

Statement of Net Assets

(prepared without audit)

	Nine months ended September 30, 2001
Assets	
Cash and cash equivalents	\$ 17,336,943
Investments, at market value (see schedule)	14,917,985
	<u>32,254,928</u>
Liabilities	
Accounts payable and accrued liabilities	-
Due to General Partner	118,576
	<u>118,576</u>
Net assets	<u>\$ 32,136,352</u>
Partners' Equity	
Issued and fully paid partnership units	\$ 38,864,388
Unrealized appreciation (depreciation) of investments	(6,498,455)
Surplus (deficit)	(229,581)
	<u>\$ 32,136,352</u>
Units outstanding	1,690,000
Net asset value per unit	<u>\$ 19.02</u>

Statements of Operations

(prepared without audit)

	Nine months ended Sept. 30, 2001	Three months ended Sept. 30, 2001
Investment income		
Interest and other	\$ 240,645	\$ 233,207
Expenses		
Administration	84,458	55,661
Interest Expense	143,917	103,827
General Partner fee	241,851	167,133
	<u>470,226</u>	<u>326,621</u>
Loss before unrealized depreciation of investments	(229,581)	(93,414)
Unrealized depreciation of investments	(6,498,455)	(5,328,200)
Loss for the period	<u>\$ (6,728,036)</u>	<u>\$ (5,421,614)</u>
Loss per unit:		
Before unrealized depreciation of investments	\$ (0.14)	\$ (0.06)
Unrealized depreciation of investments	(3.84)	(3.15)
Loss per unit	<u>\$ (3.98)</u>	<u>\$ (3.21)</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, comparative statements of operations, surplus (deficit) and change in net assets are for the period commenced on that date.

Statements of Deficit

(prepared without audit)

	Nine months ended Sept. 30, 2001	Three months ended Sept. 30, 2001
Deficit, beginning of period	\$ -	\$ (136,167)
Loss before unrealized depreciation of investments	(229,581)	(93,414)
Deficit, end of period	<u>\$ (229,581)</u>	<u>\$ (229,581)</u>

Statements of Changes in Net Assets

(prepared without audit)

	Nine months ended Sept. 30, 2001	Three months ended Sept. 30, 2001
Net assets, beginning of period	\$ 100	\$ 37,551,293
Decrease in net assets from operations		
Loss before unrealized depreciation of investments	(229,581)	(93,414)
Unrealized depreciation of investments	(6,498,455)	(5,328,200)
	<u>(6,727,936)</u>	<u>32,129,679</u>
Partners' transactions		
Proceeds from issuance of Partnership units	42,250,000	-
Redemption of Initial Limited Partnership	(100)	-
Cost of issuance of Partnership units	(3,385,612)	6,673
	<u>38,864,288</u>	<u>6,673</u>
Net assets, end of period	<u>\$ 32,136,352</u>	<u>\$ 32,136,352</u>

Schedule of Investments

as at September 30, 2001

(prepared without audit)

Number of Shares	Company	Cost ⁽¹⁾ \$	Market Value \$
1,130,000	Canadian Hydro Developers Inc.	4,068,000	2,316,500
450,000	Case Resources Inc.	405,025	90,000
975,000	Compton Petroleum	5,850,000	2,925,000
588,235	Defiant Energy Corporation	1,000,025	1,000,000
850,000	Energy North Inc.	765,025	425,000
1,110,000	Equatorial Energy Inc.	3,607,525	3,219,000
2,500,000	Hope Bay Gold Corporation	1,000,025	650,000
1,250,000	International Curator	200,025	200,000
1,000,000	Kinross Gold	1,750,025	1,530,000
436,300	Miramar Mining Corporation	567,215	414,485
370,000	Navigator Exploration	203,525	148,000
800,000	SynEnCo Energy Inc.	2,000,025	2,000,000
	Total investments	21,416,440	14,917,985

(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 position subject to a hold period.



Canada Dominion Resources Limited Partnership VII

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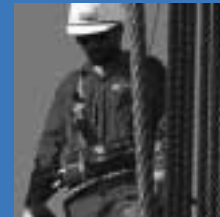
Transfer Agent

Computershare Trust Company of Canada
Toronto, Ontario

Investment Advisor

Tuscarora Capital Inc.
Toronto, Ontario

3rd Quarter Interim Report 2001



Canada Dominion Resources Limited Partnership VII

3rd Quarter Interim Report

For the nine months ended September 30

Throughout most of the third quarter of 2001 crude oil prices were relatively stable and healthy, albeit lower than the historic highs experienced earlier in the year. This stability was interrupted late in the quarter when crude prices dropped by about 15% resulting from a growing global inventory of crude oil. The inventory buildup developed from lower demand caused by a slowed worldwide economy, in particular the US economy, and from a failure by OPEC and non-OPEC members to adjust production outputs to the slowed economic conditions. This trend continued subsequent to the quarter end with the crude price remaining at the low end of OPEC's stated trading range of US\$22 to \$27 per barrel. At the time of writing this report a further downward spike in crude prices is being experienced with prices trading at about US\$17.50 per barrel.

It is uncertain how long such price volatility will be experienced, but the General Partner and Investment Advisor believe that, subject to OPEC and non-OPEC members reaching an accord on production levels, crude prices will return to end third quarter levels in the near term. In the event that the world economy grows as projected for the second half of 2002, prices are expected to move up correspondingly.

During the third quarter natural gas prices traded at significantly lower prices than earlier in the year, but showed signs of firming late in the quarter and modest price increases are expected for the coming months.

As a result of the weak economic conditions that existed during the quarter the Partnership's NAV decreased from \$22.22 per unit at June 30th to \$17.64 per unit at September 30th. On a forward looking basis, the current soft equity markets should work in the Partnership's favour because it had only invested about 50% of the net proceeds of its prospectus offering at the end of the quarter and still had about \$17 million in cash yet to be invested by the end of the year.

The Partnership recorded a loss of \$6,728,036 for the nine-month period ended September 30, 2001, after taking into account an unrealized change in depreciation of investments of \$6,498,455. The Partnership reported a loss of \$229,581 before such unrealized change in depreciation of investments, including administration expenses of \$84,458, interest expense of \$143,917 and General Partner fees of \$241,851, all within expected costs for the period. The interest expense relates to indebtedness the Partnership incurred prior to completing its initial prospectus offering, the funds from which were used to make its investment in Equatorial Energy Inc.

On a go forward basis, both the Investment Advisor and General Partner continue to believe that the energy sector will recover over the medium term and that the Partnership's portfolio will react positively to improvement in world economic conditions. In the near term it is likely that continued volatility in the sector will be experienced and that Partnership's portfolio will continue to reflect such events.

"signed by"

James A. Hutton
President and Chief Executive Officer
November 16, 2001