



CANADA DOMINION RESOURCES LIMITED PARTNERSHIP VII

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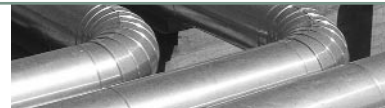
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2ND QUARTER 2002
INTERIM REPORT



CANADA DOMINION RESOURCES LIMITED PARTNERSHIP VII

2ND QUARTER INTERIM REPORT

For the six months ended June 30

The results of operations for the six-month period ending June 30, 2002 were highlighted by a 44.2 % increase in the Partnership's NAV as compared to December 31, 2001. The market value of the Partnership's portfolio and cash on hand increased from \$29.4 million (\$17.40/unit) at December 31, 2001 to \$42.2 million (\$25.00/unit) at June 30, 2002.

The increase in portfolio value was largely driven by significant increases in the market prices of gold and oil from price levels at the beginning of year of \$US 278 per ounce and \$US 21.50 per bbl respectively, to \$US 320 per ounce and \$US 26.75 per bbl at the end of the period. These commodity price increases drove up the market value of companies operating in these industry sectors. The Partnership monetized some of its portfolio gains during the second quarter of the year resulting in a gain on sale of investments in the amount of \$4.0 million. Included in the investments sold were all of the Partnership's holdings in Fort Knox Gold Resources Inc. and Kinross Gold Corporation plus a significant portion of its holdings in SouthernEra Resources Ltd. and Northgate Exploration Ltd. Other of the Partnership's portfolio holdings that experienced strong gains during the second quarter include Canadian Superior Energy Inc., Sudbury Contact Mines Ltd. and Rubicon Minerals Corporation.

The composition of the Partnership's portfolio changed somewhat during the second quarter as a result of reinvesting the proceeds of sale of the securities previously described. New portfolio investments include Cequel Energy and Dynatec Corporation. Going forward, it is likely that adjustments to the portfolio will continue to be made depending on the market opportunities that are presented.

Subsequent to the end of the quarter, oil prices have maintained their gains for the quarter while the price of gold has been volatile, fluctuating in price from a high of US \$323 to a low of US \$311. Gas prices increased during the second quarter by 80% over the first quarter to about \$US 3.50 per mcf. The General Partner and Investment Advisor expect oil and gas price levels to maintain their current levels for the foreseeable future with perhaps some modest improvement, which bodes well for the Partnership's portfolio, while gold prices are likely to remain volatile and the underlying securities of gold mining and mineral exploration companies will be subject to commensurate market price swings.

The Partnership recorded income for the six-month period of \$12,884,000 after taking into account a change in unrealized appreciation (depreciation) of investments amounting to \$9,379,000 and a realized gain on sale of investments of \$3,995,000.

Administration expenses amounted to \$127,000, well within the expected range for such costs. General Partner fees were \$366,000.

The Partnership's portfolio remains well positioned to increase in value within the respective resource sectors assuming that commodity price levels trade within the expected price ranges.

JAMES A. HUTTON
PRESIDENT AND CHIEF EXECUTIVE OFFICER

July 24, 2002

STATEMENTS OF NET ASSETS

(prepared without audit)

	June 30, 2002	December 31, 2001
ASSETS		
Cash and cash equivalents	\$ 1,538,511	\$ 681,146
Accounts receivable	–	321
Investments, at market value (see schedule)	40,621,193	28,678,280
	<u>42,159,704</u>	<u>29,359,747</u>
LIABILITIES		
Due to General Partner	105,299	189,656
Net assets	\$ 42,054,405	\$ 29,170,091
PARTNERS' EQUITY		
Issued and fully paid partnership units	\$ 38,853,355	\$ 38,853,355
Unrealized appreciation (depreciation) of investments	97,265	(9,281,479)
Surplus (deficit)	3,103,785	(401,785)
	<u>\$ 42,054,405</u>	<u>\$ 29,170,091</u>
Units outstanding	1,690,000	1,690,000
Net asset value per unit	\$ 24.88	\$ 17.26

STATEMENTS OF OPERATIONS

(prepared without audit)

	Six months ended June 30, 2002	Six months ended June 30, 2001	Three months ended June 30, 2002	Three months ended June 30, 2001
Investment income				
Interest and other	\$ 3,566	\$ 7,438	\$ 148	\$ 7,438
Expenses				
Administration	127,136	68,887	75,599	68,887
General Partner fee	366,003	74,718	205,448	74,718
	<u>493,139</u>	<u>143,605</u>	<u>281,047</u>	<u>143,605</u>
Net investment loss	(489,573)	(136,167)	(280,899)	(136,167)
Realized gain on sale of investments	3,995,143	–	3,995,143	–
Income (loss) before change in unrealized appreciation (depreciation) of investments	3,505,570	(136,167)	3,714,244	(136,167)
Change in unrealized appreciation (depreciation) of investments				
End of period	97,265	(1,170,255)	97,265	(1,170,255)
Beginning of period	(9,281,479)	–	(2,532,213)	–
	<u>9,378,744</u>	<u>(1,170,255)</u>	<u>2,629,478</u>	<u>(1,170,255)</u>
Income (loss) for the period	\$ 12,884,314	\$ (1,306,422)	\$ 6,343,722	\$ (1,306,422)
Income (loss) per unit:				
Before change in unrealized appreciation (depreciation) of investments	2.07	\$ (0.08)	\$ 2.19	\$ (0.08)
Change in unrealized appreciation (depreciation) of investments	5.55	(0.69)	1.56	(0.69)
Income (loss) per unit	\$ 7.62	\$ (0.77)	\$ 3.75	\$ (0.77)

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, 2001.

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.

On June 14, 2001, the Partnership completed its initial prospectus offering and commenced activities from that date. Accordingly, the comparative statements of operations, surplus (deficit) and change in net assets are for the period commenced on that date. As such, the comparative figures for the three-month period ended June 30, 2001 are identical to the figures for the six-month period then ended.

STATEMENTS OF SURPLUS (DEFICIT)

(prepared without audit)

	Six months ended June 30, 2002	Six months ended June 30, 2001	Three months ended June 30, 2002	Three months ended June 30, 2001
Deficit, beginning of period	\$ (401,785)	–	\$ (610,459)	–
Income (loss) before unrealized appreciation (depreciation) of investments	3,505,570	(136,167)	3,714,244	(136,167)
Surplus (deficit), end of period	\$ 3,103,785	(136,167)	\$ 3,103,785	\$ (136,167)

STATEMENTS OF CHANGES IN NET ASSETS

(prepared without audit)

	Six months ended June 30, 2002	Six months ended June 30, 2001	Three months ended June 30, 2002	Three months ended June 30, 2001
Proceeds from sale of investments	\$ 8,744,405	\$ –	\$ 8,744,405	\$ –
Cost of investments sold	4,749,262	–	4,749,262	–
Realized gain on sale of investments	3,995,143	–	3,995,143	–
Net investment loss	(489,573)	(136,167)	(280,899)	(136,167)
Income (loss) before change in unrealized appreciation (depreciation) of investments	3,505,570	(136,167)	3,714,244	(136,167)
Change in unrealized appreciation (depreciation) of investments	9,378,744	(1,170,255)	2,629,478	(1,170,255)
	<u>12,884,314</u>	<u>(1,306,422)</u>	<u>6,343,722</u>	<u>(1,306,422)</u>
Partners' transactions:				
Proceeds from issuance of Partnership Units	–	42,250,100	–	42,250,100
Redemption of Initial Limited Partner	–	(100)	–	(100)
Cost of issuance of Partnership Units	–	(3,392,285)	–	(3,392,285)
	<u>–</u>	<u>38,857,715</u>	<u>–</u>	<u>38,857,715</u>
Increase (decrease) in net assets	12,884,314	37,551,293	6,343,722	37,551,293
Net assets, beginning of period	29,170,091	–	35,710,683	–
Net assets, end of period	\$ 42,054,405	\$ 37,551,293	\$ 42,054,405	\$ 37,551,293

SCHEDULE OF INVESTMENTS

As at June 30, 2002

(prepared without audit)

Number of Shares	Company	Cost ⁽¹⁾ \$	Market Value \$
10,000	Bonavista Petroleum	320,625	300,000
350,000	Bow Valley Energy Ltd	665,025	525,000
100,000	Canadian 88 Energy Corp.	231,495	273,000
1,130,000	Canadian Hydro Developers Inc.	4,068,000	2,768,500
1,470,589	Canadian Superior Energy Inc. (FTSW)	2,500,026	4,823,532
450,000	Case Resources Inc.	405,025	270,000
600,000	Cequel Energy	2,375,050	2,310,000
545,000	Cigar Oil & Gas Ltd.	436,025	272,500
500,000	Claude Resources Inc.	275,000	1,065,000
975,000	Compton Petroleum Corp.	5,850,000	3,851,250
588,235	Defiant Energy Corporation	1,000,025	794,117
250,000	Devlan Exploration	500,025	475,000
312,500	Diamondex Resources Ltd.	250,000	328,125
200,000	Diaz Resources Ltd.	100,025	66,000
1,500,000	Dynatec Corporation	1,050,025	1,170,000
1,310,000	Equatorial Energy Inc.	4,134,970	3,144,000
25,000	European Goldfields Limited	112,525	106,500
850,000	Energy North Inc.	765,025	212,500
1,250,000	International Curator Resources Ltd	200,025	125,000
760,000	Ketch Energy Ltd.	3,800,000	3,944,400
150,000	Keywest Energy Corporation	300,000	360,000
200,000	Lionore Mining	730,025	904,000
416,667	Majescor Resources Inc.	250,025	250,000
350,000	Meota Resources Corp.	1,400,025	1,470,000
657,500	Miramar Mining Corporation	1,000,025	1,078,300
436,300	Miramar Mining Corporation (SW)	567,215	715,532
370,000	Navigator Exploration Corp.	203,525	151,700
357,142	Northgate Exploration Ltd.	630,035	567,856
66,666	Northgate Exploration Ltd. (WTS)	–	26,666
740,000	Oiltec Resources Ltd.	1,517,025	1,406,000
297,820	Opti Canada Class A	350,025	350,000
34,483	Opti Canada Class C	500,029	500,004
800,000	Rosetta Exploration Inc.	1,000,000	800,000
571,429	Rubicon Minerals Corporation	200,025	1,000,001
124,999	SouthernEra Resources Ltd	383,926	811,244
17,400	Storm Energy Inc	203,062	247,776
384,615	Sudbury Contact Mines Ltd	250,021	1,157,691
800,000	SynEnCo Energy Inc.	2,000,025	2,000,000
Total investments		40,523,928	40,621,193

(1) Represents investment in common shares of public companies, except for SynEnCo Energy Inc. and Opti Canada, which are private companies.