

## CANADA DOMINION RESOURCES LIMITED PARTNERSHIP VII

### HEAD OFFICE

Suite 3164 Four Bentall Centre  
P.O. Box 49202  
1055 Dunsmuir Street  
Vancouver, BC V7X 1K8  
Tel: 604/681.5543  
Fax: 604/681.5561  
Toll Free: 1.800.325.6888  
www.canadadominion.com

### TORONTO OFFICE

Suite 400  
87 Front Street East  
Toronto, Ontario M5E 1B8  
Tel: 416/364.0249  
Fax: 416/364.8893  
www.canadadominion.com

### AUDITORS

PricewaterhouseCoopers LLP  
Vancouver, British Columbia

### LEGAL COUNSEL

Stikeman Elliott  
Toronto, Ontario

### TRANSFER AGENT

Computershare Trust Company of Canada  
Toronto, Ontario

### INVESTMENT ADVISOR

Front Street Investment Management Inc.  
Toronto, Ontario



### 1ST QUARTER 2003 INTERIM REPORT

## CANADA DOMINION RESOURCES LIMITED PARTNERSHIP VII



## 1ST QUARTER INTERIM REPORT

*For the three months ended March 31*

The first quarter of 2003 was dominated by the Iraq war and the impact of the same politically and economically. Commodity prices were volatile during this period, in particular the three commodities that most significantly affect the Partnership's portfolio – oil, natural gas and gold. Oil prices carried a significant war premium throughout much of the period, increasing from US\$31 per BBL at the beginning of the year to a high of nearly US\$38 per BBL in March and then retracing to US\$31 per BBL at the end of the quarter and lower still afterwards with the end of the war, stabilizing in the US\$26 to US\$28 per BBL range.

Gold began the period priced in the mid US\$340's per ounce, rising to a high of US\$382 per ounce in February and then falling back to the mid US\$330's by the end of the quarter. Prices continued to fall after quarter end and through the first part of April in concert with the end of the Iraq conflict and since then have retraced to about the US\$365 per ounce level. During the first part of the quarter the gold price carried a premium likely attributable to its "safe haven" status while the Iraq hostilities were in play. The more recent recovery in gold price is due to the dramatic weakening of the US dollar post the Iraq war. It is likely that gold will maintain its increased price levels and possibly move higher if continued weakness in the dollar is experienced.

Natural gas prices varied from a low of about US\$4.80 per MCF at the beginning of the year to a high of US\$9.58 per MCF in February, ending the quarter at about where it started in the US\$5.15 per MCF range. Such price variance was driven by supply shortages in the face of an unexpectedly cold winter.

Notwithstanding the commodity pricing volatility described above, the Partnership's NAV at March 31, 2003 (\$24.31/Unit)

was largely unchanged from the beginning of the year (\$24.60/Unit).

Administration expenses and General Partner fees were as expected. Certain portfolio investments were sold generating a \$963,000 gain on disposition. These transactions were completed largely in conjunction with the Mutual Fund Rollover transaction completed on May 15, 2003 and the accompanying need for significant cash balances to meet anticipated redemption requests from former Partnership unitholders.

In respect of the same, the General Partner advises that based on its preliminary calculations, subject to change upon final review by its tax advisors, for those limited partners that did not exercise their Repurchase Option and rolled their Partnership Units into the Mutual Fund they should expect to be allocated a capital gain of about \$4.00 per unit for the period January 1 to May 15, 2003 and the Adjusted Cost Base of their Partnership Units immediately prior to rollover will be about \$12 per Unit. Offsetting the taxable portion of the capital gain noted above will be tax deductible expenses of about \$0.80 per Unit.

Given that the Partnership's NAV was \$24.25 per Unit at the time of the Mutual Fund rollover transaction we believe the Partnership has achieved the goals it set at its outset and look forward to a continued favourable relationship with all of our former Limited Partners.

JAMES A. HUTTON  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

May 21, 2003

## STATEMENTS OF NET ASSETS

(prepared without audit)

	March 31, 2003	Dec. 31, 2002
<b>Assets</b>		
Cash and cash equivalents	\$ 1,426,613	\$ 74,212
Investments, at market value (see schedule)	39,755,691	41,634,925
	41,182,304	41,709,137
<b>Liabilities</b>		
Due to General Partner	105,806	127,239
Net assets	\$ 41,076,498	\$ 41,581,898
<b>Partners' Equity</b>		
Issued and fully paid partnership units	\$ 38,853,355	\$ 38,853,355
Unrealized appreciation (depreciation) of investments	(2,150,562)	(920,282)
Surplus	4,373,705	3,648,825
	\$ 41,076,498	\$ 41,581,898
Units outstanding	1,690,000	1,690,000
Net asset value per unit	\$ 24.31	\$ 24.60

## STATEMENTS OF OPERATIONS

(prepared without audit)

	Three months ended March 31	2003	2002
<b>Investment income</b>			
Interest and other	\$ 49,087	\$ 3,418	
<b>Expenses</b>			
Administration	75,544	51,537	
General Partner fee	211,218	160,555	
	286,762	212,092	
Net investment loss	(237,675)	(208,674)	
<b>Realized gain on sale of investments</b>			
Proceeds from sale of investments	11,449,721	-	
Less: Cost of investments sold	10,487,166	-	
	962,555	-	
<b>Income (loss) before change in unrealized appreciation</b>			
(depreciation) of investments	724,880	(208,674)	
<b>Change in unrealized appreciation</b>			
(depreciation) of investments			
End of period	(2,150,562)	(2,532,213)	
Less: Beginning of period	(920,282)	(9,281,479)	
	(1,230,280)	6,749,266	
(Loss) income for the period	\$ (505,400)	\$ 6,540,592	
<b>(Loss) income per unit:</b>			
Before change in unrealized appreciation (depreciation) of investments	\$ 0.43	\$ (0.12)	
Change in unrealized appreciation (depreciation) of investments	(0.73)	3.99	
(Loss) income per unit	\$ (0.30)	\$ 3.87	

## STATEMENTS OF SURPLUS (DEFICIT)

(prepared without audit)

	Three months ended March 31	2003	2002
<b>Surplus (deficit)</b>			
- beginning of period	\$ 3,648,825	\$ (401,785)	
<b>Income (loss) before change in unrealized depreciation of investments</b>			
	724,880	(208,674)	
Surplus (deficit) - end of period	\$ 4,373,705	\$ (610,459)	

## STATEMENTS OF CHANGES IN NET ASSETS

(prepared without audit)

	Three months ended March 31	2003	2002
<b>Operations</b>			
(Loss) income for the period	\$ (505,400)	\$ 6,540,592	
<b>(Decrease) increase in net assets from operations</b>			
	(505,400)	6,540,592	
Net assets - beginning of period	41,581,898	29,170,091	
Net assets - end of period	\$ 41,076,498	\$ 35,710,683	

### 1. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements are prepared by the Partnership in accordance with Canadian generally accepted accounting principles following accounting policies consistent with the Partnership's audited financial statements and notes for the year ended December 31, 2002.

These interim financial statements should be read in conjunction with the audited financial statements and the accompanying notes included in the Partnership's latest annual report.

## SCHEDULE OF INVESTMENTS

As at March 31, 2003

Number of Shares	Company	Cost <sup>(1)</sup>	Market Value
275,000	Ariane Gold Corp.	175,000	178,750
125,000	Aurizon Mines Ltd.	168,750	147,500
125,000	Baytex Energy Ltd.	1,048,750	1,181,250
50,000	Bema Gold Corp.	-	37,500
100,000	Bema Gold Corp.	140,000	166,000
100,000	Blackrock Ventures Inc.	203,000	212,000
333,333	Bolivar Gold Corp.	250,000	233,333
350,000	Bow Valley Energy Ltd.	665,025	980,000
204,850	Canadian 88 Energy Corp.	468,079	432,234
930,000	Canadian Hydro Developers Inc.	3,348,000	1,934,400
100,000	Canadian Royalties Inc.	250,000	199,000
1,670,589	Canadian Superior Energy Inc.	2,820,025	2,255,295
450,000	Case Resources Ltd.	405,025	328,500
39,000	Cavell Energy Corporation	59,019	72,150
367,500	Cequel Energy Inc.	1,533,547	2,113,125
533,334	Cinch Energy Corp.	400,001	400,001
500,000	Claude Resources Inc.	275,000	705,000
142,857	Clear Energy Inc.	400,000	392,857
565,000	Compton Petroleum Corp.	3,390,000	2,768,500
500,000	Continuum Resources Ltd.	120,000	120,000
666,667	Coronation Minerals Inc.	100,000	53,333
175,000	Crescent Point Energy Ltd.	890,781	936,250
354,035	Defiant Energy Corporation	601,875	725,772
250,000	Devlan Exploration	500,025	445,000
156,250	Diamondex Resources Limited	-	28,125
312,500	Diamondex Resources Limited	50,000	321,875
200,000	Diaz Resources Ltd.	100,025	60,000
200,000	Drillers Technology Corporatoion	292,000	330,000
1,375,000	Dynatec Corporation	962,523	907,500
416,667	E3 Energy Inc.	250,000	312,500
850,000	Energy North Inc.	765,025	255,000
25,000	European Goldfields Limited	112,525	43,750
3,125,000	Geomaque Exploration Limited	250,000	218,750
70,000	Great Northern Exploration Ltd.	161,700	192,500
1,250,000	International Curator Resources Ltd.	200,025	112,500
1,000,000	Kensington Energy Limited	500,000	480,000
276,666	Ketch Resources Ltd.	603,114	1,319,697
45,000	LionOre Mining International Ltd.	167,418	234,000
52,500	Major Drilling Group Int'l Inc.	176,400	204,750
436,300	Miramar Mining Corp.	630,687	610,820
370,000	Navigator Exploration Ltd.	203,525	148,000
407,142	Northgate Exploration Ltd.	693,828	708,427
66,666	Northgate Exploration Ltd.	-	38,666
740,000	Oiltec Resources Limited	1,517,025	865,800
64,265	OPTI Canada Inc.	1,350,054	931,843
31,250	OPTI Canada Inc.	-	453,125
256,928	Pivotol Energy Ltd.	436,025	372,546
20,000	Progress Energy Ltd.	112,000	162,000
355,263	Ranchgate Energy Inc.	375,000	390,789
1,310,000	Resolute Energy Inc.	3,957,677	2,908,200
700,000	Resolution Resources Ltd.	301,700	301,000
416,667	Resources Majescor Inc.	250,025	133,333
194,480	Rider Resources Inc.	352,500	297,554
625,000	Rio Narcea Gold Mines	1,406,250	1,312,500
800,000	Rosetta Exploration Inc.	1,000,000	480,000
571,429	Rubicon Minerals Corp.	410,025	520,000
200,000	Rubicon Minerals Corp.	-	182,000
16,500	ShawCor	214,995	209,385
43,600	SKN Resources Ltd.	81,688	74,120
193,200	Storm Energy Limited	1,147,398	1,062,600
384,615	Sudbury Contact Mines	250,021	1,269,230
800,000	Synenco Energy Inc.	2,000,025	2,000,000
1,325,000	Taseko Mines Limited	530,000	530,000
100,000	Tempest Energy Corp.	400,000	520,000
100,000	Tenke Mining Corp.	-	115,000
237,500	Tenke Mining Corp.	455,625	273,125
37,500	Triquest Energy Corp.	12,500	151,875
250,000	Virtus Energy Corp.	120,000	112,500
300,000	Wheaton River Minerals Ltd.	435,000	372,000
75,000	Wheaton River Minerals Ltd.	-	37,500
102,400	Wireless Matrix Corporation	155,026	173,056
<b>Total Investments</b>		<b>\$ 41,906,253</b>	<b>\$ 39,755,691</b>

<sup>(1)</sup> Represents investment in common shares of public companies, except for Cinch Energy Ltd., SynEnCo Energy Inc., and OPTI Canada Inc. which are private companies.