



C M P G O L D T R U S T

## Annual Report

December 31, 2010

The annual management report of fund performance contains financial highlights, but does not contain the complete semi-annual or annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the annual management report of fund performance. You may obtain additional copies of these documents or a copy of the semi-annual financial statements at your request, and at no cost, by calling toll free 1-800-268-8186, by visiting our website at [www.cmpfunds.ca](http://www.cmpfunds.ca) or SEDAR at [www.sedar.com](http://www.sedar.com) or by writing to us at: Dundee Securities Ltd., Dundee Place, 1 Adelaide Street East, 20th Floor, Toronto, Ontario, M5C 2V9.

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



# CMP Gold Trust

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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The accompanying financial statements have been prepared by Dundee Securities Ltd., in its capacity as Manager (the "Manager") of the Fund and have been approved by the Board of Directors of Dundee Securities Ltd., in its capacity as trustee (the "Trustee") of the Fund. The Board of Directors of the Trustee is responsible for the information and representations contained in these financial statements and the management report of fund performance.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Fund are described in Note 2 to the financial statements.

The Board of Directors of the Trustee has delegated responsibility for oversight of the financial reporting process to the Audit Committee of the Board of Directors of the Manager. The Audit Committee is responsible for reviewing the financial statements and the management report of fund performance and recommending them to the Board of Directors of the Trustee for approval, in addition to meeting with management, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

PricewaterhouseCoopers LLP are the external auditors of the Fund, appointed by the unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out herein.



ROBERT M. SELLARS  
Executive Vice President, Chief Operating Officer and Chief Financial Officer  
Dundee Securities Ltd.

March 8, 2011

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# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

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### Investment Objective and Strategies

CMP Gold Trust (the “Fund”) seeks to achieve inflation protection, capital preservation and long-term capital appreciation through investment in a portfolio consisting of precious metals and the securities of precious metals issuers, minerals issuers and minerals related issuers.

In general, the Fund employs actively managed investment strategies that are intended to enhance returns, reduce risk and allow the manager to take advantage of investments in illiquid securities and merchant banking opportunities. As part of its investment strategies, the manager intends to diversify the portfolio among precious metals and securities of precious metals issuers and minerals issuers and minerals related issuers. In addition, the manager intends to diversify among (i) junior, intermediate and senior issuers; (ii) issuers engaged in varying stages of exploration, development and production activities; (iii) different countries; and (iv) securities of public and private issuers, including flow-through shares and illiquid securities.

All of the Fund’s objectives and strategies are further described in the simplified prospectus.

### Risk

The risks associated with investing in the Fund are as described in the simplified prospectus. There were no material changes to the Fund over its last completed fiscal year that affected the overall level of risk of the Fund.

### Results of Operations<sup>(1)</sup>

For the year ended December 31, 2010 (the “period”), the Trust Units of the Fund generated a total return of 95.8% on a net asset value basis. Fund returns are reported net of all management fees and expenses, unlike the returns of the Fund’s benchmark, which is based on the performance of an index that does not pay fees or incur expenses.

The Fund’s broad-based benchmark, the S&P/TSX Composite Index, returned 17.6% during the same period. This is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies. We have included a comparison to this broad-based index to help you understand the Fund’s performance relative to the general performance of the market, but caution that the Fund’s mandate is significantly different from the index shown.

The Fund’s relevant benchmark, the S&P/TSX Global Gold Index, returned 26.7% during the same period. We have included this comparison, which more closely reflects the market sectors in which the Fund invests, to provide a more useful comparative to the performance of the Fund.

The Fund outperformed the relevant benchmark during the period as a result of individual performance rendered by a number of securities held inside the portfolio where operational and exploration successes resulted in returns greater than the larger-cap, senior producers represented in the relevant benchmark.

The economic backdrop remained very supportive for gold and precious metals prices during the period with the price of gold breaking through US\$1,400/oz on three separate occasions in the fourth quarter of 2010 and peaking at a price of US\$1,421/oz on November 9. The largest driver of the rising price for gold for the period was the US Federal Reserve’s adoption of a second round of quantitative easing, a US\$600 billion plan to purchase US treasuries announced on November 3. The average price of gold for the fourth quarter of 2010 climbed to US\$1,366/oz, representing a gain of just over 11% from the US\$1,226/oz average recorded in the third quarter. Fears of continued monetary reflation in the face of fiscal and monetary stimulus provided the ideal background for the price of gold as the historically high degree of correlation between the two – greater money supply often leads to higher gold prices – continued throughout the period. Gold was not the only precious metal to benefit from concerns regarding increased money supply and currency devaluation, as silver, trading at a discount to its historical relationship with gold prices, rose from US\$17/oz to just over US\$30/oz with investment demand shifting to other metals known to serve as a store of value.

While higher prices for gold and precious metals were a contributing factor to the Fund’s returns, it was the operational successes of a few key holdings that drove performance of the Fund. The single-greatest contribution came from the Fund’s investment in Sabina Gold & Silver Corp. which, following a very successful 2010 exploration campaign on its Back River project, is expected to release initial resource estimates on its newly discovered Llama Lake and Umwelt Lake gold deposits which could potentially result in an additional 750,000 oz for the property. The company also enjoyed success at its Hackett River base metal project by identifying additional high-grade copper mineralization that should enhance what is already an economically robust project. Also a top contributor, the Fund’s investment in ATAC Resources experienced similar operational success with its exploration activities during the period as positive drill results at its wholly owned Rau Gold Project in the Keno Hill Mining District sent share prices up three fold in September alone as higher grade discoveries and improved recovery rates had markets discounting a much higher net asset value for the potential project.

The creation of shareholder value was not limited to exploration success as a number of companies moving beyond exploration/development into production were also drivers of Fund returns. Share prices for Osisko Mining continued to rise during the period as markets have rewarded management’s success in creating real value for shareholders, first through exploration and later through its expediency and efficiency in moving past development and soon into production and cash flow generation. Another development company which garnered investor interest as it moves towards production was Perseus Mining Ltd., which will likely transition from explorer to producer in 2011 as it begins production at its flagship 90% owned Central Ashanti Gold Project located in Central Ghana. Other strong performers in the exploration and development stage of the mining cycle included Tahoe Resources Inc., Crusader Resources Ltd., Intrepid Mines Ltd. and Avala Resources Ltd.

Signs of an economic recovery taking shape in North America, supported by continued growth in Asian economies such as China, and reduced volatility in equity markets following a (temporary) resolution to the European sovereign debt crisis, created an ideal environment for higher share prices for many junior mining companies as markets

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(1) All references to net assets or net asset value in this section refer to Transactional NAV (net asset value), which may differ from GAAP Net Assets (net assets).

# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

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became increasingly comfortable investing in exploration companies best poised to bring new discoveries into production.

The Fund's net asset value increased by 108% to \$127 million at December 31, 2010, from \$61 million at December 31, 2009. The increase is attributed to investment performance of approximately \$58 million, the issuance of additional Trust Units through the exercise of Series A Warrants of approximately \$5.6 million and reinvested non-cash distributions to unitholders of \$2.8 million. The investment performance of the Fund includes earned income and expenses which vary year over year due to portfolio activity. The Fund's expenses increased as compared to the previous year mainly as a result of changes in management incentive fees, average net assets and portfolio activity, and income decreased as compared to the previous year due to changes in the Fund's income earning investments.

### **Borrowing**

The Fund established a loan facility with a Canadian chartered bank (the "Bank") up to an amount not exceeding \$7,000,000 and provided the Bank with a security interest in all of the assets of the Fund. For the year ended December 31, 2010, the Fund's highest and lowest bank borrowings were \$7,000,000 (December 31, 2009 – \$7,000,000) and nil (December 31, 2009 – \$7,000,000), respectively. The average interest rate on the outstanding balances during the year was 4.0% (December 31, 2009 – 2.3%).

As at December 31, 2010, nil (December 31, 2009 – 8.6%) of total assets of the Fund, or nil (December 31, 2009 – 11.4%) of net assets was leveraged through a bank loan of nil (December 31, 2009 – \$7,000,000).

### **Recent Developments**

#### ***Change in Manager***

On February 1, 2010, The Bank of Nova Scotia ("Scotiabank") completed the acquisition (the "DundeeWealth Transaction") of DundeeWealth Inc. ("DundeeWealth"). Upon completion of the DundeeWealth Transaction, Scotiabank owns approximately 97% of the issued and outstanding common shares of DundeeWealth. Goodman & Company, Investment Counsel Ltd. ("GCICL") is an indirect wholly-owned subsidiary of DundeeWealth.

In connection with the DundeeWealth Transaction, the management agreement between GCICL and the Fund was assigned to Dundee Securities Ltd. ("DSL") pursuant to an assignment and assumption agreement dated January 28, 2011 between GCICL and DSL. Consequently, DSL assumed responsibility for the management of the Fund effective January 28, 2011. However, since GCICL acted as the manager of the Fund during the reporting period, all references to the "Manager" in this document are to GCICL.

In addition, as a result of the of the DundeeWealth Transaction, DundeeWealth has divested its capital markets business previously conducted through Dundee Securities Corporation that operated under the Dundee Capital Markets brand, and certain other assets, by way of distribution to its shareholders. The newly formed company, DSL, may continue to provide services to the Fund such as trade execution and professional services. As a result, any brokerage commissions on

securities transactions and professional services fees paid by the Fund to DCM will continue to be considered related party transactions.

#### ***Sub-Advisor Name Change***

Effective February 19, 2010, the name of Ravensden Asset Management Inc., an affiliate of the Manager and sub-advisor to the Fund, was changed to Ned Goodman Investment Counsel Ltd.

#### ***Changeover to International Financial Reporting Standards***

In accordance with the Canadian Accounting Standards Board proposals, effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. However, in January 2011, the Canadian Accounting Standards Board approved a deferral of the effective date for the changeover to IFRS for investment funds to January 1, 2013. Consequently, IFRS would be applicable to the Fund for the fiscal year beginning January 1, 2013.

The Manager has already initiated the process of developing its IFRS change-over plan by performing an impact assessment and identifying differences between current Canadian GAAP and IFRS. The process of evaluating the potential impact of IFRS on the financial statements is ongoing as the International Accounting Standards Board and the Canadian Accounting Standards Board continue to issue new standards and recommendations.

The Manager will continue to evaluate potential changes to the financial statements along with the impact on accounting policies, business functions, information technology and internal controls.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager expects that the impact of IFRS on the Fund's financial statements will be additional disclosures and potentially different presentation of certain items. Further, the value used to determine the price of the Fund's units (Transactional NAV) is not expected to be affected.

#### ***Harmonized Sales Tax***

Effective July 1, 2010, the Government of Ontario and the Government of British Columbia replaced the provincial sales tax ("PST") with a single harmonized sales tax ("HST"). The HST combines the federal goods and services tax ("GST") rate of 5% with the respective PST rate. The harmonization results in an HST rate of 13% in Ontario.

Investment funds in Canada are required to calculate the HST rate using specific rules. The specific rules and guidance require HST to be calculated using the residency of unitholders and the current value of their interests, rather than the physical location of the fund manager.

The new HST will result in higher overall management expense ratios as management fees and certain other expenses charged to the Fund are now subject to the new HST.

### **Related Party Transactions**

The following arrangements listed below are considered related party transactions:

#### ***Commissions and Related Brokerage Commissions***

Brokerage commissions of \$271,000 (December 31, 2009 – \$171,000) were paid on securities transactions during the period. Of this amount,

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# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

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Dundee Securities Corporation, a subsidiary of DundeeWealth Inc., the parent of the Manager, received \$188,000 (December 31, 2009 – \$119,000).

### **Management Fees**

The Fund pays the Manager a management fee for the continuous advice, recommendations and services provided to the Fund. This includes acting as the Manager, Trustee and Portfolio Advisor to the Fund. The Manager is also responsible for the Fund's day-to-day operations. The management fee is an annualized rate based on the net asset value of the Fund and is accrued daily and paid monthly as a percentage of the month end net asset value. Of the management fees incurred by the Fund, 100% is attributed to portfolio advisory services.

In consideration for portfolio advisory services received from the Manager, the Fund incurred a management fee, inclusive of sales tax, of \$1.8 million (December 31, 2009 – \$1.0 million).

### **Operating Expenses and Administrative Services**

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees, audit fees, transfer agency services and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily based on the average net asset value of the Fund. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest and taxes, and is then reimbursed by the Fund. In addition, the Fund paid the Manager \$113,000 (December 31, 2009 – \$73,000) for administrative services performed by the Manager during the period.

### **Management Incentive Fees**

The Fund will pay to the Manager a management incentive fee in respect of each fiscal year of the Fund based on the performance of the Fund, as described in the Fund's simplified prospectus. The management incentive fee is calculated on a calendar year basis. As at December 31, 2010, the Fund accrued management incentive fees, inclusive of sales tax, of \$15.3 million (December 31, 2009 – \$7.3 million).

### **Dundee Securities Corporation**

In consideration for professional services provided by Dundee Securities Corporation, the Fund paid \$3,000 (December 31, 2009 – nil) during the period.

### **Inter-Fund Trades**

The Fund, from time to time, entered into security trades with other investment funds managed by the Manager. These trades were executed

through market intermediaries and under prevailing market terms and conditions.

### **Standing Instructions from the Independent Review Committee**

Pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds*, an independent review committee (the "IRC") was appointed by the Manager and became operational in 2007. Costs and expenses, including the remuneration of IRC members, the costs of legal and other advisors to, and legal and other services for, IRC members, and insurance costs are chargeable to the Fund. As at December 31, 2010, the IRC consisted of four members, all of whom are independent of the Manager.

The Fund received the following standing instructions from the IRC with respect to related party transactions:

- (i) paying brokerage commissions to Dundee Securities Corporation, an affiliate of the Manager, for effecting security transactions on an agency and principal basis on behalf of the Fund (referred to as "Related Brokerage Commissions");
- (ii) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager (referred to as "Inter-Fund Trades"); and
- (iii) executing foreign exchange transactions with Dundee Securities Corporation on behalf of the Fund.

The applicable standing instructions require that the Manager establish policies and procedures that it will follow with respect to related party transactions. The Manager is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect of a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Fund relied on IRC standing instructions regarding related party transactions during the period.

## 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 periods indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to add down due to the increase (decrease) in net assets from operations being based on average Trust Units outstanding during the period and all other numbers being based on actual Trust Units outstanding at the relevant point in time.

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# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

### The Fund's Net Assets per Trust Unit<sup>(1)</sup>

	(commencement of operations January 25, 2008)		
	December 31, 2010	December 31, 2009	December 31, 2008
<b>Initial offering price</b>	\$–	\$–	\$10.00
Issuance costs	–	–	(0.55)
<b>Net assets, beginning of period<sup>(1)(2)</sup></b>	<b>\$14.60</b>	<b>\$7.91</b>	<b>\$9.45</b>
<b>Increase (decrease) in net assets from operations:</b>			
Total revenue	\$–	\$0.02	\$0.12
Total expenses	(4.20)	(2.09)	(0.20)
Realized gain (loss) for the period	6.20	3.15	(0.47)
Unrealized gain (loss) for the period	12.40	6.85	(1.12)
<b>Total increase (decrease) in net assets from operations<sup>(2)</sup></b>	<b>\$14.40</b>	<b>\$7.93</b>	<b>\$(1.67)</b>
<b>Distributions to unitholders:</b>			
From income (excluding dividends)	\$–	\$–	\$–
From dividends	–	–	–
From net realized gain (loss) on investments	(0.55)	(1.27)	–
From return of capital	–	–	–
<b>Total annual distributions<sup>(2)(3)</sup></b>	<b>\$(0.55)</b>	<b>\$(1.27)</b>	<b>\$–</b>
<b>Net assets, end of period<sup>(1)(2)</sup></b>	<b>\$28.04</b>	<b>\$14.60</b>	<b>\$7.91</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (in 000s) <sup>(7)</sup>	\$127,141	\$60,673	\$34,151
Number of Trust Units outstanding	4,650,097	4,197,977	4,283,650
Management fee	2.00%	2.00%	2.00%
Management expense ratio ("MER") <sup>(4)</sup>	21.84%	18.16%	9.49%*
MER before waivers or absorptions <sup>(4)</sup>	21.84%	18.16%	9.49%*
Trading expense ratio <sup>(5)</sup>	0.34%	0.36%	0.20%*
Portfolio turnover rate <sup>(6)</sup>	65.43%	104.94%	68.57%
Net asset value per Trust Unit ("NAVPU") <sup>(7)</sup>	\$27.34	\$14.45	\$7.97
Closing market price <sup>(8)</sup>	\$14.05	\$9.05	\$5.39
Premium/(discount) of market price to NAVPU	(48.61%)	(37.37%)	(32.37%)

\* Annualized, except for issuance costs included in the MER for December 31, 2008, which are treated as one-time expenses.

- (1) This information is derived from the Fund's audited financial statements. Net assets per unit presented in the financial statements may differ from net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements. Some of the nil balances reported in the Financial Highlights may include amounts that are rounded to zero.
- (2) Net assets per Trust Unit and distributions per Trust Unit are based on the actual number of Trust Units outstanding at the relevant time. The increase (decrease) in net assets from operations per Trust Unit is based on the weighted average number of Trust Units outstanding over the fiscal period.
- (3) Non-cash distribution.
- (4) The management expense ratio ("MER") is based on the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the stated period expressed as an annualized percentage of daily average net asset value during the period. The MER includes management incentive fees of \$15.3 million (December 31, 2009 – \$7.3 million). The following MER statistics are presented for information purposes:

(percent %)	December 31, 2010	December 31, 2009
MER excluding management incentive fees	2.68	2.72
MER excluding management incentive fees and sales tax <sup>^</sup>	2.45	2.61

<sup>^</sup> The December 31, 2009 MER has been recalculated to exclude 5% GST.

- (5) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs of the Fund expressed as an annualized percentage of daily average net asset value of the Fund during the period.
- (6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to an investment fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by an investment fund in the period, 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 an investment fund. The portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding any portfolio re-balancing transactions following a merger and short-term investments maturing in less than one year, by the average market value of investments during the period.
- (7) National Instrument 81-106 – *Investment Fund Continuous Disclosure* ("NI 81-106") requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net assets calculated based on Canadian GAAP ("GAAP Net Assets") and net asset value calculated based on NI 81-106 ("Transactional NAV"). A reconciliation between GAAP Net Assets and Transactional NAV is provided below.
- (8) Closing market price is as per the Toronto Stock Exchange as at December 31, 2010.

# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Reconciliation of GAAP Net Assets and Transactional NAV

Trust Unit	Total (\$000's)	Per Unit \$
Transactional NAV (net asset value)	127,141	27.34
Application of Section 3855 adjustment	3,253	0.70
GAAP Net Assets (net assets)	130,394	28.04

### Past Performance

The following shows the past performance for the Trust Units of the Fund and will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional Trust Units of the Fund. In addition, the information does not take into account optional charges that would have reduced returns or performance.

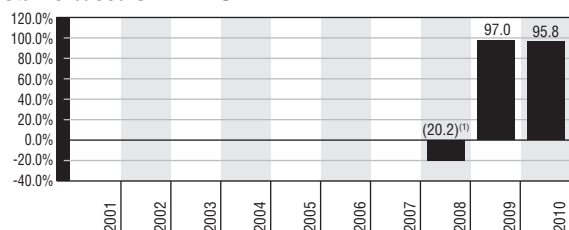
#### Year-by-Year Returns

The following charts show the annual performance for the Trust Units of the Fund and illustrates how the Fund's performance has varied from year to year. The charts show, in percentage terms, how much an investment held on the first day of each fiscal year would have increased or decreased by the last day of each fiscal year.

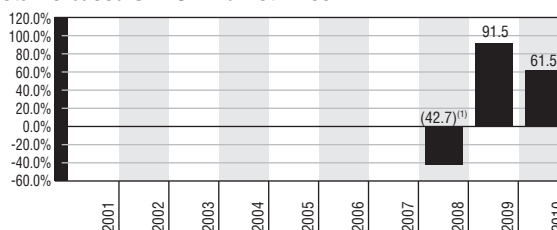
As a closed-end investment trust, the Fund does not continuously distribute its Trust Units at their net asset value ("NAVPU"). The Fund's Trust Units are listed on the Toronto Stock Exchange, therefore, for comparison purposes, the annual performance for the Fund has been calculated based on the Fund's NAVPU as well as the TSX market price.

(for fiscal years ended December 31)

#### Returns based on NAVPU



#### Returns based on TSX Market Price



(1) Since inception to the fiscal year end.

#### Annual Compound Returns

The annual compound returns table compares the Fund's performance to one or more benchmarks. Benchmarks are usually an index or a composite of more than one index. An index is generally made up of a group of securities. Since the Fund does not necessarily invest in the same securities as an index or in the same proportion, the Fund's performance is not expected to equal the performance of the index. It may be more helpful to compare the Fund's performance to that of other mutual funds with similar objectives and investment disciplines.

The following table shows for the Fund the annual compound return for each period indicated compared with the following benchmarks:

S&P/TSX Composite Index – This is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

S&P/TSX Global Gold Index – This index is designed to be an international benchmark tracking the world's leading gold companies and aims to offer broad exposure to the world's gold markets.

The Fund's Trust Units are listed on the Toronto Stock Exchange, therefore, for comparison purposes, the past performance information for the Fund has been calculated based on the Fund's NAVPU as well as the TSX market price.

A discussion of the performance of the Fund as compared to its benchmarks is found in the Results of Operations section of this report.

Percentage Returns:	One Year	Since Inception
Returns based on NAVPU	95.8	46.6
Returns based on TSX Market Price	61.5	21.6
S&P/TSX Composite Index	17.6	2.1
S&P/TSX Global Gold Index	26.7	11.7

# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Summary of Investment Portfolio

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. Updates are available quarterly on our website at [www.cmpfunds.ca](http://www.cmpfunds.ca) 60 days after quarter end, except for December 31, which is the fiscal year end, when they are available after 90 days.

BY COUNTRY/REGION <sup>(1)</sup>	Percentage of Total Net Asset Value †
Canada	87.1
Australia	14.7
Cash and Cash Equivalents (Bank Overdraft)	7.5
United Kingdom	3.6

BY INDUSTRY <sup>(1)(2)</sup>	Percentage of Total Net Asset Value †
Gold & Precious Metals	76.0
Metals & Minerals	29.2
Cash and Cash Equivalents (Bank Overdraft)	7.5
Energy	0.2

BY ASSET TYPE	Percentage of Total Net Asset Value †
Equities	105.4
Cash and Cash Equivalents (Bank Overdraft)	7.5
Other Net Assets (Liabilities)	(12.9)

TOP 25 HOLDINGS	Percentage of Total Net Asset Value †
Sabina Gold & Silver Corp.	13.2
Tahoe Resources Inc.	11.6
Cash and Cash Equivalents (Bank Overdraft)	7.5
Crusader Resources Limited	6.0
Torex Gold Resources Inc.	5.9
Perseus Mining Limited	5.4
ATAC Resources Ltd.	4.9
Queenston Mining Inc.	4.7
Osisko Mining Corporation	4.6
Avala Resources Ltd.	4.4
African Minerals Limited	3.6
Intrepid Mines Limited	3.2
Continental Gold Limited	3.1
Premium Exploration Inc.	3.0
Goldrush Resources Ltd., Restricted	2.8
Magellan Minerals Ltd.	2.6
Dorato Resources Inc.	2.4
Rubicon Minerals Corporation	2.2
Bellhaven Copper & Gold Inc., Restricted	1.7
Continental Gold Limited, Restricted, Warrants, Mar. 30 11	1.6
Avala Resources Ltd., Warrants, Jul. 30 13	1.4
Unigold Inc.	1.4
Teras Resources Inc., Restricted	1.3
Belo Sun Mining Corp., Restricted	1.3
Tanzania Minerals Corp., Restricted	1.2

(1) Excludes other net assets (liabilities) and derivatives.

(2) Excludes bonds and debentures and preferred equities.

† This refers to transactional net asset value; therefore weightings presented in the Statement of Investments will differ from the ones disclosed above.

# CMP Gold Trust

## MANAGEMENT REPORT OF FUND PERFORMANCE

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### **Caution regarding forward-looking statements**

Certain portions of this report, including, but not limited to, “Recent Developments”, may contain forward-looking statements about the Fund, as applicable, including statements with respect to strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, current assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive.

We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing any undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next management report of fund performance.

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# CMP Gold Trust

## STATEMENT OF INVESTMENTS

As at December 31, 2010

	Par Value (000s)/ Number of Shares/Units	Average Cost† (000s)	Fair Value (000s)
<b>EQUITIES (105.3%)</b>			
<b>Australia (14.3%)</b>			
Crusader Resources Limited	6,314,286	\$1,655	\$7,612
Intrepid Mines Limited	2,000,000	981	4,080
Perseus Mining Limited	2,000,000	1,122	6,923
		<b>3,758</b>	<b>18,615</b>
<b>Canada (87.5%)</b>			
African Gold Group, Inc., Restricted, Warrants, Jun. 16 11*	200,000	–	33
ATAC Resources Ltd.	1,000,000	1,017	6,270
Avala Resources Ltd.	4,000,000	1,400	5,440
Avala Resources Ltd., Warrants, Jul. 30 13*	2,000,000	–	2,264
Bellhaven Copper & Gold Inc.	50,000	28	46
Bellhaven Copper & Gold Inc., Restricted	2,500,000	1,500	2,199
Bellhaven Copper & Gold Inc., Restricted, Warrants, Apr. 17 12*	1,250,000	–	648
Belo Sun Mining Corp., Restricted	2,000,000	1,500	1,664
Bison Gold Resources Inc., Restricted, Warrants, Sep. 17 11*	2,000,000	–	371
Castillian Resources Corporation	4,167,000	250	458
Castillian Resources Corporation, Restricted, Warrants, Jul. 16 12*	2,083,500	–	154
Centurion Minerals Ltd.	800,000	800	1,152
Centurion Minerals Ltd., Restricted	500,000	775	720
Centurion Minerals Ltd., Restricted, Warrants, Dec. 08 11*	500,000	–	301
Chantrell Ventures Corp., Restricted Units	400,000	200	222
Claude Resources Inc.	362,730	417	791
Claude Resources Inc., Warrants, Dec. 30 11*	181,365	–	125
Continental Gold Limited	400,000	2,555	3,952
Continental Gold Limited, Restricted, Warrants, Mar. 30 11*	260,000	–	1,985
Dorato Resources Inc.	2,000,000	2,444	3,060
Dorato Resources Inc., Restricted, Warrants, Jul. 26 11*	714,500	–	231
Goldrush Resources Ltd., Restricted	14,000,000	1,400	3,529
Helio Resource Corp.	2,944,000	1,830	1,501
Latin American Minerals Inc., Restricted, Warrants, Feb. 18 11*	5,000,000	–	3
Latin American Minerals Inc., Restricted, Warrants, Oct. 02 11*	800,000	–	38
Lincoln Mining Corporation, Restricted, Warrants, Aug. 18 11*	2,794,118	–	138
Lithium Americas Corp., Restricted, Warrants, Dec. 23 11*	104,166	–	53
Magellan Minerals Ltd.	2,000,000	1,437	3,260
Magellan Minerals Ltd., Restricted, Warrants, Dec. 23 11*	857,143	–	666
Newstrike Resources Ltd.	2,515,037	579	629
Oro Mining Ltd., Restricted, Warrants, Jan. 07 11*	500,000	–	–
Osisko Mining Corporation	400,000	4,274	5,792
Osisko Mining Corporation, Restricted	33,927	594	491
Otis Gold Corp.	700,000	394	574
Peregrine Diamonds Ltd.	423,200	1,132	1,071
Premium Exploration Inc.	8,000,000	2,000	3,760
Premium Exploration Inc., Restricted, Warrants, Dec. 17 11*	4,000,000	–	889
Primero Mining Corp.	53,371	320	245
Primero Mining Corp., Warrants, Jul. 20 15	200,004	5	276
Queenston Mining Inc.	1,000,000	4,278	5,880
Radius Gold Inc., Restricted	1,538,461	1,000	1,269
Riverstone Resources Inc., Restricted, Warrants, Sep. 26 11*	1,250,000	–	182
Rockhaven Resources Ltd., Restricted	898,000	629	746
Rockhaven Resources Ltd., Restricted, Warrants, Dec. 02 12*	449,000	–	213
Rubicon Minerals Corporation	500,000	2,130	2,840

The accompanying notes are an integral part of these financial statements.

# CMP Gold Trust

## STATEMENT OF INVESTMENTS (cont'd)

As at December 31, 2010

	Par Value (000s)/ Number of Shares/Units	Average Cost† (000s)	Fair Value (000s)
<b>EQUITIES (105.3%) (cont'd)</b>			
<b>Canada (87.5%) (cont'd)</b>			
Rye Patch Gold Corp., Restricted, Warrants, Dec. 24 11*	2,000,000	\$-	\$150
Sabina Gold & Silver Corp.	3,000,000	3,218	16,710
Tahoe Resources Inc.	1,000,000	6,000	14,690
Tanzania Minerals Corp., Restricted	2,500,000	1,375	1,534
Tanzania Minerals Corp., Restricted, Warrants, Dec. 07 12*	1,250,000	-	454
Teras Resources Inc., Restricted	2,835,000	851	1,609
Teras Resources Inc., Restricted, Warrants, Oct. 15 13*	2,835,000	-	1,132
Torex Gold Resources Inc.	4,514,200	4,379	7,403
Torex Gold Resources Inc., Warrants, Nov. 12 11	1,128,550	135	440
Typhoon Exploration Inc., Restricted	1,000,000	820	763
Typhoon Exploration Inc., Restricted, Warrants, Mar. 21 12*	1,000,000	-	306
Unigold Inc.	8,824,000	1,500	1,588
Unigold Inc., Restricted, Warrants, Dec. 01 11*	4,412,000	-	111
Yorbeau Resources Inc., Class "A"	4,680,000	689	983
Yorbeau Resources Inc., Restricted Units	500,000	105	105
		<b>53,960</b>	<b>114,109</b>
<b>United Kingdom (3.5%)</b>			
African Minerals Limited	700,000	3,346	4,576
<b>AVERAGE COST AND FAIR VALUE OF INVESTMENTS (105.3%)</b>		<b>61,064</b>	<b>137,300</b>
<b>TRANSACTION COSTS (0.0%) (Note 2)</b>		<b>(31)</b>	<b>-</b>
<b>TOTAL AVERAGE COST AND FAIR VALUE OF INVESTMENTS (105.3%)</b>		<b>61,033</b>	<b>137,300</b>
<b>LOAN PAYABLE (0.0%)</b>			
Loan payable (Note 10)		-	-
<b>CASH AND CASH EQUIVALENTS (BANK OVERDRAFT) (7.3%)</b>			
Canadian		9,467	9,467
Foreign		10	10
		<b>9,477</b>	<b>9,477</b>
<b>OTHER NET ASSETS (LIABILITIES) (-12.6%)</b>		<b>(16,383)</b>	<b>(16,383)</b>
<b>NET ASSETS (100.0%)</b>		<b>\$54,127</b>	<b>\$130,394</b>

Average cost or fair values of some securities may include non-zero amounts that are rounded to zero.

† Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

\* These securities have no quoted market values and are valued using valuation techniques.

### Portfolio Concentration

As a Percentage of Net Assets (%)	December 31, 2010	December 31, 2009
<b>EQUITIES</b>	<b>105.3</b>	<b>128.1</b>
Australia	14.3	10.7
Canada	87.5	109.4
United Kingdom	3.5	8.0
<b>LOAN PAYABLE</b>	<b>-</b>	<b>(11.4)</b>
<b>CASH AND CASH EQUIVALENTS (BANK OVERDRAFT)</b>	<b>7.3</b>	<b>4.0</b>

The accompanying notes are an integral part of these financial statements.

# CMP Gold Trust

## DISCUSSION ON FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

As at December 31, 2010

### Risk Management

CMP Gold Trust (the "Fund") seeks to achieve inflation protection, capital preservation and long-term capital appreciation through investment in a portfolio consisting of precious metals and the securities of precious metals issuers, minerals issuers and minerals related issuers.

The investment activities of the Fund expose it to a variety of financial risks (for a general discussion of these risks see Note 7 of the financial statements). The Statement of Investments of the Fund groups the securities held by asset type, geographic region and/or market segment. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's optimal asset mix and market events, as well as diversify the investment portfolio within the constraints of the investment objective.

To assist in managing risks, the Manager has established and maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment objectives and guidelines. Significant risks that are relevant to the Fund are discussed below.

#### Credit Risk

Except for short-term investments, if applicable, the Fund had no significant exposure to debt instruments or derivatives as at December 31, 2010 and December 31, 2009. In addition, all investment transactions are executed by brokers with an approved credit rating. As such the risk of default on transactions with counterparties and brokers related to purchase and sale of securities is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

#### Interest Rate Risk

The following table summarizes the Fund's exposure to interest rate risks as at December 31, 2010 and December 31, 2009.

Maturity Date*	Fair Value (in \$000s)	
	December 31, 2010	December 31, 2009
3 months or less	–	–
Over 3 months to 1 year	–	(7,000)
Over 1 year to 5 years	–	–
Over 5 years	–	–
<b>Total</b>	<b>–</b>	<b>(7,000)</b>

\* Earlier of maturity date or interest reset date. Excludes cash and cash equivalents.

If prevailing interest rates had been raised or lowered by 1%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately nil (December 31, 2009 – \$70,000). In practice, actual results will differ from this sensitivity analysis as the components of the Fund's portfolio are not identical to the components of the market and the difference could be material.

#### Other Price Risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2010, approximately 105% (December 31, 2009 – 128%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 5%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$6,865,000 (December 31, 2009 – \$3,928,000). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

#### Currency Risk

The Fund held financial instruments denominated in currencies other than the Canadian dollar, the functional currency, including foreign cash and cash equivalents, if applicable. Therefore the Fund is exposed to currency risk as the value of the securities denominated in other currencies will fluctuate due to changes in foreign exchange rates. Major currencies the Fund had exposure to as at December 31, 2010 and December 31, 2009 are as follows:

Currency	Percentage of Net Assets	
	December 31, 2010	December 31, 2009
Australian Dollar	11.1	10.7
Pound Sterling	3.5	8.0
<b>Total</b>	<b>14.6</b>	<b>18.7</b>

*The accompanying notes are an integral part of these financial statements.*

# CMP Gold Trust

## DISCUSSION ON FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

As at December 31, 2010

If the Canadian dollar strengthened or weakened by 1% in relation to all other currencies, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$191,000 (December 31, 2009 – \$115,000). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

### Financial Instruments

#### Fair Value Hierarchy

The following table summarizes the fair value hierarchy of the Fund's financial assets and liabilities ("financial instruments") as at December 31, 2010 and December 31, 2009. Further details of the required disclosures are provided in Note 8 of the financial statements.

(In 000's)	December 31, 2010				December 31, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equities	\$93,491	\$32,646	\$-	\$126,137	\$44,542	\$21,818	\$3,905	\$70,265
Preferred shares	-	-	-	-	-	-	-	-
Bonds and debentures	-	-	-	-	-	-	-	-
Warrants	716	10,447	-	11,163	943	7,361	-	8,304
<b>Total Investments</b>	<b>94,207</b>	<b>43,093</b>	<b>-</b>	<b>137,300</b>	<b>45,485</b>	<b>29,179</b>	<b>3,905</b>	<b>78,569</b>
Short-term investments	-	-	-	-	2,473	-	-	2,473
<b>Total Financial Instruments</b>	<b>\$94,207</b>	<b>\$43,093</b>	<b>\$-</b>	<b>\$137,300</b>	<b>\$47,958</b>	<b>\$29,179</b>	<b>\$3,905</b>	<b>\$81,042</b>

#### Transfers Between Levels

During the years ended December 31, 2010 and December 31, 2009, there were no transfers between Level 1 and Level 2.

#### Reconciliation of Level 3 Financial Instruments

The following table presents the movement in the Fund's Level 3 financial instruments for the years ended December 31, 2010 and December 31, 2009.

(In 000's)	December 31, 2010			December 31, 2009		
	Equities	Other	Total	Equities	Other	Total
Beginning of period	\$3,905	\$-	\$3,905	\$-	\$-	\$-
Purchases	-	-	-	2,142	-	2,142
Sales	-	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	(2,142)	-	(2,142)	-	-	-
Net realized gains (losses)	-	-	-	-	-	-
Net change in unrealized appreciation (depreciation)*	(1,763)	-	(1,763)	1,763	-	1,763
<b>End of period</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$3,905</b>	<b>\$-</b>	<b>\$3,905</b>

\* Net change in unrealized appreciation (depreciation) for Level 3 financial instruments held as at December 31, 2010 and December 31, 2009, was nil and \$1,763, respectively.

The net realized gains (losses) in the table above are reflected in the Statements of Operations in "Net realized gain (loss) on sale of investments".

The net change in unrealized appreciation (depreciation) relates to those financial instruments held by the Fund as at December 31, 2010 and December 31, 2009, and are reflected in the Statements of Operations in "Change in unrealized appreciation (depreciation) in value of investments".

During the year ended December 31, 2010, investments of approximately \$2,142,000 (December 31, 2009 – nil) were transferred from Level 3 to Level 1 as these investments are now valued based on quoted market prices in active markets on December 31, 2010.

If the significant unobservable inputs used in determining fair value of the Fund's Level 3 financial instruments decreased or increased by 5%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately nil (December 31, 2009 – \$195,000).

# CMP Gold Trust

## STATEMENTS OF NET ASSETS

As at

(in 000s of Canadian dollars except number of units and per unit amounts)	December 31, 2010	December 31, 2009
<b>Assets</b>		
Investments, at fair value*	\$137,300	\$78,569
Cash and cash equivalents	9,477	2,473
Receivable for investment securities sold	380	–
Subscriptions receivable	1,337	–
Accrued interest, dividends and other	59	74
	148,553	81,116
<b>Liabilities</b>		
Loan payable (Note 10)	–	7,000
Repurchased units payable	–	–
Interest expense payable	6	13
Payable for investment securities purchased	–	–
Management fee payable	237	106
Management Incentive Fee payable	15,333	7,340
Accrued expenses	1	4
Distributions payable to unitholders (Note 9)	2,582	5,350
	18,159	19,813
<b>Net assets – representing unitholders' equity (Note 5)</b>	<b>\$130,394</b>	<b>\$61,303</b>
Unitholders' capital (Note 5)	\$48,371	\$37,288
Warrants (Note 1)	2,287	2,551
Retained earnings (accumulated deficit) (Note 5)	79,736	21,464
	<b>\$130,394</b>	<b>\$61,303</b>
*Investments, at average cost	\$61,033	\$54,721
<b>Number of Trust Units outstanding (Note 5)</b>	<b>4,650,097</b>	<b>4,197,977</b>
<b>Net assets per Trust Unit (Note 2)</b>	<b>\$28.04</b>	<b>\$14.60</b>

## STATEMENTS OF OPERATIONS

For the periods ended (Note 1)

(in 000s of Canadian dollars except per unit amounts)	December 31, 2010	December 31, 2009
<b>Investment income</b>		
Interest	\$1	\$5
Dividends	6	93
Foreign withholding taxes	–	–
	7	98
<b>Expenses (Note 4)</b>		
Management fees	1,808	1,007
Management Incentive Fees	15,333	7,340
Directors' and trustees' fees	1	1
Independent Review Committee fees	1	1
Unitholder reporting costs	16	9
Unitholder administration costs	143	89
Custodian fees and bank charges	10	10
Interest expense (Note 10)	132	138
Audit fees	17	17
Legal fees	1	1
Filing fees	16	20
Transaction costs (Note 2)	271	171
	17,749	8,804
Expenses absorbed by the Manager	–	–
	17,749	8,804
<b>Net investment income (loss)</b>	<b>(17,742)</b>	<b>(8,706)</b>
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on sale of investments	26,233	13,236
Net realized and change in unrealized foreign exchange gain (loss)	(12)	(15)
Change in unrealized appreciation (depreciation) in value of investments	52,419	28,780
<b>Net gain (loss) on investments</b>	<b>78,640</b>	<b>42,001</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$60,898</b>	<b>\$33,295</b>
<b>Increase (decrease) in net assets from operations per Trust Unit – basic (Note 2)</b>	<b>\$14.40</b>	<b>\$7.93</b>
<b>Increase (decrease) in net assets from operations per Trust Unit – diluted (Note 2)</b>	<b>\$5.57</b>	<b>\$3.04</b>

The accompanying notes are an integral part of these financial statements.

# CMP Gold Trust

## STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended (Note 1)

(in 000s of Canadian dollars)	December 31, 2010	December 31, 2009
<b>Net assets, beginning of period</b>	\$61,303	\$33,899
<b>Increase (decrease) in net assets from operations</b>	60,898	33,295
<b>Distributions to unitholders (Note 9)</b>		
From net investment income	–	–
From net realized gain on investments	(2,582)	(5,350)
From return of capital	–	–
	(2,582)	(5,350)
<b>Capital transactions</b>		
Proceeds from issue	5,593	–
Reinvested non-cash distributions to unitholders (Note 9)	5,350	–
Purchase and cancellation of Trust Units	(168)	(541)
	10,775	(541)
<b>Increase (decrease) in net assets</b>	69,091	27,404
<b>Net assets, end of period</b>	<b>\$130,394</b>	<b>\$61,303</b>

## STATEMENTS OF CASH FLOWS

For the periods ended (Note 1)

(in 000s of Canadian dollars)	December 31, 2010	December 31, 2009
<b>Cash flows from operating activities:</b>		
Net investment income (loss)	\$(17,742)	\$(8,706)
<b>Changes in non-cash working capital:</b>		
(Increase) decrease in subscriptions receivable	(1,337)	–
(Increase) decrease in accrued interest, dividends and other	15	(34)
Increase (decrease) in other payables	8,114	7,351
(Increase) decrease in receivable for investments securities sold	(380)	–
Increase (decrease) in payable on investments securities purchased	–	–
(Investments purchased)	(56,391)	(60,160)
Proceeds from sale of investments	76,312	55,688
Net realized and change in unrealized foreign exchange gain (loss)	(12)	(15)
Net cash provided by (used in) operating activities	8,579	(5,876)
<b>Cash flows from financing activities:</b>		
Proceeds from issue	5,593	–
Increase (decrease) in repurchased Trust Units payable	–	–
Increase (decrease) in loan payable (Note 10)	(7,000)	7,000
Purchase and cancellation of Trust Units	(168)	(541)
Issuance costs	–	–
Net cash provided by (used in) financing activities	(1,575)	6,459
Net cash provided (used) during the period	7,004	583
<b>Cash and cash equivalents/ (bank overdraft), beginning of period</b>	2,473	1,890
<b>Cash and cash equivalents/ (bank overdraft), end of period</b>	<b>\$9,477</b>	<b>\$2,473</b>
<b>Cash flows from operating activities include:</b>		
Interest paid	\$132	\$138
<b>Cash and cash equivalents are comprised of:</b>		
Cash (bank overdraft)	\$9,477	\$2,473
Short-term investments	–	–
	<b>\$9,477</b>	<b>\$2,473</b>

The accompanying notes are an integral part of these financial statements.

# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS

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For the periods indicated in Note 1

### 1. The Fund

#### a) Formation of Mutual Fund Trust

CMP Gold Trust (the “Fund”) is a closed-ended investment trust established under the laws of the Province of Ontario by Declaration of Trust and commenced operations on January 25, 2008 (the “Closing Date”). The Fund has retained Goodman & Company, Investment Counsel Ltd. (“GCICL” or the “Manager”) to provide investment, management, administrative and other services. As such, since GCICL acted as the manager of the Fund during the reporting period, all references to the “Manager” in this document are to GCICL. Refer to Note 12 for the change in Manager effective January 28, 2011.

At the initial public offering, the Fund offered Units at a price of \$10 per Unit. Each Unit consists of one Trust Unit of the Fund and one Series A Warrant. The Fund raised \$45,000,000 in gross proceeds through the issuance of 4,500,000 Units in its initial public offering.

The Fund’s Trust Units and Warrants commenced trading on the Toronto Stock Exchange (“TSX”) on January 25, 2008 under the symbol CMP.UN and CMP.WT.A, respectively.

#### b) Financial Reporting Dates

The Statement of Investments is as at December 31, 2010. The Statements of Net Assets are as at December 31, 2010 and December 31, 2009. The Statements of Operations, Changes in Net Assets and Cash Flows are for the years ended December 31, 2010 and December 31, 2009.

Throughout this document, reference to the periods refers to the reporting periods described here.

#### c) Transactions of the Manager

All directors, officers and employees (“Employees”) of the Manager are subject to its Code of Ethics and Standards of Professional Conduct (the “Code”). The Code has been put in place to protect the interests of all investors of the Fund. The Board of Directors of the Manager and the Board of Governors of the Fund have reviewed and approved the Code. The Code includes a Trading Policy that Employees must adhere to.

#### d) Sub-Advisor Name Change

Effective February 19, 2010, the name of Ravensden Asset Management Inc., an affiliate of the Manager and sub-advisor to the Fund, was changed to Ned Goodman Investment Counsel Limited.

### 2. Summary of Significant Accounting Policies and Basis of Presentation

The financial statements of the Fund are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The following is a summary of significant accounting policies used by the Fund:

#### a) Use of Estimates

The preparation of the financial statements in accordance with Canadian GAAP requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates.

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments and derivatives that are not quoted in an active market. The use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

#### b) Valuation of Investments

In accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, the Fund’s investments are deemed to be categorized as held for trading and are required to be recorded at fair value. The main impact of Section 3855 relates to the determination of the fair value of financial instruments listed on an active market with the bid price for a long position and the ask price for a short position instead of the closing price.

National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”) requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net assets calculated based on Canadian GAAP (“GAAP Net Assets”) and net asset value which is based on NI 81-106 (“Transactional NAV”). A reconciliation between GAAP Net Assets per Trust Unit and Transactional NAV per Trust Unit is provided in Note 6.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 2. Summary of Significant Accounting Policies and Basis of Presentation (cont'd)

The fair value of the Fund's investments as at the financial reporting date is determined as follows:

- i) All long securities listed on a recognized public stock exchange are valued at their last bid price at the end of each day on which the Toronto Stock Exchange is open for business ("valuation date"). All short securities listed on a recognized public stock exchange are valued at the last ask price on the valuation date. Securities that are traded on an over-the-counter market basis are valued at the last bid price or ask price as quoted by a major dealer.

Investments in securities having no quoted market values or in illiquid securities are valued using valuation techniques. Valuation techniques include, but are not limited to, referencing the current value of similar instruments, using recent arm's length market transactions, discounted cash flow analyses or other valuation models.

The fair value of certain securities may be estimated using valuation techniques based on assumptions that are not supported by observable market inputs. In a situation where, in the opinion of the Manager, a market quotation for a security is inaccurate, not readily available or does not accurately reflect fair value, the fair value is determined by the Manager.

- ii) Bonds and debentures are valued at their last evaluated bid price received from recognized investment dealers for long positions and their last evaluated ask price for short positions.
- iii) Short-term securities are valued using market quotations or amortized costs plus accrued interest, both of which approximate fair value.
- iv) Unlisted warrants are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, volatility and terms of the warrant.
- v) The fair value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at noon on each valuation date. Under the Fund's valuation policy, when the rates of exchange established at 3 p.m. are materially different from the noon exchange rates on a given valuation date, the market value of investments and other assets and liabilities denominated in foreign currencies will be translated at the 3 p.m. exchange rates for that valuation date.
- vi) In accordance with the Emerging Issues Committee Abstract 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, the Manager has reviewed its policy with respect to valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in these financial statements incorporates appropriate levels of credit risk.

#### c) Other Assets and Liabilities

Accrued interest and dividends receivable, amounts due from brokers and other assets are designated as loans and receivables and are recorded at amortized cost. Similarly, accrued expenses, amounts due to brokers and other liabilities (other than trading financial liabilities relating to securities sold short which are recorded at fair value) are designated as other financial liabilities and are recorded at amortized cost. These balances are short-term in nature, therefore, amortized cost approximates fair value for these assets and liabilities.

#### d) Investment Transactions

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs.

#### e) Transaction Costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. In accordance with Section 3855, transaction costs are expensed and are included in the Statements of Operations in "Transaction costs".

#### f) Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on deposit, short-term debt instruments with terms to maturity less than 90 days and bank overdrafts, as applicable.

#### g) Income Recognition

Income from investments held is recognized on an accrual basis. Interest income is accrued as earned and dividend income and distributions from investment trusts are recognized on the ex-dividend date.

Distributions received from investment trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment trust on the Statements of Investments.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the periods indicated in Note 1

### 2. Summary of Significant Accounting Policies and Basis of Presentation (cont'd)

Where applicable, interest and dividends on investments sold short is accrued as earned and is reported as a liability in the Statements of Net Assets in "Interest and dividends payable on investments sold short" and as an expense in the Statements of Operations in "Interest and dividend expense on investments sold short". The gain or loss that would be realized if, on the valuation date, the short position were to be closed out is reflected in the Statements of Operations in "Change in unrealized appreciation (depreciation) in value of investments" and in the Statements of Net Assets in "Investments sold short, at fair value". When the short position is closed out, gains and losses are realized and included in the Statements of Operations in "Net realized gain (loss) on sale of investments".

#### h) Translation of Foreign Currency

The reporting currency for the Fund is the Canadian dollar which is the functional currency. Any currency other than Canadian dollars represents foreign currency of the Fund.

The fair value of investments and other assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rate of exchange which is current on the valuation date. Transactions denominated in a foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the date of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Operations in "Net realized gain (loss) on sale of investments" and "Change in unrealized appreciation (depreciation) in value of investments", respectively. Realized and unrealized foreign currency gains or losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in "Net realized and change in unrealized foreign exchange gain (loss)".

#### i) Short Selling

If a fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gain or loss that would be realized if, on the valuation date, the position were to be closed out is reflected in the Statements of Operations as part of "Change in unrealized appreciation (depreciation) in value of investments" and in the Statements of Net Assets in "Investments sold short at fair value", if applicable. When the short position is closed out, gains and losses are realized and included in "Net realized gain (loss) on sale of investments".

There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain a margin account with the broker containing cash and liquid securities such that the amount deposited as margin will be more than the current market value of the security sold short. The cash held on margin in respect of short sale activity is noted in the Statements of Net Assets in "Deposits with brokers for securities sold short", if applicable.

#### j) Valuation of Fund Units for Transactional NAV Purposes

The net asset value per Trust Unit of the Fund is calculated at the end of each valuation date by dividing the net asset value of the Fund by the outstanding Trust Units.

#### k) Increase (Decrease) in Net Assets from Operations Per Trust Unit

The "Increase (decrease) in net assets from operations per Trust Unit – basic" is disclosed in the Statements of Operations and represents the increase or decrease in net assets from operations for the period divided by the average number of Trust Units outstanding during the period.

#### l) Non-zero Amounts

Some of the balances reported on the financial statements may include amounts that are rounded to zero.

#### m) Comparative Data

Certain prior year comparative data may have been reclassified to conform to the current year's presentation.

#### n) Currency Legend

The following is a list of abbreviations that may be used in the Financial Statements:

AUD	Australian Dollar	GBP	Pound Sterling	MXN	Mexican Peso	SGD	Singapore Dollar
BMD	Bermuda Dollar	HKD	Hong Kong Dollar	MYR	Malaysian Ringgit	THB	Thailand Baht
BRL	Brazilian Real	IDR	Indonesian Rupiah	NOK	Norwegian Krone	TWD	New Taiwan Dollar
CAD	Canadian Dollar	ILS	Israeli Shekel	NZD	New Zealand Dollar	USD	US Dollar
CHF	Swiss Franc	INR	Indian Rupee	PHP	Philippine Peso	ZAR	South African Rand
DKK	Danish Krone	JPY	Japanese Yen	PKR	Pakistani Rupee		
EUR	Euro	KRW	South Korean Won	SEK	Swedish Krona		

# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 3. Income Taxes

#### a) Taxation of Mutual Fund Trusts

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and has a December 15<sup>th</sup> tax year end. Mutual fund trusts are subject to tax on their income, including net realized capital gains, which is not paid or payable to its unitholders. In accordance with the terms of the Declaration of Trust, all of the net income and net taxable capital gains will be paid or payable to unitholders in the taxation year so that no income tax will be paid or payable by the Fund. The amount of net realized taxable capital gains available for distribution is reduced by the amount of net capital gains to be retained in the Fund in order to enable the Fund to fully utilize any available tax credits due on the application of the capital gains refund formula.

#### b) Losses Carried Forward

The Fund may accumulate net capital and non-capital losses. Capital losses can be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to twenty years.

As at December 31, 2010 the Fund had no capital or non capital losses available to carry forward.

### 4. Expenses and Related Party Transactions

#### a) Management Fee

The Fund pays the Manager a management fee for the continuous advice, recommendations and services provided to the Fund. This includes acting as the Manager, Trustee and Portfolio Advisor to the Fund. The Manager is also responsible for the Fund's day-to-day operations.

The management fee is an annualized rate of 2.0% based on the net asset value of the Fund and is accrued daily and paid monthly as a percentage of the month end net asset value, in accordance with the terms of the Management Agreement for the Fund. The management fee may be paid in cash or in Trust Units at the option of the Manager. To the extent Trust Units are issued from treasury in lieu of cash payment, Trust Units will be valued at the net asset value as at the last business day of the applicable month.

In consideration for portfolio advisory services received from the Manager, the Fund incurred a management fee, inclusive of sales tax, of \$1.8 million (December 31, 2009 – \$1.0 million).

#### b) Service Fee

The Manager also pays to dealers, on behalf of the Fund, a service fee of 0.40% per annum (until January 1, 2013), plus applicable taxes, based on the net asset value of the Trust Units held at the end of the relevant quarter by clients of dealers. This fee is calculated daily and paid quarterly.

#### c) Management Incentive Fees

The Fund will pay to the Manager a management incentive fee in respect of each fiscal year of the Fund (a "Qualifying Year") in which the Adjusted net asset value per Trust Unit on the last day of such fiscal year is at least 108%, pro rated in the case of any partial fiscal year, of the net asset value per Trust Unit on the last day of the immediately preceding fiscal year, before giving effect to all distributions and adjusted to exclude the dilutive effects of warrants exercised since the Highest Prior Year. The management incentive fee payable in respect of any Qualifying Year shall be equal to: (a) 20% of the amount by which the Adjusted net asset value per Trust Unit on the last day of such Qualifying Year exceeds the Highest net asset value per Trust Unit, multiplied by (b) the average daily number of Trust Units outstanding during such Qualifying Year. The management incentive fee in respect of any particular Qualifying Year shall be estimated and accrued on each valuation date and shall be finally determined and paid within 30 business days after the end of such Qualifying Year.

In accordance with the simplified prospectus, "Adjusted net asset value per Trust Unit" means, for any particular Qualifying Year, the net asset value per Trust Unit on the last day of such Qualifying Year, before giving effect to any distributions by the Fund since the Highest Prior Year, without giving effect to the accrual of any management incentive fee and adjusted to exclude any dilutive effects of warrants exercised since the Highest Prior Year. "Highest Prior Year" means, for any particular Qualifying Year, the last fiscal year in which the Highest net asset value per Trust Unit was established. "Highest net asset value per Trust Unit" means, with respect to any particular Qualifying Year, the net asset value per Trust Unit on the last day of the fiscal year in which the high water mark was established.

As at December 31, 2010, the Fund accrued management incentive fees, inclusive of sales tax, of \$15.3 million (December 31, 2009 – \$7.3 million).

#### d) Operating Expenses and Administrative Services

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees, audit fees, transfer agency services and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily based on the average net asset value of the Fund. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest and taxes, and is then reimbursed by the Fund.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 4. Expenses and Related Party Transactions (cont'd)

In addition, the Fund paid the Manager \$113,000 (December 31, 2009 – \$73,000) for administrative services performed by the Manager during the period.

#### e) Brokerage Commissions

Brokerage commissions of \$271,000 (December 31, 2009 – \$171,000) were paid on securities transactions during the period. Of this amount, Dundee Securities Corporation, a subsidiary of DundeeWealth Inc., the parent of the Manager, received \$188,000 (December 31, 2009 – \$119,000). Also included in the total commissions are soft dollar commissions of nil (December 31, 2009 – nil). Soft dollar commissions reflect amounts paid indirectly to third parties through a broker or dealer received by the Fund for services other than trading execution costs.

Brokerage commissions paid on securities transactions are considered to be part of operating expenses. These commissions are not included in the cost of purchasing securities, nor are they netted out of the proceeds from selling securities.

#### f) Dundee Securities Corporation

In consideration for professional services provided by Dundee Securities Corporation, the Fund paid \$3,000 (December 31, 2009 – nil) during the period.

#### g) Harmonized Sales Tax

Effective July 1, 2010, the Government of Ontario and the Government of British Columbia replaced the provincial sales tax (“PST”) with a single harmonized sales tax (“HST”). The HST combines the federal goods and services tax (“GST”) rate of 5% with the respective PST rate. The harmonization results in an HST rate of 13% in Ontario.

Investment funds in Canada are required to calculate the HST rate using specific rules. The specific rules and guidance require HST to be calculated using the residency of unitholders and the current value of their interests, rather than the physical location of the fund manager.

The new HST will result in higher overall management expense ratios as management fees and certain other expenses charged to the Fund are now subject to the new HST.

#### h) Units owned by DundeeWealth Inc.

DundeeWealth Inc. has invested directly in the Fund and owns 1,185,904 Trust Units of the Fund as at December 31, 2010, and 353,418 Trust Units of the Fund as at December 31, 2009.

#### i) Standing Instructions from the Independent Review Committee

Pursuant to National Instrument 81-107 an Independent Review Committee (the “IRC”) was appointed by the Manager and became operational in 2007. Costs and expenses, including the remuneration of committee members, the costs of legal and other advisors to, and legal and other services for, committee members, and insurance costs are chargeable to the Fund. As at December 31, 2010, the IRC consisted of four members, all of whom are independent of the Manager.

The Fund received the following standing instructions from the IRC with respect to related party transactions:

- (i) paying brokerage commissions to Dundee Securities Corporation, an affiliate of the Manager, for effecting security transactions on an agency and principal basis on behalf of the Fund (referred to as “Related Brokerage Commissions”);
- (ii) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager (referred to as “Inter-Fund Trades”); and
- (iii) executing foreign exchange transactions with Dundee Securities Corporation on behalf of the Fund.

The applicable standing instructions require that the Manager establish policies and procedures that it will follow with respect to related party transactions. The Manager is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager’s written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Fund relied on IRC standing instructions regarding related party transactions during the period.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the periods indicated in Note 1

### 5. Unitholders' Capital

#### Authorized

In accordance with the Declaration of Trust, the Fund is authorized to issue an unlimited number of Trust Units under the terms of the initial public offering and upon exercise of the Series A Warrants and/or the Series B Warrants. A description of the authorized Trust Units and summary of subscription basis for issuing warrants and their expiry is provided below:

<b>Unit</b>	At the initial public offering, each Unit consisted of one Trust Unit and one Series A Warrant.
<b>Series A Warrant</b>	Each Series A Warrant entitles the holder thereof, upon exercise of such Series A Warrant at an exercise price of \$12.00, to acquire one Trust Unit and one-half of one Series B Warrant. Each Series A Warrant will be exercisable in accordance with its terms on or after the closing date of the offering to and including the date that is the third anniversary of the closing date (the "Series A Warrant Expiry Date"). Series A Warrants that are not exercised by 5:00 p.m. (Toronto time) on the Series A Warrant Expiry Date will be void and of no value.
<b>Series B Warrant</b>	Each whole Series B Warrant entitles the holder thereof, upon exercise of such Series B Warrant at an exercise price of \$15.00, to acquire one Trust Unit. Each Series B Warrant will be exercisable in accordance with its terms on or prior to the date that is the fifth anniversary of the closing date (the "Series B Warrant Expiry Date"). Series B Warrants that are not exercised by 5:00 p.m. (Toronto time) on the Series B Warrant Expiry Date will be void and of no value.

The Fund's capital represents the net assets of the Fund and is comprised of issued Trust Units, warrants, and retained earnings. The Fund is not subject to any regulatory requirements on capital. The Fund's capital is managed in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's simplified prospectus.

Each Trust Unit represents an equal, undivided interest in the net assets of the Fund. Each unitholder is entitled to one vote for each Trust Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding Trust Units will be entitled to receive their pro rata share of all the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses. The Fund does not have a fixed termination date. The Manager may, at its discretion, terminate the Fund without the approval of the unitholders if, in its opinion, it would be in the best interests of the Fund and the unitholders to terminate the Fund.

#### Issued and Outstanding

Summaries of the outstanding Trust Units and Warrants and unitholders' capital are outlined in the following tables:

Outstanding Trust Units and Warrants	December 31, 2010			December 31, 2009		
	Trust Units	Series A Warrants	Series B Warrants	Trust Units	Series A Warrants	Series B Warrants
Beginning of period	4,197,977	4,500,000	–	4,283,650	4,500,000	–
Issued on exercise of Warrants	466,080	–	–	–	–	–
Warrants issued (exercised)	–	(466,080)	233,040	–	–	–
Over allotment options	–	–	–	–	–	–
Reinvested	–	–	–	–	–	–
Redeemed	–	–	–	–	–	–
Trust Units repurchased under market purchase program	(13,960)	–	–	(85,673)	–	–
End of period	<b>4,650,097</b>	<b>4,033,920</b>	<b>233,040</b>	<b>4,197,977</b>	<b>4,500,000</b>	<b>–</b>

Unitholders' Capital (000s)	December 31, 2010			December 31, 2009		
	Trust Units	Series A Warrants	Series B Warrants	Trust Units	Series A Warrants	Series B Warrants
Beginning of period	\$37,288	\$2,551	\$–	\$38,049	\$2,551	\$–
Issued on exercise of Warrants	5,593	–	–	–	–	–
Contributed surplus (loss) on exercised Warrants	264	(264)	–	–	–	–
Over allotment options	–	–	–	–	–	–
Reinvested non-cash distributions to unitholders (Note 9)	5,350	–	–	–	–	–
Redeemed	–	–	–	–	–	–
Cost of Trust Units repurchased under market purchase program	(124)	–	–	(761)	–	–
End of period	<b>\$48,371</b>	<b>\$2,287</b>	<b>\$–</b>	<b>\$37,288</b>	<b>\$2,551</b>	<b>\$–</b>

# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the periods indicated in Note 1

### 5. Unitholders' Capital (cont'd)

#### **Retained Earnings (Accumulated Deficit)**

Summaries of Retained earnings (accumulated deficit) are outlined in the following table:

<b>Retained Earnings (Accumulated Deficit) (000s)</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Retained earnings (accumulated deficit), beginning of period	\$21,464	\$(6,701)
Increase (decrease) in net assets from operations	60,898	33,295
Contributed surplus (loss) on Trust Units repurchased	(44)	220
Distributions to unitholders (Note 9)	(2,582)	(5,350)
Retained earnings (accumulated deficit), end of period	<b>\$79,736</b>	<b>\$21,464</b>

#### **Diluted Net Asset Value Per Trust Unit**

In accordance with the simplified prospectus, the Manager calculates the net asset value per Trust Unit and diluted net asset value per Trust Unit on each valuation date. The diluted net asset value per Trust Unit is calculated by adding the net asset value of the Fund plus the net proceeds that would have been received by the Fund if all of the outstanding Warrants of the Fund were exercised, divided by the number of Trust Units outstanding plus the additional Trust Units that would be issued if all of the outstanding Warrants had been exercised. The diluted net asset value per Trust Unit as at December 31, 2010 and December 31, 2009 is \$20.22 and \$13.18, respectively.

#### **Increase (Decrease) in Net Assets from Operations Per Trust Unit – Diluted**

The "Increase (decrease) in net assets from operations per Trust Unit – diluted" is disclosed in the Statements of Operations and represents the increase or decrease in net assets from operations for the period divided by the weighted average number of Trust Units outstanding during the period. The weighted average number of Trust Units reflects the dilutive effect of exercising all of the outstanding Warrants, as outlined in the following table:

<b>Weighted Average Number of Trust Units</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Number of Trust Units outstanding – basic	4,650,097	4,197,977
Dilution		
Average number of Trust Units outstanding during the period	4,225,774	4,203,208
Issuance of Trust Units from exercise of Series A Warrants	4,458,563	4,500,000
Issuance of Trust Units from exercise of Series B Warrants	2,250,000	2,250,000
Total	<b>10,934,337</b>	<b>10,953,208</b>

#### **Market Purchase Program**

In accordance with the terms of the simplified prospectus, the Fund may at any time, purchase Trust Units for cancellation at prices not exceeding the most recently calculated NAV per Trust Unit and on such terms and conditions as the Manager may determine.

### 6. Reconciliation of GAAP Net Assets per Unit and Transactional NAV per Unit

The table below provides a comparison of the GAAP Net Assets per Trust Unit and Transactional NAV per Trust Unit. The primary reason for the difference between the GAAP Net Assets per Trust Unit and Transactional NAV per Trust Unit is described in Note 2 above.

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Transactional NAV per Trust Unit	\$27.34	\$14.45
GAAP Net Assets per Trust Unit	\$28.04	\$14.60

### 7. Risk Management

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The level of risk depends on the Fund's investment objectives and the type of securities it invests in.

The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. Section 3862 and Section 3863 disclosures that are specific to the Fund are presented in the Discussion on Financial Risk Management and Financial Instruments under the Statement of Investments. The sensitivity analysis shown in the Discussion on Financial Risk Management and Financial Instruments may differ from actual results and the difference could be significant.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Fund is being managed in accordance with the Fund's stated investment objectives, strategies and securities regulations. In addition, the below noted risk positions are monitored by the portfolio managers on a regular basis and reviewed by the Fund Review Committee on a quarterly basis.

# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 7. Risk Management (cont'd)

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. The fair value of a financial instrument takes into account the credit rating of its issuer, and accordingly, represents the maximum credit risk exposure of the Fund. Exposure to credit risk is mainly in debt securities (such as bonds and debentures). All transactions in securities are settled or paid for upon delivery through brokers. As such, credit risk is considered minimal in the Fund on investment transactions, as delivery of securities sold is made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. In addition, custody transactions are carried out by counterparties that have a Standard & Poor's credit rating of A or higher.

#### Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. Therefore, in order to maintain sufficient liquidity, the Fund invests its assets in securities that are traded in an active market and can be readily disposed. The Fund also invests in securities that are not traded in an active market and may be illiquid. Such investments are identified as private and restricted securities in the Statement of Investments. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

#### Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in the prevailing levels of market interest rates. Exposure to interest rate risk is mainly in debt securities (such as bonds and debentures). Other assets and liabilities are short-term in nature and are non-interest bearing. There is minimal sensitivity to interest rate fluctuations on cash and cash equivalents invested at short-term market interest rates.

#### Other Price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value.

#### Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposure to currency risk is mainly in financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund. Therefore the Fund's financial instruments that are denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. Foreign currencies of issued bonds are listed in the investment portfolio. Foreign stocks are also exposed to currency risk since the value of such stocks are converted to Canadian dollars to determine their fair value.

### 8. Financial Instruments

#### Fair Value Hierarchy

CICA Handbook Section 3862, *Financial Instruments – Disclosures*, requires disclosure regarding the valuation methods and assumptions used to measure financial instruments at fair value. The Fund uses the following inputs within the fair value hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 financial instruments include actively listed equities and other publicly quoted investments. The Manager does not adjust the quoted price for these instruments.

Level 2 – Inputs to the valuation methodology include quoted prices in active markets for similar assets and liabilities, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 financial instruments are those that trade in markets that are not considered to be active but are valued based on quoted market prices or dealer quotations supported by observable inputs or adjusted for fair value factors. These include investment-grade corporate bonds and certain listed equities. As Level 2 investments include positions that are not traded in active markets or may be subject to sale restrictions, valuations may be adjusted to reflect illiquidity which is generally based on available market information.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 8. Financial Instruments (cont'd)

Level 3 – Inputs to the valuation methodology is based on unobservable market data. Level 3 financial instruments are those that have at least one significant unobservable input, as they are not based on quoted market prices. Level 3 instruments include private equity and private debt securities. As observable prices are not available for these securities, the Manager has used valuation techniques to derive the fair value.

#### Transfers Between Levels

Fair values are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such case, the instrument may be reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

#### Reconciliation of Level 3 Financial Instruments

Section 3862 also requires a reconciliation between the opening and closing balances for Level 3 financial instruments.

The fair value hierarchy, transfers between levels and reconciliation of Level 3 financial instruments are presented in the Discussion on Financial Risk Management and Financial Instruments under the Statement of Investments.

### 9. Distributions to Unitholders

From time to time, the Fund may choose to make distributions to holders of Trust Units. The Fund will make payable in each year its income for tax purposes and capital gains to ensure that the Fund will not be liable for income tax under the Tax Act.

#### a) 2009 Special Non-Cash Distribution

In December 2009, the Manager announced that unitholders of the Fund will be entitled to a special non-cash distribution of \$1.2745 per Trust Unit. The non-cash distribution was made on January 15, 2010 to unitholders of record on December 31, 2009. In accordance with the Declaration of Trust, immediately after this non-cash distribution, the number of outstanding Trust Units were consolidated such that each unitholder held, following the consolidation, the same number of Trust Units as such unitholder held before this special non-cash distribution.

#### b) 2010 Special Non-Cash Distribution

On December 21, 2010, the Manager announced that unitholders of the Fund will be entitled to a special non-cash distribution of \$0.55 per Trust Unit. The non-cash distribution was made on January 17, 2011 to unitholders of record on December 31, 2010. In accordance with the Declaration of Trust, immediately after this non-cash distribution, the number of outstanding Trust Units were consolidated such that each unitholder held, following the consolidation, the same number of Trust Units as such unitholder held before this special non-cash distribution.

### 10. Leverage and Borrowing

The Fund will from time to time, enter into leverage and borrowing transactions, which cannot exceed 25% of the net asset value of the Fund. Leverage and borrowing may be effected through one or more financing arrangements at the discretion of the Manager and may include loan facilities with Canadian chartered banks, margin facilities with registered brokers, and short sale of highly liquid government bonds. There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain an account with the broker containing cash and liquid securities such that the amount deposited as margin will at least equal the current market value of the security sold short. The cash and liquid securities held on margin in respect of short sale activity are noted in the Statement of Investments.

The Fund established a loan facility with a Canadian chartered bank (the "Bank") up to an amount not exceeding \$7,000,000 and provided the Bank with a security interest in all of the assets of the Fund. For the year ended December 31, 2010, the Fund's highest and lowest bank borrowings were \$7,000,000 (December 31, 2009 – \$7,000,000) and nil (December 31, 2009 – \$7,000,000), respectively. The average interest rate on the outstanding balances during the year was 4.0% (December 31, 2009 – 2.3%).

As at December 31, 2010, nil (December 31, 2009 – 8.6%) of total assets of the Fund, or nil (December 31, 2009 – 11.4%) of net assets was leveraged through a bank loan of nil (December 31, 2009 – \$7,000,000).

### 11. Changeover to International Financial Reporting Standards

In accordance with the Canadian Accounting Standards Board proposals, effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. However, in January 2011, the Canadian Accounting Standards Board approved a deferral of the effective date for the changeover to IFRS for investment funds to January 1, 2013. Consequently, IFRS would be applicable to the Fund for the fiscal year beginning January 1, 2013.

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# CMP Gold Trust

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods indicated in Note 1

### 11. Changeover to International Financial Reporting Standards (cont'd)

The Manager has already initiated the process of developing its IFRS change-over plan by performing an impact assessment and identifying differences between current Canadian GAAP and IFRS. The process of evaluating the potential impact of IFRS on the financial statements is ongoing as the International Accounting Standards Board and the Canadian Accounting Standards Board continue to issue new standards and recommendations.

The Manager will continue to evaluate potential changes to the financial statements along with the impact on accounting policies, business functions, information technology and internal controls.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager expects that the impact of IFRS on the Fund's financial statements will be additional disclosures and potentially different presentation of certain items. Further, the value used to determine the price of the Fund's Trust Units (Transactional NAV) is not expected to be affected.

### 12. Subsequent Events

#### a) Change in Manager

On February 1, 2010, The Bank of Nova Scotia ("Scotiabank") completed the acquisition (the "DundeeWealth Transaction") of DundeeWealth Inc. ("DundeeWealth"). Upon completion of the DundeeWealth Transaction, Scotiabank owns approximately 97% of the issued and outstanding common shares of DundeeWealth. GCICL is an indirect wholly-owned subsidiary of DundeeWealth.

In connection with the DundeeWealth Transaction, the management agreement between GCICL and the Fund was assigned to Dundee Securities Ltd. ("DSL") pursuant to an assignment and assumption agreement dated January 28, 2011 between GCICL and DSL. Consequently, DSL assumed responsibility for the management of the Fund effective January 28, 2011. However, since GCICL acted as the manager of the Fund during the reporting period, all references to the "Manager" in this document are to GCICL.

In addition, as a result of the of the DundeeWealth Transaction, DundeeWealth has divested its capital markets business previously conducted through Dundee Securities Corporation that operated under the Dundee Capital Markets brand, and certain other assets, by way of distribution to its shareholders. The newly formed company, DSL, may continue to provide services to the Fund such as trade execution and professional services. As a result, any brokerage commissions on securities transactions and professional services fees paid by the Fund to DCM will continue to be considered related party transactions.

#### b) Special Cash Distribution

Also on December 21, 2010, the Manager announced that unitholders of the Fund will be entitled to a special cash distribution of \$1.00 per Trust Unit. The cash distribution was paid on February 14, 2011 to unitholders of record on January 31, 2011.

#### c) Series A Warrant Exercise and Expiry

Subsequent to year end prior to the Warrant expiry date on January 25, 2011 the unitholders exercised a total of 3,972,550 Series A Warrants and the Fund issued a total of 3,972,550 Trust Units and 1,986,275 Series B Warrants. The Fund received gross proceeds of \$47,670,600 from the exercise of the Series A Warrants.

The remaining unexercised Series A Warrants expired at 5:00 p.m. (Toronto Time) on January 25, 2011. The Series A Warrants were therefore delisted from the Toronto Stock Exchange at the close of business on January 25, 2011.

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# CMP Gold Trust

## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of  
**CMP Gold Trust** (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investments as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009 and the statements of operations, changes in net assets and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2010 and 2009 and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario  
March 23, 2011

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and Registrar**

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