamic Oil & Gas, Inc.	100,000	560,000	272,000
Ecstall Mining Corporation	350,618	52,593	28,926

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

## STATEMENT OF INVESTMENTS (cont'd)

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (108.5%) (cont'd)</b>			
First Narrows Resources Corp.	72,000	\$ 18,000	\$ 12,960
First Narrows Resources Corp., Warrants, Oct. 28 06	72,000	–	720
FNX Mining Company Inc.	371,900	3,068,175	4,221,065
Fortune Minerals Limited	53,480	173,810	192,528
Fronteer Development Group Inc.	33,600	42,000	79,968
Galleon Energy Inc., Class "A"	134,000	1,340,000	1,782,200
Gentry Resources Ltd.	200,000	500,000	950,000
GEOCAN Energy Inc.	375,243	694,200	529,093
Gold Canyon Resources Inc.	900,000	630,000	567,000
Gold City Industries Ltd.	638,983	119,781	121,407
Gold City Industries Ltd., Warrants, Aug. 19 05	319,491	–	3,195
Goldbrook Ventures Inc.	815,364	448,450	252,763
Golden Eagle Energy Ltd.	1,250,000	748,750	625,000
Golden Eagle Energy Ltd., Warrants, Sep. 30 05	625,000	1,250	–
Grand Petroleum Inc.	287,700	690,480	897,624
Great Plains Exploration Inc.	149,226	209,074	173,102
Heritage Explorations Ltd.	381,695	106,875	32,444
Hornby Bay Exploration Limited	61,000	24,400	36,600
Indicator Minerals Inc.	175,309	70,124	36,815
International KRL Resources Corp.	349,476	69,546	73,390
International KRL Resources Corp., Warrants, Aug. 16 05	174,738	349	8,737
International Uranium Corporation	35,000	140,000	185,500
Kenrich-Eskay Mining Corp.	325,200	178,860	256,908
Kenrich-Eskay Mining Corp., Warrants, Jul. 28 06	185,000	–	9,250
KWG Resources Inc.	576,869	86,530	51,918
LionOre Mining International Ltd.	100,000	679,325	629,000
Lithic Resources Ltd.	125,000	37,500	19,688
LongBow Energy Corp.	3,181,818	700,000	413,636
Los Altares Resources Ltd., Restricted	74,000	107,300	88,800
MacDonald Mines Exploration Ltd.	2,475,000	495,000	198,000
Marauder Resources East Coast Inc.	4,375,000	8,312,500	3,718,750
Marauder Resources East Coast Inc., Class "A"	687,500	1,512,500	1,375,000
Maximus Ventures Ltd.	2,100,000	315,000	220,500
Maximus Ventures Ltd., Units	666,666	100,000	70,000
Merit Mining Corp.	97,956	39,965	13,714
Miramar Mining Corporation	540,000	1,080,000	766,800
New Millennium Capital Corp.	191,300	57,199	105,215
New Millennium Capital Corp., Warrants, Aug. 11 05	191,300	191	9,565
North American Palladium Ltd.	48,600	729,000	294,030

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

## STATEMENT OF INVESTMENTS (cont'd)

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (108.5%) (cont'd)</b>			
Northern Star Mining Corp., Restricted	96,200	\$ 38,480	\$ 36,556
Northern Star Mining Corp., Warrants, Oct. 13 06	48,100	–	481
Northern Sun Exploration Company Inc.	1,435,600	692,474	1,019,276
NovaGold Resources Inc.	99,010	1,000,001	927,724
Orphan Boy Resources Inc.	79,005	82,955	26,862
Orphan Boy Resources Inc., Warrants, Jul. 12 06	39,502	–	395
Pacific Roderia Energy Inc.	1,420,249	1,633,286	1,278,224
Pacifica Resources Ltd.	107,642	32,293	20,990
Paladin Resources Ltd.	156,117	132,706	171,249
Palmarejo Gold Corporation	248,700	473,213	671,490
Paramount Resources Ltd., Class "A"	90,000	1,323,754	1,618,200
Patrician Consolidated Gold Mines Ltd.	250,000	30,000	17,500
Penn West Energy Trust	36,600	1,061,400	1,060,668
Peregrine Diamonds Ltd.	303,824	607,648	911,472
Peregrine Energy Ltd.	325,000	1,105,000	763,750
Pure Gold Minerals Inc.	985,223	88,670	49,261
Pure Gold Minerals Inc., Warrants, Apr. 08 06	492,612	–	4,926
Questerre Energy Corporation, Class "A"	1,000,000	300,000	440,000
Redcorp Ventures Ltd.	671,600	268,640	78,913
Regis Resources, Inc.	90,000	72,000	–
Resolve Ventures Inc.	152,969	27,534	6,884
Result Energy Inc.	915,560	549,336	576,803
Result Energy Inc., Warrants, Dec. 15 05	457,780	–	22,889
Rising Tide Oil and Gas Ltd.	800,000	500,000	400,000
Sabina Resources Limited	106,666	159,988	64,000
Sabina Resources Limited, Warrants, May 05 06	53,333	11	533
Sequoia Oil & Gas Trust	25,000	357,500	392,000
Seymour Exploration Corp.	875,000	175,000	140,000
Shear Minerals Ltd.	604,400	483,520	232,694
Sherwood Mining Corporation, Restricted	200,000	50,000	47,681
Sherwood Mining Corporation, Warrants, Jun. 07 07	200,000	–	2,000
Spider Resources Inc.	865,304	86,530	64,898
Storm Exploration Inc.	99,891	349,619	424,537
Strongbow Exploration Inc.	138,740	104,055	49,253
Stylus Energy Inc.	76,666	326,600	224,631
Tagish Lake Gold Corp.	303,547	60,709	27,319
Terraco Gold Corp.	1,000,000	150,000	150,000
Trade Winds Ventures Inc.	268,638	255,206	158,496
Trigon Exploration Canada Ltd.	50,114	27,563	8,770

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

## STATEMENT OF INVESTMENTS (cont'd)

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (108.5%) (cont'd)</b>			
Trilogy Energy Trust	90,000	\$ 1,331,246	\$ 1,611,900
Tyhee Development Corp.	528,700	211,480	132,175
UEX Corporation	120,000	300,000	216,000
URSA Major Minerals Incorporated	172,555	189,811	112,161
Vaaldiam Resources Ltd.	116,777	46,711	78,241
Vaaldiam Resources Ltd., Restricted	75,442	45,265	45,262
Vaaldiam Resources Ltd., Warrants, Oct. 17 05	37,721	–	1,886
Viceroy Exploration Ltd.	295,000	963,798	964,650
Vigilant Exploration Inc.	600,000	690,000	600,000
Watch Resources Ltd.	3,166,667	949,683	633,333
Watch Resources Ltd., Warrants, Jun. 21 06	1,583,334	317	15,833
West Energy Ltd.	225,000	1,077,250	1,068,750
Western GeoPower Corp.	1,789,383	3,310,359	876,798
White Fire Energy Ltd.	25,000	68,750	65,750
Wildcat Exploration Ltd.	210,098	84,039	77,211
Win Energy Corp.	1,068,300	1,068,300	1,335,375
Wolfden Resources Inc.	307,179	1,843,074	798,665
Yukon Zinc Corporation	1,169,710	285,628	233,942
<b>Cost and market value of investments (108.5%)</b>		<b>75,582,637</b>	<b>68,229,094</b>
<b>Bank Loan (-9.4%) (Note 3)</b>			
Bank Loan		<b>(5,875,000)</b>	<b>(5,875,000)</b>
<b>Cash and short-term investments (3.0%)</b>			
Canadian		<b>1,867,122</b>	<b>1,867,122</b>
<b>Other net assets (liabilities) (-2.1%)</b>			
		<b>(1,326,212)</b>	<b>(1,326,212)</b>
<b>Net assets (100.0%)</b>		<b>\$ 70,248,547</b>	<b>\$ 62,895,004</b>

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

## STATEMENTS OF NET ASSETS

As at (unaudited)

(in Canadian dollars)	June 30, 2005	December 31, 2004
<b>Assets</b>		
Investments, at market value*	\$ 68,229,094	\$ 66,964,262
Cash and short-term investments	1,867,122	–
Receivable for investment securities sold	83,649	–
Deferred interest expense on bank loan (Note 3)	45,758	26,955
Accrued interest, dividends and other receivables	28,318	141
	70,253,941	66,991,358
<b>Liabilities</b>		
Bank overdraft	–	13,636
Payable for investment securities purchased	1,364,959	–
Loan payable (Note 3)	5,875,000	5,750,000
Management fee payable (Note 4)	107,234	107,496
Issuance costs payable	–	75,779
Accounts payable and accrued liabilities	11,744	205,117
	7,358,937	6,152,028
<b>Net assets</b>	<b>\$ 62,895,004</b>	<b>\$ 60,839,330</b>
<b>Limited partner units outstanding</b>	<b>3,000,000</b>	<b>3,000,000</b>
<b>Net asset value per unit</b>	<b>\$ 20.97</b>	<b>\$ 20.28</b>

*Investments, at average cost	\$ 75,582,637	\$ 74,492,923
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Approved on behalf of the General Partner, Canada Dominion Resources 2004 Corporation:


Ned Goodman  
Director

James Hutton  
Director

August 18, 2005

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

## STATEMENTS OF OPERATIONS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)	2005	2004
<b>Investment income</b>		
Interest income	\$ 84,352	\$ 44,283
Dividends	7,799	–
	92,151	44,283
<b>Expenses (Note 4)</b>		
Management fee	674,204	177,337
Interest expense (Note 3)	104,233	18,437
Administration expenses	167,609	37,128
Audit fees	12,742	3,168
Legal fees	2,549	1,056
Filing fees	3,729	1,372
Upfront loan facility expense (Note 3)	–	10,000
	965,066	248,498
<b>Net investment income (loss)</b>	<b>(872,915)</b>	<b>(204,215)</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments	2,753,891	–
Net realized and change in unrealized foreign exchange gain (loss)	(420)	–
Change in unrealized appreciation (depreciation) in value of investments	175,118	(3,049,388)
<b>Net gain (loss) on investments</b>	<b>2,928,589</b>	<b>(3,049,388)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 2,055,674</b>	<b>\$ (3,253,603)</b>
<b>Earnings (Losses) per Unit (Note 2)</b>	<b>\$ 0.69</b>	<b>\$ (1.08)</b>

## STATEMENTS OF CHANGES IN NET ASSETS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)	2005	2004
<b>Net Assets, beginning of period</b>	\$ 60,839,330	\$ –
Increase (decrease) in net assets from operations	2,055,674	(3,253,603)
<b>Partners' Transactions</b>		
Gross proceeds from issue of Partnership units	–	75,000,000
Issuance costs	–	(5,662,500)
<b>Increase (decrease) in net assets</b>	<b>–</b>	<b>69,337,500</b>
<b>Net Assets, end of period</b>	<b>\$ 62,895,004</b>	<b>\$ 66,083,897</b>

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

## STATEMENTS OF CASH FLOWS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)	2005	2004
<b>Cash flows from operating activities:</b>		
Net investment income (loss)	\$ (872,915)	\$ (204,215)
<b>Changes in non-cash working capital:</b>		
(Increase) decrease in accrued interest, dividends and other receivables	(28,177)	(11,084)
Increase (decrease) in payables and accrued liabilities	(269,414)	718,655
<b>Net cash provided by (used in) operating activities</b>	<b>(1,170,506)</b>	<b>503,356</b>
<b>Cash flows from investing activities:</b>		
Investments purchased	(12,663,890)	(26,842,550)
Proceeds from sale of investments	14,328,067	–
(Increase) decrease in receivable for investment securities sold	(83,649)	–
Increase (decrease) in payable for investment securities purchased	1,364,959	114,375
Net realized and change in unrealized foreign exchange gain (loss)	(420)	–
<b>Net cash provided by (used in) investing activities</b>	<b>2,945,067</b>	<b>(26,728,175)</b>
<b>Cash flows from financing activities:</b>		
Gross proceeds from issue of Partnership units	–	75,000,000
Issuance costs	–	(5,662,500)
Increase (decrease) in loan payable	125,000	5,210,000
(Increase) decrease in deferred interest expense	(18,803)	(19,694)
<b>Net cash provided by (used in) financing activities</b>	<b>106,197</b>	<b>74,527,806</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>(13,636)</b>	<b>–</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,867,122</b>	<b>\$ 48,302,987</b>

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



# CANADA DOMINION RESOURCES GROUP



## Canada Dominion Resources 2005 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 in the aggregate \$75.0 million gross proceeds from the issuance of Partnership units on April 15 and May 6, 2005 for investment in flow-through shares of Canadian resource issuers.

As at June 30, 2005, the Partnership had a net asset value ("NAV") of \$62,796,612. The decrease in portfolio value from inception of operations to date 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 a flow-through limited partnership and the Partnership's NAV is well within historical valuations for previous offerings at this stage of development.

The objective of the Partnership is ultimately to hold a diversified portfolio of flow-through shares of Canadian resource companies. At present the Partnership's assets are nearly equally divided between cash and portfolio investments. By year end, the Partnership expects that it will have only limited cash on hand and virtually all of its assets will consist of its investment portfolio.

Significant investments to date include: Aurizon Mines, Choice Resources, Delphi Energy, Galleon Energy, Rolling Thunder, and Western GeoPower.

### Operations

The Partnership recorded a decrease in NAV from operations for the period ended June 30, 2005 primarily for the reasons stated earlier. There is no comparative figure for 2004 as the Partnership did not commence its operating activities until April 15, 2005, the date of the initial closing of its prospectus offering. Included in the decrease in net assets is an amount of approximately \$6.3 million relating to the change in unrealized depreciation in value of investments which represents the aggregate net difference between the market value of the portfolio at June 30, 2005 and the original cost of the investments. This difference consists of the premium to market price paid by the Partnership to acquire the flow-through shares in its portfolio which is not an unexpected event.

Interest income consists of interest earned from investing the Partnership's surplus cash in interest bearing financial instruments. On a go forward basis it is expected that the amount of interest income earned will decrease to a nominal amount as the Partnership is expected to be fully invested by the end of the year.

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

Administration expenses were also as expected and consist of direct and indirect charges that include; transfer agency costs, accounting and reporting, and printing and mailing.

## MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

### **Investment Activity**

Throughout the period commencing April 15, 2005 and for the rest of the year, the Manager, on behalf of the Partnership, will research potential investments and enter into agreements with select issuers wherein the Partnership provides financing in exchange for flow-through shares of the issuers. Particular emphasis will be placed on ensuring compliance with the requirements for investment in publicly listed companies. The Partnership's focus will be to continue investing in quality Canadian resource issuers with a weighting to oil and gas producers.

### **Liquidity and Future Trading**

The General Partner expects that on or before June 30, 2007, the Partnership's units will be exchanged for shares in DMP Resource Class. Such shares will be redeemable by limited partners or may be exchanged on a tax-deferred basis for shares in any other class inside Dynamic Managed Portfolios Ltd.

## STATEMENT OF INVESTMENTS

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (57.7%)</b>			
Alexis Minerals Corporation, Restricted	1,300,000	\$ 1,040,000	\$ 795,305
Arapahoe Energy Corporation, Restricted	2,222,223	1,000,000	888,889
Aurizon Mines Ltd., Restricted	2,750,000	4,949,996	3,272,497
Baffinland Iron Mines Corporation, Restricted	847,707	1,313,946	1,008,771
Baltic Resources Inc., Restricted	333,333	76,667	65,000
Bashaw Capital Corp.	500,000	275,000	260,000
Bashaw Capital Corp., Warrants, Jun.07 07	500,000	–	5,000
Bear Ridge Resources Ltd., Restricted	120,000	516,000	393,600
C1 Energy Ltd., Restricted	65,000	195,000	185,250
Canadian Gold Hunter Corp., Restricted	250,000	200,000	187,500
CanAlaska Ventures Ltd., Restricted	600,000	192,000	192,000
Choice Resources Corp., Restricted	1,976,500	1,482,375	1,383,550
Clear Energy Inc.	83,750	510,875	510,875
Commander Resources Ltd., Restricted	583,333	140,000	129,792
Crowflight Minerals Inc., Units	1,550,000	387,500	297,564
Delphi Energy Corp., Restricted	423,000	1,861,200	1,459,350
Diadem Resources Ltd., Restricted	1,500,000	75,000	78,572
Diamondex Resources Ltd., Restricted	280,000	294,000	221,200
Duvernay Oil Corp., Restricted	35,000	1,242,500	1,141,350
East West Resource Corporation, Units	1,750,000	210,000	227,500
First Narrows Resources Corp., Units	1,260,000	226,800	226,800
Fronteer Development Group Inc., Restricted	212,121	583,333	504,848
Galleon Energy Inc., Restricted	250,000	3,125,000	3,325,000
Gold Canyon Resources Inc., Restricted	166,666	100,000	98,301
Grand Petroleum Inc., Restricted	257,775	850,658	804,258
Grand Petroleum Inc., Restricted	255,000	943,500	943,500
Great Northern Mining, Exploration and Development Corporation	1,050,000	787,500	672,000
HudBay Minerals Inc., Restricted	44,917	153,616	115,437
International KRL Resources Corp., Restricted	550,000	110,000	115,500
International KRL Resources Corp., Warrants, May 19 06	275,000	–	2,750
International KRL Resources Corp., Warrants, May 19 07	275,000	–	2,750
Kensington Resources Ltd., Restricted	124,066	291,555	266,742
Kereco Energy Ltd., Restricted	50,000	700,000	690,000
Lake Shore Gold Corp., Restricted	957,000	909,150	689,040
Long View Resources Corporation, Restricted	625,000	250,000	256,250
Maple Minerals Corp., Restricted	260,000	351,000	351,000
Metalex Ventures Ltd., Restricted	392,157	333,333	324,135
Morpheus Energy Corporation, Restricted	105,000	336,000	278,250
Mystique Energy, Inc., Restricted	1,646,875	1,317,500	1,070,469

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

## STATEMENT OF INVESTMENTS (cont'd)

As at June 30, 2005 (unaudited)

(in Canadian dollars)

	Number of Shares/Units	Cost	Market Value
<b>EQUITIES (57.7%) (cont'd)</b>			
North American Palladium Ltd., Restricted	70,290	\$ 825,908	\$ 425,255
North American Tungsten Corporation Ltd., Restricted	686,750	343,375	1,004,333
Northern Star Mining Corp., Restricted	1,896,368	853,366	720,620
Oilsands Quest Inc., Restricted	500,000	1,000,000	875,000
Pacific North West Capital Corp., Restricted	647,347	258,939	258,939
Pacifica Resources Ltd., Restricted	400,000	80,000	73,264
Probe Mines Limited, Restricted	220,000	99,000	102,438
Probe Mines Limited, Warrants, May 26 07	220,000	—	2,200
Pure Gold Minerals Inc., Restricted	2,083,333	166,667	104,167
Rimfire Minerals Corporation, Restricted	56,000	70,000	70,000
Rolling Thunder Exploration Ltd., Units	1,833	1,833,000	1,833,000
San Gold Resources Corporation, Units	444,444	200,000	177,778
Saxony Petroleum Inc., Restricted	375,000	750,000	637,500
Saxony Petroleum Inc., Warrants, Jun.30 07	375,000	3,750	3,750
Sherwood Mining Corporation, Restricted	680,000	170,000	162,323
Strategic Metals Ltd., Restricted	450,000	99,000	74,250
Tahera Diamond Corporation, Restricted	924,000	443,520	443,520
Tenajon Resources Corp., Restricted	400,000	100,000	98,440
Tom Exploration Inc., Restricted	476,190	166,667	246,275
Twenty-Seven Capital Corp., Restricted	518,529	466,676	388,897
Tyhee Development Corp., Restricted	921,052	350,000	230,263
UEX Corporation, Restricted	400,000	800,000	720,000
Vaaldiam Resources Ltd., Restricted	233,500	151,775	149,190
Vanguard Exploration Corp., Restricted	712,500	285,000	242,250
Vencan Gold Corporation, Restricted	400,000	40,000	33,000
West Energy Ltd., Restricted	107,500	671,875	510,625
Western GeoPower Corp., Restricted	3,000,000	3,000,000	1,470,000
Western Keltic Mines Inc., Restricted	333,333	116,667	73,333
Win Energy Corp., Restricted	874,138	1,311,207	1,092,673
Winteroad Wind Energy Inc., Restricted	1,400,000	252,000	252,000
YGC Resources Ltd., Restricted	416,667	333,292	312,500
YGC Resources Ltd., Warrants, Apr.13 07	208,333	42	2,083
<b>Cost and market value of investments (57.7%)</b>		<b>42,572,730</b>	<b>36,230,461</b>
<b>Bank Loan (-8.5%) (Note 3)</b>			
Bank Loan		<b>(5,350,000)</b>	<b>(5,350,000)</b>
<b>Cash and short-term investments (53.9%)</b>			
Canadian		<b>33,853,103</b>	<b>33,853,103</b>
<b>Other net assets (liabilities) (-3.1%)</b>		<b>(1,936,952)</b>	<b>(1,936,952)</b>
<b>Net assets (100.0%)</b>		<b>\$ 69,138,881</b>	<b>\$ 62,796,612</b>

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

## STATEMENT OF NET ASSETS

As at (unaudited)

	<b>June 30, 2005</b>
<i>(in Canadian dollars)</i>	
<b>Assets</b>	
Investments, at market value*	\$ 36,230,461
Cash and short-term investments	33,853,103
Receivable for investment securities sold	275,000
Deferred interest expense (Note 3)	15,003
Accrued interest, dividends and other receivables	12,344
	70,385,911
<b>Liabilities</b>	
Payable for investment securities purchased	1,328,875
Loan payable (Note 3)	5,350,000
Management fee payable	271,621
Issuance costs payable	573,034
Accounts payable and accrued liabilities	65,769
	7,589,299
<b>Net assets</b>	<b>\$ 62,796,612</b>
<b>Limited partner units outstanding</b>	<b>3,000,000</b>
<b>Net asset value per unit</b>	<b>\$ 20.93</b>

\*Investments, at average cost \$ 42,572,730

Approved on behalf of the General Partner, Canada Dominion Resources 2005 Corporation:


Ned Goodman  
Director

James Hutton  
Director

August 18, 2005

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

## STATEMENT OF OPERATIONS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)	2005
<b>Investment income</b>	
Interest income	\$ 184,145
<b>Expenses (Note 4)</b>	
Management fee	271,621
Interest expense (Note 3)	32,610
Administration expenses	61,003
Audit fees	4,066
Legal fees	1,564
Filing fees	1,900
Upfront loan facility expenses (Note 3)	10,000
	382,764
<b>Net investment income (loss)</b>	<b>(198,619)</b>
<b>Net Realized and Unrealized Gain (Loss) on investments</b>	
Net realized gain (loss) on sale of investments	–
Change in unrealized appreciation (depreciation) in value of investments	(6,342,269)
<b>Net gain (loss) on investments</b>	<b>(6,342,269)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ (6,540,888)</b>
<b>Earnings (Losses) per Unit (Note 2)</b>	<b>\$ (2.27)</b>

## STATEMENT OF CHANGES IN NET ASSETS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)	2005
<b>Net Assets, beginning of period</b>	
Increase (decrease) in net assets from operations	\$ (6,540,888)
<b>Partners' Transactions</b>	
Gross proceeds from issue of Partnership units	75,000,000
Issuance costs	(5,662,500)
<b>Increase (decrease) in net assets</b>	<b>69,337,500</b>
<b>Net Assets, end of period</b>	<b>\$ 62,796,612</b>

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

## STATEMENT OF CASH FLOWS

For the periods indicated in Note 1 (unaudited)

(in Canadian dollars)

**2005**

**Cash flows from operating activities:**

Net investment income (loss) \$ (198,619)

**Changes in non-cash working capital:**

(Increase) decrease in accrued interest, dividends and other receivables (12,344)

Increase (decrease) in payables and accrued liabilities 910,424

**Net cash provided by (used in) operating activities** **699,461**

**Cash flows from investing activities:**

Investments purchased (42,906,064)

Proceeds from sale of investments 333,334

(Increase) decrease in receivable for investment securities sold (275,000)

Increase (decrease) in payable for investment securities purchased 1,328,875

**Net cash provided by (used in) investing activities** **(41,518,855)**

**Cash flows from financing activities:**

Gross proceeds from issue of Partnership units 75,000,000

Issuance costs (5,662,500)

Increase (decrease) in loan payable 5,350,000

(Increase) decrease in deferred interest expense (15,003)

**Net cash provided by (used in) financing activities** **74,672,497**

**Cash and cash equivalents, beginning of period** –

**Cash and cash equivalents, end of period** **\$ 33,853,103**

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



## CANADA DOMINION RESOURCES GROUP



**Canada Dominion Resources 2004  
Limited Partnership**

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**Canada Dominion Resources 2005  
Limited Partnership**

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NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

For the six month periods ended June 30, 2005 and 2004 (unaudited)

### 1. ORGANIZATION OF THE LIMITED PARTNERSHIPS

The Canada Dominion Resource 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 Limited Partners. The Partnerships were formed and commenced operations on the following dates:

Name of Partnership	Date Formed	Commenced Operations
<b>Canada Dominion Resource 2004 Limited Partnership ("LP 2004")</b>	<b>December 19, 2003</b>	<b>May 17, 2004</b>
<b>Canada Dominion Resource 2005 Limited Partnership ("LP 2005")</b>	<b>January 28, 2005</b>	<b>April 15, 2005</b>

The General Partner of the Partnerships is as follows:

Name of Partnership	General Partner	Date Incorporated	Date of Limited Partnership Agreement
<b>LP 2004</b>	<b>Canada Dominion Resource 2004 Corporation ("CDR 2004")</b>	<b>December 11, 2003</b>	<b>April 26, 2004</b>
<b>LP 2005</b>	<b>Canada Dominion Resource 2005 Corporation ("CDR 2005")</b>	<b>December 11, 2003</b>	<b>March 28, 2005</b>

(collectively known as the "General Partners")

The General Partners are responsible for the management of the 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 the Partnership.

The Statements of Investments are as at June 30, 2005. The Statements of Net Assets of LP 2004 are as at June 30, 2005 and December 31, 2004. The Statement of Net Assets of LP 2005 is as at June 30, 2005. The Statements of Operations, Changes in Net Assets and Cash Flows of LP 2004 are for the six-month period ended June 30, 2005 and for the period from inception on May 17, 2004 to June 30, 2004. The Statements of Operations, Changes in Net Assets and Cash Flows of LP 2005 are for the period from inception on April 15, 2005 to June 30, 2005.

**NOTES TO FINANCIAL STATEMENTS (cont'd)**

(unaudited)

**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 public stock exchange are valued at their closing sale price on the valuation date. Securities not traded on that date or securities traded on an over-the-counter market are valued at the average of the closing bid and ask price.

The quoted market values for 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 purchase discount over the length of the hold period. Where a security was purchased at a premium to the traded value of that security on trade date, 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 there is a significant change in the Manager's expectations. These values may differ from values that would have been used had a ready market existed for the investments.

Differences between the market value and the cost of the investments are 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 is 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.

**NOTES TO FINANCIAL STATEMENTS (cont'd)**

(unaudited)

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

The fair value of the Partnerships' 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 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.

**f) Earnings (Losses) per Unit**

"Earnings (losses) per unit" from operations is disclosed in the Statements 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 2004 and LP 2005 established credit facilities with The Bank of Nova Scotia (the "Bank") for the payment of issuance costs and have provided the Bank with a security interest in all of the assets of the Partnerships. The credit facilities were established on May 17, 2004 and April 15, 2005 for LP 2004 and LP 2005, respectively. As at June 30, 2005, the principal loan balance outstanding was \$5,875,000 and \$5,350,000 for LP 2004 and LP 2005, respectively. LP 2004 and LP 2005 paid an up-front loan fee of \$10,000, which was expensed when LP 2004 and LP 2005 entered into the credit agreement with the Bank. 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 ("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 1% per annum plus the rate existing at the borrowing date.

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 June 30, 2005, LP 2004 and LP 2005 recorded interest expenses of \$104,233 and \$32,610, respectively.

## NOTES TO FINANCIAL STATEMENTS (cont'd)

(unaudited)

### 4. EXPENSES OF THE PARTNERSHIPS

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 Partnerships, calculated and payable monthly in arrears.

The General Partners of LP 2004 and LP 2005 are entitled to a performance bonus to be paid by the Partnerships, equal to 20% of the amount by which the Net Asset Value per Unit exceeds \$28.00 on the performance bonus date. The performance bonus will be calculated on per unit basis and multiplied by the number of units existing at the performance bonus date. The performance bonus date will be on the day on which the Partnership's assets are transferred to DMP Resource Class of Dynamic Managed Portfolios Ltd. or the day immediately prior to the date of distribution or termination of the Partnership whatever occurs earlier. The performance bonus will be paid as soon as practicable thereafter. As at June 30, 2005 there were no performance bonus accruals.

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

## NOTES TO FINANCIAL STATEMENTS (cont'd)

(unaudited)

**5. PARTNERS' EQUITY**

The authorized capital of each 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.

**6. BROKERAGE COMMISSIONS AND RELATED PARTY TRANSACTIONS****a) Portfolio Transactions**

Broker commissions paid on securities transactions during the periods ended June 30 and the amounts paid to Dundee Securities Corporation, an indirect subsidiary of Dundee Wealth Management Inc. ("Dundee Wealth"), the parent of the Manager for brokerage services provided to the Partnerships, are as follows:

Name of Partnership	Total Brokerage Commissions Paid		Paid to Dundee Securities	
	2005	2004	2005	2004
LP 2004	\$ 58,697	\$ —	\$ 8,745	\$ —
LP 2005 <sup>(1)</sup>	—	n/a	—	n/a

<sup>(1)</sup> For the period from inception on April 15, 2005 to June 30, 2005.

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 2004 and LP 2005. Accordingly, the LPs are related to Dundee.

**b) Private Placements**

In addition to the commissions paid on the security transactions in a) above, the LPs 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 LPs paid agent's fees of 6.75% for each unit sold in connection with the offerings of the LPs of which Dundee received a portion of these fees.



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**CANADA DOMINION RESOURCES GROUP**