

**FRONT STREET SPECIAL OPPORTUNITIES
CANADIAN FUND LTD.**

(Formerly Special Opportunities Fund Ltd.)

Financial Statements

October 31, 2003 and 2002

Index

Auditors' Report

Statement of Net Assets

Statement of Retained Earnings

Statement of Operations

Statement of Changes in Net Assets

Statement of Portfolio Investments

Statement of Financial Highlights – Series A Shares

Statement of Financial Highlights – Series B Shares

Statement of Financial Highlights – Series F Shares

Notes to Financial Statements

ELLIS FOSTER

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

We have audited the accompanying statement of net assets of **Front Street Special Opportunities Canadian Fund Ltd.** (formerly Special Opportunities Fund Ltd.) as at October 31, 2003 and 2002, the statements of retained earnings, operations and changes in net assets for the years then ended, the statement of portfolio investments as at October 31, 2003 and the statement of financial highlights for each of the years in the five-year period ended October 31, 2003. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at October 31, 2003 and 2002, the results of its operations and the changes in its net assets for the years then ended, the portfolio investments as at October 31, 2003 and the financial highlights for each of the years in the five-year period ended October 31, 2003, in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
December 18, 2003

"ELLIS FOSTER"
Chartered Accountants



A partnership of incorporated professionals

*An independently owned and operated member of Moore Stephens North America Inc., a member of Moore Stephens International Limited
- members in principal cities throughout the world*

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Net Assets

October 31, 2003 and 2002

	2003	2002
ASSETS		
Investments , at market value (cost - \$17,284,459; 2002 - \$10,413,016)	\$ 26,988,748	\$ 9,892,097
Cash	10,424	716,550
Due from brokers	1,255,161	-
Subscriptions receivable	763,258	-
	<u>29,017,591</u>	<u>10,608,647</u>
LIABILITIES		
Accounts payable and accrued liabilities	90,465	36,071
Due to broker	-	494,379
Redemptions payable	34,500	-
Performance fees payable	1,659,302	-
	<u>1,784,267</u>	<u>530,450</u>
Net assets representing shareholders' equity	<u>\$ 27,233,324</u>	<u>\$ 10,078,197</u>
Shareholders' equity represented by:		
Share capital	\$ 13,802,927	\$ 10,101,530
Retained earnings	3,726,108	497,586
Unrealized appreciation (depreciation) of investments	9,704,289	(520,919)
Total representing net assets applicable to outstanding shares	<u>\$ 27,233,324</u>	<u>\$ 10,078,197</u>
Net assets applicable to outstanding shares allocated as follows:		
Net asset value, Series A	\$ 206,302	\$ -
Shares outstanding, Series A (note 4)	63,753	-
Net asset value per share, Series A	\$ 3.24	\$ -
Net asset value, Series B	\$ 27,002,064	\$ 10,078,197
Shares outstanding, Series B (note 4)	8,344,445	7,144,686
Net asset value per share, Series B	\$ 3.24	\$ 1.41
Net asset value, Series F	\$ 24,958	\$ -
Shares outstanding, Series F (note 4)	7,713	-
Net asset value per share, Series F	\$ 3.24	\$ -

Approved by the Board:

"Gary Selke"

Gary Selke
Director

"David Conway"

David Conway
Director

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Retained Earnings
Years Ended October 31, 2003 and 2002

	2003	2002
Retained earnings , beginning of year	\$ 497,586	\$ 1,113,305
Net investment loss for the year	(3,712,395)	(232,754)
Realized gain (loss) on sale of investments (note 6)	6,940,917	(382,965)
Retained earnings , end of year	\$ 3,726,108	\$ 497,586

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Operations

Years Ended October 31, 2003 and 2002

	2003	2002
Investment income		
Interest	\$ 1,256	\$ 498
Dividends and other	28,741	7,168
	29,997	7,666
Expenses		
Custodian fees	27,078	25,911
General and administrative	27,170	22,960
Goods and services tax	231,172	15,571
Management fees (notes 5 & 9)	315,349	97,176
Performance fees (notes 5 & 9)	3,025,682	-
Professional fees	115,941	76,413
	3,742,392	238,031
Investment loss before income taxes	(3,712,395)	(230,365)
Income taxes	-	2,389
Net investment loss for the year	(3,712,395)	(232,754)
Realized and unrealized gain on investments		
Realized gain (loss) on sale of investments (note 6)	6,940,917	(382,965)
Change in unrealized appreciation of value of investments	10,225,208	940,371
Net gain on investments for the year	17,166,125	557,406
Increase in net assets from operations for the year	\$ 13,453,730	\$ 324,652

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Changes in Net Assets
Years Ended October 31, 2003 and 2002

	2003	2002
Increase in net assets resulting from operations	\$ 13,453,730	\$ 324,652
Capital unit transactions		
Issuance of shares		
Series A	163,517	-
Series B	19,589,397	6,158,626
Series F	16,589	-
	19,769,503	6,158,626
Redemption of shares		
Series B	(16,068,106)	(588,387)
	3,701,397	5,570,239
Increase in net assets for the year	17,155,127	5,894,891
Net assets, beginning of year	10,078,197	4,183,306
Net assets, end of year	\$ 27,233,324	\$ 10,078,197

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Portfolio Investments

October 31, 2003

Quantity	Name of Company		Cost	Market value
72,000	650261 BC LTD.	\$	25,200	\$ 25,200
75,000	ACETEX CORPORATION		429,750	395,250
10,100	ALTAGAS SERVICES INC.		92,358	143,824
370,000	AMERICA MINERAL FIELDS INC.		277,000	414,400
90,000	AMERICA MINERAL FIELDS INC. (WARRANTS)		-	33,300
675,333	AMERIGO RESOURCES LTD.		418,707	1,154,819
566,667	BCMETALS CORPORATION		273,982	613,301
408,867	BCMETALS CORPORATION (WARRANTS)		-	453,334
415,000	BOLIVAR GOLD CORP.		666,764	871,500
95,000	BOLIVAR GOLD CORP. (WARRANTS)		-	33,250
2,142,573	BREAKWATER RESOURCES LTD.		749,901	1,435,524
375,000	CAPSTONE GOLD CORP.		342,625	371,250
184,000	COMPTON PETROLEUM CORPORATION		991,320	1,034,080
471,100	CORETEC INC.		389,954	1,413,300
189,100	CREW ENERGY INC.		669,087	652,395
400,000	DRILLERS TECHNOLOGY CORP.		540,000	472,000
200,000	DRILLERS TECHNOLOGY CORP. (WARRANTS)		-	-
76,000	DUVERNAY OIL CORP.		266,000	475,000
1,000,000	DYNATEC CORPORATION		1,250,000	1,500,000
900,000	ENTREE GOLD INC.		900,000	1,989,000
450,000	ENTREE GOLD INC. (WARRANTS)		-	387,000
74,125	FAIRBORNE ENERGY LTD.		261,348	403,981
392,000	FORTE OIL CORP.		392,025	588,000
959	GENESYS S.A.		3,798	5,984
474,000	IMPACT ENERGY INC.		630,940	635,160
80,000	INTERNATIONAL URANIUM CORPORATION		40,797	75,200
75,000	LIONORE MINING INTERNATIONAL LTD.		545,750	585,000
774,500	MAXIM POWER CORP.		240,749	352,398
199,400	MIDNIGHT OIL & GAS LTD.		1,021,262	1,296,100
100,000	MOMENTUM ENTERPRISES LTD. (SPECIAL WARRANTS)		40,000	-
150,000	QUADRA RESOURCES CORP.		1,500	3,959
491,800	RDM CORPORATION		428,359	403,276
117,400	REAL RESOURCES INC.		559,925	598,740
280,000	RESOLUTE ENERGY INC.		817,264	893,500
141,430	RIDER RESOURCES LTD.		452,916	509,148
450,000	RUBICON MINERALS CORP.		452,250	648,000
113,300	SAVANNA ENERGY SERVICES CORP.		592,210	849,750
200,000	SKN RESOURCES LTD.		191,244	900,000
250,000	SKN RESOURCES LTD. (WARRANTS)		18	851,250
507,929	SOHO RESOURCES CORP.		40,722	48,253
1,168,181	STRATIC ENERGY CORPORATION		337,062	338,772
909,091	STRATIC ENERGY CORPORATION (WARRANTS)		-	-
70,000	SUNRIDGE GOLD CORP. (R13JANO4)		70,000	280,000
35,000	SUNRIDGE GOLD CORP. (WARRANTS) (R13JAN04)		-	78,750
120,000	TEMPEST ENERGY CORP.		601,200	630,000
135,000	TOTAL ENERGY SERVICES LTD.		272,843	567,000
273,200	WIRELESS MATRIX CORP.		487,629	409,800
200,000	WOLFDEN RESOURCES INC.		520,000	996,000
100,000	WOLFDEN RESOURCES INC. (WARRANTS)		-	173,000
		\$	17,284,459	\$ 26,988,748

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Financial Highlights - Series A Shares

Five Years Ended October 31, 2003

(Data per Series A Share)

	2003	2002	2001	2000	1999
Initial offering value	\$ 1.98	\$ -	\$ -	\$ -	-
Income from investment operations					
Net investment loss (note 7a)	(0.51)	-	-	-	-
Net realized and unrealized gains on investments	1.77	-	-	-	-
	1.26	-	-	-	-
Net asset value, end of year	\$ 3.24	\$ -	\$ -	\$ -	-
Ratios/supplemental data					
Total net assets - end of year	\$ 206,302	\$ -	\$ -	\$ -	-
Weighted average net assets	\$ 68,248	\$ -	\$ -	\$ -	-
Management expense ratio (note 7b)	24.11%	-	-	-	-
Adjusted management expense ratio (note 7c)	2.00%	-	-	-	-
Portfolio turnover rate (note 7d)	2.56	-	-	-	-
Effective annual rate of return (note 7e)	129.08%	-	-	-	-

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Financial Highlights - Series B Shares

Five Years Ended October 31, 2003

(Data per Series B Share)

	2003	2002	2001	2000	1999
Net asset value, beginning of year	\$ 1.41	\$ 1.37	\$ 1.75	\$ 1.20	\$ 0.89
Income from investment operations					
Net investment loss (note 7a)	(0.51)	(0.07)	(0.23)	(0.04)	(0.03)
Net realized and unrealized gains on investments	2.34	0.11	0.17	0.59	0.34
	1.83	0.04	(0.06)	0.55	0.31
Distributions to investors					
Capital gains dividends declared and paid	-	-	(0.32)	-	-
Net asset value, end of year	\$ 3.24	\$ 1.41	\$ 1.37	\$ 1.75	\$ 1.20
Ratios/supplemental data					
Total net assets - end of year	\$ 27,002,064	\$ 10,078,197	\$ 4,183,306	\$ 4,611,673	\$ 3,499,936
Weighted average net assets	\$ 14,601,170	\$ 4,894,049	\$ 4,774,525	\$ 4,757,831	\$ 3,420,582
Management expense ratio (note 7b)	24.11%	4.86%	14.97%	2.16%	2.91%
Adjusted management expense ratio (note 7c)	2.00%	4.86%	4.10%	2.16%	2.91%
Portfolio turnover rate (note 7d)	2.56	1.06	1.24	1.59	1.39
Annual rate of return (note 7e)	129.08%	2.92%	(3.43%)	45.83%	34.83%

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Statement of Financial Highlights - Series F Shares

Five Years Ended October 31, 2003

(Data per Series F Share)

	2003	2002	2001	2000	1999
Initial offering value	\$ 1.98	\$ -	\$ -	\$ -	-
Income from investment operations					
Net investment loss (note 7a)	(0.51)	-	-	-	-
Net realized and unrealized gains on investments	1.77	-	-	-	-
	1.26	-	-	-	-
Net asset value, end of year	\$ 3.24	\$ -	\$ -	\$ -	-
Ratios/supplemental data					
Total net assets - end of year	\$ 24,958	\$ -	\$ -	\$ -	-
Weighted average net assets	\$ 13,877	\$ -	\$ -	\$ -	-
Management expense ratio (note 7b)	24.11%	-	-	-	-
Adjusted management expense ratio (note 7c)	2.00%	-	-	-	-
Portfolio turnover rate (note 7d)	2.56	-	-	-	-
Effective annual rate of return (note 7e)	129.08%	-	-	-	-

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

1. About the Fund

Front Street Special Opportunities Canadian Fund Ltd. (formerly Special Opportunities Fund Ltd.) (the "Fund") is an open-ended mutual fund corporation which was formed under the Canada Business Corporations Act pursuant to the registration of articles of amalgamation effective April 12, 1990. The Fund's principal investment objective is capital appreciation primarily through investments in publicly traded equity securities including those of junior issuers.

The Fund is managed by Front Street Capital (the "Fund Manager").

2. Significant Accounting Policies

a) Valuation of Investments

- i) Investments listed on a recognized exchange ("public companies") are valued at the closing sale price for the day on which the Net Asset Value of the Fund is being determined, or if such exchange is not open for trading on that date, then on the last previous date on which such exchange was open for trading.
- ii) Any investment for which a market quotation is not readily available ("private companies") shall be valued at its fair market value as determined by the Fund Manager.
- iii) Investments which are restricted as to transferability are valued at the market value of the unrestricted investment as provided in paragraphs (i) and (ii) above less a discount of 20%.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

b) Investment Transactions and Income Recognition

Investment transactions are accounted for on a trade date basis and realized gains and losses from such transactions are calculated on an average cost basis. The accrual method is used to record income and expenses.

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

2. Significant Accounting Policies (Cont'd)

c) Income Taxes

The Fund is subject to taxation on its income at rates determined by legislation in effect from time to time. The Fund is a mutual fund corporation as defined by the Income Tax Act (Canada). The Fund may realize refundable taxes on hand by payment of taxable dividends and capital gains dividends or on the redemption of shares.

It is the policy of the Fund to distribute each fiscal period an amount sufficient to reduce income taxes payable by the Fund.

d) Net Asset Value per Share

The net asset value per share is calculated by dividing the net asset value of a series of shares by the total number of shares of the series outstanding at the end of the year.

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

3. Financial Instruments

The Fund's financial instruments consist of investments, cash, amounts due to/from brokers, subscriptions receivable, accounts payable and accrued liabilities, redemptions payable and performance fees payable. It is management's opinion that the Fund is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

4. Shares Authorized and Outstanding

The authorized capital of the Fund consists of an unlimited number of mutual fund shares, available in three series. Redemption and commission fees vary according to each series of shares as follows:

Series A shares - Redemption fees paid to the Fund Manager may be applicable upon the sale of shares of this series based on the original cost amount and the time to disposition. A redemption fee of 5% applies to shares of this series sold within the first year following acquisition. A redemption fee of 3% applies to shares of this series sold within the second year following acquisition. A redemption fee of 1.5% applies to shares of this series sold within the third year following acquisition. No redemption fee applies to shares of this series sold after the third year following acquisition.

Series B shares - Commission fees paid to brokers, dealers or advisors may be applicable upon the purchase of shares of this series up to 5% of the gross purchase amount, at the discretion of the broker, dealer or advisor.

Series F shares - No redemption or commission fees are applicable to shares of this series.

	2003	2002
Shares outstanding, beginning of the year:		
Series A	-	-
Series B	7,144,686	3,053,308
Series F	-	-
Shares issued during the year:		
Series A	67,126	-
Series B	2,666,398	4,462,888
Series F	7,713	-
Shares redeemed during the year:		
Series A	3,373	-
Series B	1,466,639	371,510
Series F	-	-
Shares outstanding, end of year:		
Series A	63,753	-
Series B	8,344,445	7,144,686
Series F	7,713	-

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

5. Management and Performance Fees

The Fund Manager provides investment and management services to the Fund. The Fund pays the Fund Manager 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. The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal and accounting fees, printing expenses, filing fees, custodial fees, and expenses of making distributions to shareholders.

The Fund pays the Fund Manager 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 share multiplied by the number of shares outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per share 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 share or the adjusted actual net asset value per share, both with respect to the previous quarter in which a performance fee was payable.

6. Realized Gain (Loss) on Sale of Investments

	2003	2002
Proceeds on sale of investments	\$37,636,455	\$ 5,201,112
Less cost of investments sold:		
Cost of investments owned at beginning of year	10,413,016	5,382,308
Investments purchased during the year	37,566,981	10,614,785
Cost of investments owned at end of year	(17,284,459)	(10,413,016)
Investments sold during the year	30,695,538	5,584,077
Realized gain (loss) on sale of investments for the year	\$ 6,940,917	\$ (382,965)

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

7. Explanatory Notes to Five Year Financial Statements

- a) Net investment loss per share is calculated based on the average of the month-end number of shares per series outstanding during the year.
- b) Management expense ratio is calculated based on the aggregate of all expenses paid or payable by the Fund during the year divided by the average of the month-end net asset value of the relevant series. The management expense ratio may vary from mutual fund to mutual fund.
- c) Adjusted management expense ratio is calculated based on the aggregate of all expenses paid or payable by the Fund during the year excluding performance fees and related GST divided by the average of the month-end net asset value of the relevant series. The adjusted management expense ratio may vary from mutual fund to mutual fund.
- d) Portfolio turnover rate is calculated based on the lesser of investments purchased or sales proceeds divided by the annual average market value of the portfolio investments for the period, excluding cash and treasury bills.
- e) Annual rate of return for each series is calculated as follows:

(Closing net asset value per share multiplied by opening number of shares plus shares based on reinvestment of all distributions during the year) minus (opening net asset value per share multiplied by opening number of shares)

Opening net asset value per share multiplied by opening number of shares

8. Income Taxes

The Fund has non-capital losses totalling \$712,112 available to reduce taxable income earned in future years. The losses expire as follows:

2008	\$ 17,645
2009	237,533
2010	456,934
	<hr/>
	\$ 712,112

9. Commissions

The commissions paid in connection with portfolio transactions for the year totalled \$346,024 (2002 - \$51,219).

FRONT STREET SPECIAL OPPORTUNITIES CANADIAN FUND LTD.

(Formerly Special Opportunities Fund Ltd.)

Notes to Financial Statements

October 31, 2003 and 2002

10. Related Party Transactions

Management fees of \$315,349 (2002 - \$97,176) were paid to the Fund Manager during the year (see note 5). Performance fees of \$3,025,682 (2002 - \$nil) were also paid to the Fund Manager during the year (see note 5).

11. Financial Statement Presentation

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

12. Statement of Portfolio Transactions

A Statement of Portfolio Transactions (unaudited) for the year ended October 31, 2003 will be provided, without charge, by writing to:

Front Street Capital
87 Front Street East
Suite 400
Toronto, Ontario
M5E 1B8