



FRONT STREET

Special Opportunities Canadian Fund

**FRONT STREET SPECIAL OPPORTUNITIES CANADIAN
FUND**

A FRONT STREET CAPITAL MUTUAL FUND

Management Report of Fund Performance

and

Interim Financial Statements

April 30, 2007

Interim Management Report of Fund Performance As at April 30, 2007 Front Street Special Opportunities Canadian Fund Ltd.

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements for the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-800-513-2832, by writing to us at Front Street Capital, 33 Yonge Street, Suite 600, Toronto, Ontario M5E 1G4 or by visiting our web site at www.frontstreetcapital.com or SEDAR at www.sedar.com

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund.

Forward Looking Information

This Annual Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Fund. Forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Annual Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Annual Management Report of Fund Performance, and the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the Fund is to seek capital appreciation through investment in equity securities of companies whose product, service or management team Front Street Capital believes can realize value and growth. Front Street Capital may rely on "top down" fundamental research to identify equity securities of companies in a particular industry or sector, but portfolio diversification will be driven primarily from the Fund's investments, as opposed to targeting sector weights.

Front Street Capital will employ alternative investment strategies, including event-related special situations investing (including, for instance, investment in securities of issuers undergoing or undertaking tenders, mergers and acquisitions, liquidations, spin-offs and recapitalizations) and the purchase of undervalued shares in the equity markets.

From time to time the Fund may use clearing corporation options and listed warrants (“permitted derivatives”) as permitted by Canadian securities regulators and consistent with the investment objectives and strategies of the Fund. The Fund may use these permitted derivatives for hedging and non-hedging purposes.

Risk

Most of the Fund’s assets will be invested in common shares and other equity securities. The Fund will therefore be subject to stock market risk. Since the Fund may also invest in foreign securities, this may expose the Fund, to a limited extent, to the risk of investments in foreign securities and foreign currency risk. The Fund invests in relatively illiquid securities that may expose the Fund to liquidity risk. The Fund offers three series of units and is therefore subject to series risk. The Fund may also be exposed to sector risk due to its investments being concentrated in a limited number of sectors. The Fund may also be exposed to the risks of selling securities short, the risks of investing in derivatives, and the risk associated with investing in securities of junior industrial, technology and natural resource companies. These risks are all further described on page A-1 of the Simplified Prospectus.

Currency risk proved to have a minimal effect on the Fund’s returns, as the Canadian dollar traded in a relatively narrow range, relative to the US dollar, over the period. Currency risk impacted principally the Fund’s investments, which had revenue in US\$. Volatility in currency markets continues to be high, suggesting uncertainty going forward on this front.

Equity risk also affected Fund volatility. Specifically, the threat of oil-supply disruptions kept the price of oil high, only to reverse when the US Federal Reserve Board signaled it was raising rates threatening a slowdown in US consumption. While market volatility was high overall, the price of oil and gas was a positive factor that contributed to Canadian equity market performance, particularly in the energy sector.

Interest-rate risk was also a factor, as global central banks and bond and equity markets closely monitored the US Federal Reserve’s monetary policy activities and public communications for indications as to when the current cycle of monetary policy tightening may be ending. As higher borrowing costs tend to slow the economy, rising interest rates tend to have a negative impact on the outlook for corporate-profit growth and therefore equity market performance.

The Fund has multiple risks associated with equity markets. Investors whose primary concern is preservation of capital should not be invested in this Fund. The Fund is suitable only for investors seeking long-term growth with a high tolerance for risk and volatility and a long-term investment horizon.

Results of Operations

The Fund’s investment advisor continued to focus on long-term capital appreciation for the portfolio during the first half of fiscal 2007. Sector allocation to the materials and energy sectors significantly contributed to the returns for the year to date. Company concentration was not evident as the investment advisor continued its long-standing commitment to a diversity of names while maintaining a focus on the sectors that had high appreciation potential.

The Fund benefited from strong inflows of capital through the period ending April 30, 2007. The investment advisor was able to allocate the incremental capital profitably as investment opportunities were numerous.

Interest rate increases had only a slight negative impact for the Fund. Currency volatility also had a slight negative impact as revenues denominated in US\$ declined when converted to C\$ on most investee company’s income

statements. Notwithstanding this, the Fund had the benefit of a strong equity market for resource stocks as demand for commodities continued to grow in a supply-constrained environment.

Recent Developments

The Fund anticipates that volatility will continue in the equity markets for the foreseeable future. The perception exists that inventory levels are tight in most commodity groups leading to an inability to cushion any shocks to the system. This reality, coupled with a relatively benign interest rate environment, has led to steady economic growth, albeit at higher commodity price levels.

Adoption of New Accounting Standards

On April 1, 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 (“NI 81-106”) issued by the Canadian Securities Administrators in 2005 requires the daily net asset value of an investment fund to be calculated in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities granted relief to investment funds complying with Section 3855 for the purposes of calculating of net asset value used for the investor transactions (“Transactional NAV”) for a one year period ending September 30, 2007. The Canadian Securities Administrators are currently reviewing the suitability of applying Section 3855 for the purposes other than the preparation of financial statements. Depending on the outcome of such review, the method by which net asset value is calculated may change on October 1, 2007.

Related Party Transactions

Front Street Capital (“FSC”) provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice, establishment of brokerage arrangements relating to the purchase and sale of the investment portfolio, and bookkeeping, record-keeping and other administrative services for the Fund.

The Fund’s portfolio advisor (the “Portfolio Advisor”) is Front Street Investment Management, Inc. (“FSIMI”). FSIMI is an affiliate of FSC and has entered into a Sub-Advisory Agreement to provide advisory services to the Fund.

As a result of providing investment advisory, FSIMI receives a monthly management fee, based on the average net assets of each Series, calculated daily and payable monthly.

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of FSC, provided it determines that these affiliates’ trade execution abilities and costs are comparable to those non-affiliated, qualified brokerage firms, on an execution-only basis. During the six-months ended April 30, 2007, Tuscarora Capital Inc. received \$17,608 in commission on portfolio transactions for the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five financial years and the first six-months of fiscal 2007. This information is derived from the Fund's audited annual financial statements and year-to-date interim financial statements.

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD. SERIES A

FOR THE PERIODS ENDED	April 30, 2007 \$	October 31, 2006 \$	October 31, 2005 \$	October 31, 2004 \$	October 31, 2003 \$
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The Fund's Net Asset Value (NAV) per Share

Net asset value, beginning of period ⁽⁷⁾	6.29	5.02	3.81	3.24	1.98
Increase (decrease) from operations:					
Total revenue	0.04	0.05	0.01	-	-
Total expenses	(0.16)	(0.39)	(0.25)	(0.20)	(0.51)
Realized gains (losses)	0.88	1.80	0.89	1.11	0.47
Unrealized gains (losses)	0.62	(0.47)	1.05	(0.34)	1.30
Total increase (decrease) from operations⁽¹⁾	1.38	0.99	1.70	0.57	1.26
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(0.75)	-	(0.49)	-	-
Return of capital	-	-	-	-	-
Total distributions⁽²⁾	(0.75)	-	(0.49)	-	-
Net asset value, end of period⁽⁷⁾	6.91	6.34	5.02	3.81	3.24

Ratios and Supplemental Data Series A

Net assets (000's) ⁽³⁾	42,005	27,102	13,086	3,163	206
Number of shares outstanding	6,074,688	4,274,228	2,608,335	829,036	63,753
Management expense ratio ⁽⁴⁾	4.95%	6.37%	5.56%	5.60%	24.11%
Management expense ratio before waivers or absorptions	4.95%	6.37%	5.56%	5.60%	24.11%
Portfolio turnover rate ⁽⁵⁾	31.91%	87.48%	46.00%	169.00%	3.00%
Trading expense ratio ⁽⁶⁾	0.24%	0.62%	0.52%	-	-

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD. SERIES B

FOR THE PERIODS ENDED	April 30,	October 31	October 31	October 31	October 31
	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$

The Fund's Net Asset Value (NAV) per Share

Net asset value, beginning of period⁽⁷⁾	6.29	5.02	3.81	3.24	1.41
Increase (decrease) from operations:					
Total revenue	0.04	0.05	0.01	-	-
Total expenses	(0.15)	(0.42)	(0.26)	(0.20)	(0.51)
Realized gains (losses)	0.87	1.76	0.94	1.11	0.47
Unrealized gains (losses)	0.59	(0.23)	1.01	(0.34)	1.87
Total increase (decrease) from operations⁽¹⁾	1.35	1.16	1.70	0.57	1.83
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(0.75)	-	(0.49)	-	(0.32)
Return of capital	-	-	-	-	-
Total distributions⁽²⁾	(0.75)	-	(0.49)	-	(0.32)
Net asset value, end of period⁽⁷⁾	6.91	6.34	5.02	3.81	3.24

Ratios and Supplemental Data Series B

Net assets (000's) ⁽³⁾	140,673	116,451	77,803	38,916	27,003
Number of shares outstanding	20,343,954	18,365,319	15,507,923	10,201,392	8,344,445
Management expense ratio ⁽⁴⁾	4.95%	6.84%	5.56%	5.60%	24.11%
Management expense ratio before waivers or absorptions	4.95%	6.84%	5.56%	5.60%	24.11%
Portfolio turnover rate ⁽⁵⁾	31.91%	87.48%	46.00%	169.00%	3.00%
Trading expense ratio ⁽⁶⁾	0.24%	0.62%	0.52%	-	-

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD. SERIES F

FOR THE PERIODS ENDED	April 30, 2007 \$	October 31 2006 \$	October 31 2005 \$	October 31 2004 \$	October 31 2003 \$
The Fund's Net Asset Value (NAV) per Share					
Net asset value, beginning of period ⁽⁷⁾	6.36	5.04	3.81	3.24	1.98
Increase (decrease) from operations:					
Total revenue	0.04	0.05	0.01	-	-
Total expenses	(0.14)	(0.35)	(0.26)	(0.20)	(0.51)
Realized gains (losses)	0.88	1.79	0.94	1.11	0.47
Unrealized gains (losses)	0.61	(0.49)	1.03	(0.34)	1.30
Total increase (decrease) from operations⁽¹⁾	1.39	1.00	1.72	0.57	1.26
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(0.75)	-	(0.49)	-	-
Return of capital	-	-	-	-	-
Total distributions⁽²⁾	(0.75)	-	(0.49)	-	-
Net asset value, end of period⁽⁷⁾	7.02	6.41	5.04	3.81	3.24
Ratios and Supplemental Data Series F					
Net assets (000's) ⁽³⁾	6,643	4,839	2,522	668	25
Number of shares outstanding	945,881	754,958	500,814	175,094	7,713
Management expense ratio ⁽⁴⁾	4.35%	5.61%	5.98%	5.60%	24.11%
Management expense ratio before waivers or absorptions	4.35%	5.61%	5.98%	5.60%	24.11%
Portfolio turnover rate ⁽⁵⁾	31.91%	87.48%	46.00%	169.00%	3.00%
Trading expense ratio ⁽⁶⁾	0.24%	0.62%	0.52%	-	-

(1) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(2) Distributions were paid in cash and/or reinvested in additional shares of the Fund.

(3) This information is provided as at period end of the year shown.

(4) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(7) The relief granted by the Canadian securities regulatory authorities from complying with Section 3855 results in a difference between GAAP NAV and Transactional NAV due to the use of different valuation techniques for certain investments. We have adopted the provisions of Section 3855 retroactively without restatement or prior periods. Accordingly, the beginning of period net asset value for the current period is adjusted.

Management and Performance Fees

Until April 2005, the Fund paid FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears. Commencing in May 2005, the Fund began to pay FSIMI a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for series A and B shares; the Fund commenced paying FSIMI a monthly management fee equal to 1/12 of 1% of the net asset value of the Fund calculated and paid at the end of each month payable monthly in arrears for Series F shares.

The Fund uses the management fees to pay for sales and trailing commissions to registered dealers.

	Series A	Series B	Series F
Annual Rates	2.00%	2.00%	1.00%
As a percentage of management fees			
Dealer Compensation	25%	50%	-
Investment management, admin & other	75%	50%	100%

The manager is also entitled to a performance fee if the percentage gain in the net asset value of a series of the Fund (as adjusted for any prior return deficiencies) over the preceding calendar quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the S&P/TSX Composite Index (the “Benchmark”) over the same period. The fee will be equal to this excess return per security multiplied by the number of securities outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per security of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter’s calculation will be based on the higher of either the Benchmark performance adjusted net asset value per security or the adjusted actual net asset value per security, both with respect to the previous quarter in which a performance fee was payable.

Past Performance

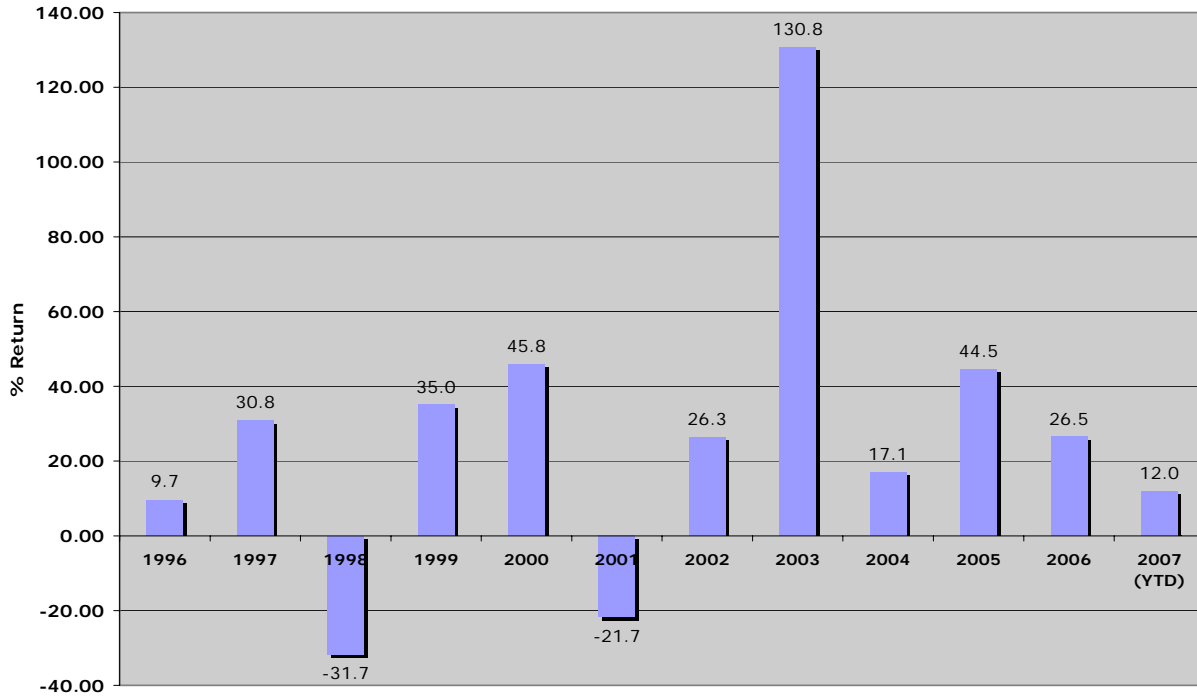
The past performance of the Fund is set out below and includes year-by-year returns and annual compound returns. With respect to the charts displayed below, please note the following:

- (a) the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund;
- (b) the return or performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
- (c) how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below shows the Fund’s annual total return in each of the past 10 financial years and for the first six months of fiscal 2007. It illustrates how the Fund’s performance has changed from year to year. This chart shows, in percentage terms, how much an investment made the first day of each financial year would have grown or decreased by the last day of each financial year.

Year-by-Year Returns



Annual Compound Returns

The following table shows the Fund's historical annual compound total return for the past 10, five, three and one financial year periods and for the first six-months of the year-to-date, as compared to the performance of the S&P/TSX Composite Index.

	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Front Street Special Opportunities Canadian Fund Ltd. ⁽¹⁾	21.40%	39.40%	35.30%	12.36%
S&P/TSX Composite Index	8.40%	11.90%	17.63%	9.94%

(1) Prior to July 23, 1999, the advisor to the Fund was MOF Management Ltd.

The S&P/TSX Composite Index is a float market capitalization that tracks the performance of some of the largest and most widely held Canadian stocks listed on the Toronto Stock Exchange (TSX). Prior to May 1, 2002, this index was called the TSE 300 Composite Index. The Fund outperformed the S&P/TSX Composite Index for each of the past 10, five, three and one year financial periods.

Summary of Investment Portfolio as at April 30, 2007

	% of Total
Cash and Short-Term Notes	11.2
Equities	
Energy	48.3
Materials	40.6
Information Technology	0.3
Industrials	0.3
Index Futures	0.3
Financials	0.0
Total Investments Portfolio	89.8
Total Investments Portfolio Including Cash and Short-Term	101.0
Other Assets	(1.0)
Total Net assets	100.0

Top 25 Investments

Duvernay Oil Corporation	5.5%
Xtreme Coil Drilling Corporation	4.4%
Minefinders Corporation Limited	4.3%
International Royalty Corporation	3.9%
Petrobank Energy and Resources Limited	3.7%
Red Back Mining Inc.	3.7%
Focus Energy Trust	3.5%
Crew Energy Inc.	3.0%
Entree Gold Inc.	3.0%
Pacific Stratus Energy Limited	2.9%
Storm Exploration Inc.	2.8%
Aurora Energy Resources Inc.	2.6%
Western Prospector Group Limited	2.5%
Revett Minerals Inc.	2.5%
Bordeaux Energy Inc.	2.4%
Bayou Bend Petroleum Limited	2.4%
Savanna Energy Services Corporation	2.3%
Birchcliff Energy Limited	2.0%
Serica Energy PLC	1.9%
Pearl Exploration and Production Limited	1.9%
Moto Goldmines Limited	1.7%
Sprott Molybdenum Participation Corporation	1.5%
Cordero Energy Inc.	1.4%
East Asia Minerals Corporation	1.3%
Fortuna Silver Mines Inc.	1.3%

The information contained in the foregoing list may change due to the ongoing portfolio transactions of the Fund. A quarterly update may be obtained by contacting the Manager.



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