

Statements of Net Assets

(prepared without audit)

	March 31 2001	December 31 2000
Assets		
Cash and cash equivalents	\$ 1,391,388	\$ 739,790
Investments, at market value (see schedule)	20,034,635	15,696,174
	21,426,023	16,435,964
Liabilities		
Accounts payable and accrued liabilities	67,819	97,000
Due to General Partner	192,520	113,348
	260,339	210,348
Net assets	\$ 21,165,684	\$ 16,225,616
Partners' Equity		
Issued and fully paid partnership units	\$ 18,822,596	\$ 18,822,596
Unrealized appreciation (depreciation) of investments	1,441,646	(2,892,009)
Surplus	901,442	295,029
	\$ 21,165,684	\$ 16,225,616
Units outstanding	828,000	828,000
Net asset value per unit	\$ 25.56	\$ 19.60

Statements of Operations

Three months ended March 31, 2001 and 2000

(prepared without audit)

	2001	2000
Investment income		
Interest and other	\$ 925	\$ 793
Expenses		
Administration	43,757	93,983
Investment advisor fee	53,409	34,867
General Partner fee	39,476	25,771
	136,642	154,621
Net investment loss	(135,717)	(153,828)
Realized gain on sale of investments	742,130	-
Income (loss) before change in unrealized appreciation (depreciation) of investments	606,413	(153,828)
Change in unrealized appreciation (depreciation) of investments		
End of period	1,441,646	(6,359,305)
Beginning of period	(2,892,009)	(4,624,884)
	4,333,655	(1,734,421)
Income (loss) for the period	\$ 4,940,068	\$ (1,888,249)
Income (loss) per unit:		
Before change in unrealized appreciation (depreciation) of investments	\$ 0.73	\$ (0.19)
Change in unrealized appreciation (depreciation) of investments	5.23	(2.09)
Income (loss) per unit	\$ 5.96	\$ (2.28)

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, 2000.

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.

Statement of Surplus (Deficit)

Three months ended March 31, 2001 and 2000

(prepared without audit)

	2001	2000
Surplus (deficit), beginning of period	\$ 295,029	\$ (150,376)
Income (loss) before change in unrealized depreciation of investments	606,413	(153,828)
Surplus (deficit), end of period	\$ 901,442	\$ (304,204)

Statements of Changes in Net Assets

Three months ended March 31, 2001 and 2000

(prepared without audit)

	2001	2000
Proceeds from sale of investments	\$ 4,746,500	\$ -
Cost of investments sold	4,004,370	-
Realized gain on sale of investments	742,130	-
Net investment loss	(135,717)	(153,828)
Income (loss) before change in unrealized appreciation (depreciation) of investments	606,413	(153,828)
Change in unrealized appreciation (depreciation) of investments	4,333,655	(1,734,421)
Increase in net assets	4,940,068	(1,888,249)
Net assets, beginning of period	16,225,616	14,047,336
Net assets, end of period	\$ 21,165,684	\$ 12,159,087

Schedule of Investments

as at March 31, 2001

(prepared without audit)

Number of Shares	Company	Cost \$	Market Value \$
270,000	Alturas Resources	108,025	108,000
460,000	Compton Petroleum Corporation	1,161,927	2,093,000
1,555,555	Diaz Resources Ltd.	700,025	808,889
375,400	Drillers Technology	528,743	563,100
167,900	Equatorial Energy Inc.	397,566	562,465
300,000	Foran Mining Corp	299,700	33,000
940,000	Hope Bay Gold Corporation	329,021	338,400
10,000	Inco Ltd.	247,425	233,500
17,800	Ionic Energy Ltd	60,001	87,576
428,516	Ketch Energy Ltd.	1,638,909	2,828,206
428,600	Kinwest Resources Inc	750,075	750,050
100,000	Maxim Power	98,300	148,000
1,200,000	Maxim Power SP WTS	1,140,025	1,776,000
222,000	Maxx Petroleum Ltd.	1,400,685	1,420,800
50,000	Meota Resources Corp.	187,517	232,500
225,000	Merit Energy Ltd.	1,518,775	2,250
120,000	Paramount Resources Ltd.	2,700,000	1,776,000
100,000	Peak Energy Services Ltd.	251,295	295,000
50,000	Request Income	403,025	245,000
143,000	Saddle Resources Inc	150,175	100,100
50,000	Search Energy Corp	103,525	147,500
150,000	Southwestern Gold	495,025	555,000
175,000	Tiomin Resources Inc.	148,775	105,000
593,000	Thunder Energy Inc.	1,560,575	2,431,300
200,000	True Energy SP WTS	240,025	344,000
200,000	Ventus Energy Ltd.	1,973,850	2,050,000
Total investments		18,592,989	20,034,635

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Partnership III**

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1st
Quarter Interim Report 2001



**Canada Dominion Resources
Limited Partnership III**

Strength Performance



Timing



1st Quarter Interim Report

For the three months ended March 31

During the first quarter of 2001 oil and gas commodity prices maintained the significant pricing gains realized during fiscal 2000. Share prices within the oil and gas sector and mining sector increased dramatically with a concurrent increase in the Partnership's NAV by 30.4% from \$19.60 per unit at December 31, 2000 to \$28.56 per unit at March 31, 2001. This substantial increase in value is gratifying for the Partnership and its unitholders as it represents a handsome after-tax return on original investment of approximately 68%.

A few of the more notable holdings in the portfolio include Ventus Energy Ltd., Thunder Energy Inc. and Ketch Energy Ltd. which increased in value per share respectively from December 31, 2000 by 35.8%; 50.2% and 73.7%.

On or about May 25, 2001 the Partnership's assets will be rolled into the StrategicNova Canada Dominion Resource Fund Ltd. ("the Fund") and unitholders will exchange their units of the Partnership for preferred shares of the Fund which are redeemable post roll.

James A. Hutton
President and Chief Executive Officer

May 10, 2001