

Statement of Net Assets

(prepared without audit)

	June 30 2001
Assets	
Cash and cash equivalents	\$ 27,179,694
Investments, at market value (see schedule)	10,837,560
	<u>38,017,254</u>
Liabilities	
Accounts payable and accrued liabilities	58,200
Due to General Partner	407,761
	<u>465,961</u>
Net assets	<u>\$ 37,551,293</u>
Partners' Equity	
Issued and fully paid partnership units	\$ 38,857,715
Unrealized appreciation (depreciation) of investments	(1,170,255)
Surplus (deficit)	(136,167)
	<u>\$ 37,551,293</u>
Units outstanding	1,690,000
Net asset value per unit	<u>\$ 22.22</u>

Statement of Operations

Period from inception on December 19, 2000 to June 30, 2001

(prepared without audit)

	June 30, 2001
Investment income	
Interest and other	\$ 7,438
Expenses	
Administration	68,887
General Partner fee	74,718
	<u>143,605</u>
Income before unrealized depreciation of investments	(136,167)
Unrealized depreciation of investments	(1,170,255)
Loss for the period	<u>\$ (1,306,422)</u>
Loss per unit:	
Before unrealized depreciation of investments	\$ (0.08)
Unrealized depreciation of investments	(0.69)
Loss per unit	<u>\$ (0.77)</u>

1. Significant Accounting Policies

These interim financial statements are prepared by the Partnership in accordance with Canadian generally accepted accounting principles.

On June 14, 2001, the Partnership completed its initial prospectus offering and commenced activities from that date. Accordingly, there are no comparative statements of operations, surplus (deficit) or change in net assets for the period.

Statement of Deficit

Period from inception on December 19, 2000 to June 30, 2001

(prepared without audit)

	June 30, 2001
Deficit, beginning of period	\$ -
Loss before unrealized depreciation of investments	(136,167)
Deficit, end of period	<u>\$ (136,167)</u>

Statement of Changes in Net Assets

Period from inception on December 19, 2000 to June 30, 2001

(prepared without audit)

	June 30, 2001
Net assets, beginning of period	\$ -
Decrease in net assets from operations	
Loss before unrealized depreciation of investments	(136,167)
Unrealized depreciation of investments	(1,170,255)
	<u>\$ (1,306,422)</u>
Partners' transactions	
Proceeds from issuance of Partnership units	42,250,100
Redemption of Initial Limited Partnership	(100)
Cost of issuance of Partnership units	(3,392,285)
	<u>38,857,715</u>
Net assets, end of period	<u>\$ 37,551,293</u>

Schedule of Investments

as at June 30, 2001

(prepared without audit)

Number of Shares	Company	Cost ⁽¹⁾ \$	Market Value \$
1,130,000	Canadian Hydro Developers Inc.	4,068,000	3,333,500
588,235	Defiant Energy Corporation	1,000,025	1,000,000
850,000	Energy North Inc.	765,025	595,000
1,110,000	Equatorial Energy Inc.	3,607,525	3,385,500
436,300	Miramar Mining Corporation	567,215	523,560
800,000	SynEnCo Energy Inc.	2,000,025	2,000,000
Total investments		12,007,815	10,837,560

(1) Represents investment in common shares of public companies, except for Defiant Energy Corporation and SynEnCo Energy Inc. which are private companies, issued by private placement with part or all of the share positions subject to a hold period.

**Canada Dominion Resources Limited
Partnership VII**

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Toronto, Ontario

2nd
Quarter Interim Report 2001



Canada Dominion Resources
Limited Partnership VII

Strength Performance



Timing



2nd Quarter Interim Report

For the six months ended June 30

It is with pleasure that I welcome the unitholders of the Partnership to the Canada Dominion Resources Group and present herewith the Partnership's interim financial statements for the period ended June 30, 2001.

On June 14, 2001, the Partnership completed its initial prospectus offering and commenced activities from that date. Gross proceeds of the offering realized from the issuance of Partnership units amounted to \$42,250,000. This represents the single largest offering completed by the Canada Dominion Resources Group and represents in part the quality and success of prior partnerships.

Given the short period of time that lapsed from the date of completing the offering to the reporting date, the Partnership has had limited opportunity to build its investment portfolio. Nonetheless, two significant acquisitions were completed, being Canadian Hydro Developers Inc. and Equatorial Energy Inc. Appended to this report is a schedule detailing the Partnership's complete investment portfolio.

Throughout the coming weeks, the Partnership's investment manager, Tuscarora Capital Inc., will be reviewing investment opportunities and negotiating terms of investment on behalf of the Partnership. We are confident that this process will be completed well before the end of the year and generate a portfolio comprised of quality investments.

The Partnership's NAV at June 30th was \$22.22 per Unit. The decrease in value from original investment (\$25) reflects the cost to complete the offering and certain premiums paid on some of the initial investments. This valuation is consistent with prior partnerships at this stage of development.

A handwritten signature in black ink, appearing to read 'James A. Hutton'.

James A. Hutton
President and Chief Executive Officer

September 10, 2001