

# **MANSON CREEK RESOURCES LTD.**

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## **INTERIM FINANCIAL STATEMENTS**

**2nd Quarter Reports  
March 31, 2001**

**#1000, 800-5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3T6**

**Phone: (403) 233-0464  
Fax: (403) 266-2606**

**MANSON CREEK RESOURCES LTD.**  
**INTERIM CONSOLIDATED BALANCE SHEET**  
(Unaudited - Prepared by Management)

|  | <b>March 31<br/>2001</b> | <b>September 30<br/>2000</b> |
|--|--------------------------|------------------------------|
| <b>ASSETS</b>  |                          |                              |
| <b>CURRENT</b>   |                          |                              |
| Cash and cash equivalents  | \$ 954,802               | \$ 920,181                   |
| Accounts receivable  | 44,002                   | 58,460                       |
| Prepays  | <u>16,875</u>            | <u>22,500</u>                |
|  | 1,015,679                | 1,001,141                    |
| <b>INVESTMENTS</b>   |                          |                              |
| (Fair Market Value \$33,000, Sept30- \$148,000)                  | 60,000                   | 148,015                      |
| <b>OTHER ASSETS</b>  |                          |                              |
|  | -                        | 5,625                        |
| <b>MINERAL PROPERTIES AND EQUIPMENT</b>                          |                          |                              |
|  | <u>2,710,854</u>         | <u>2,692,598</u>             |
|  | <u>\$ 3,786,533</u>      | <u>\$ 3,847,379</u>          |
| <b>LIABILITIES</b>   |                          |                              |
| <b>CURRENT</b>   |                          |                              |
| Accounts payable and accrued liabilities                         | \$ <u>35,801</u>         | \$ <u>60,814</u>             |
| <b>SHAREHOLDERS' EQUITY</b>                                      |                          |                              |
| <b>CAPITAL STOCK</b> Note 1                                      |                          |                              |
| <b>Authorized</b>  |                          |                              |
| Unlimited number of voting common shares                         |                          |                              |
| Unlimited number of Class A preferred shares, issuable in series |                          |                              |
| Unlimited number of Class B preferred shares, issuable in series |                          |                              |
| <b>Issued</b>  |                          |                              |
| 15,570,402 common shares (Sept.30 - 15,520,402)                  | 7,110,533                | 8,499,033                    |
| <b>DEFICIT</b> Note 1  |                          |                              |
|  | <u>(3,359,801)</u>       | <u>(4,712,468)</u>           |
|  | <u>3,750,732</u>         | <u>3,786,565</u>             |
|  | <u>\$ 3,786,533</u>      | <u>\$ 3,847,379</u>          |

Approved on behalf of the Board

"James Devonshire" Director

"Jean Pierre Jutras" Director

**MANSON CREEK RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
(Unaudited - Prepared by Management)

|  | <b>Three months ended March 31,</b> |                              | <b>Six months ended March 31,</b> |                              |
|--|-------------------------------------|------------------------------|-----------------------------------|------------------------------|
|  | <b>2001</b>                         | <b>2000</b>                  | <b>2001</b>                       | <b>2000</b>                  |
| <b>REVENUE</b>                           |                                     |                              |                                   |                              |
| Interest and other                       | \$ <u>13,487</u>                    | \$ <u>12,129</u>             | \$ <u>26,451</u>                  | \$ <u>23,375</u>             |
| <b>EXPENSES</b>                          |                                     |                              |                                   |                              |
| General and administrative               | 16,751                              | 15,221                       | 41,617                            | 30,637                       |
| Reporting to shareholders                | 9,161                               | 1,122                        | 9,161                             | 14,283                       |
| Professional fees                        | 2,005                               | 3,441                        | 6,983                             | 9,026                        |
| Stock exchange and transfer agent fees   | 1,621                               | 2,334                        | 3,331                             | 4,516                        |
| Depreciation                             | <u>1,846</u>                        | <u>2,511</u>                 | <u>3,692</u>                      | <u>5,023</u>                 |
|  | <u>31,384</u>                       | <u>24,629</u>                | <u>64,784</u>                     | <u>63,485</u>                |
| <b>NET LOSS BEFORE THE UNDERNOTED</b>    | (17,897)                            | (12,500)                     | (38,333)                          | (40,110)                     |
| Equity in loss of investee               | <u>-</u>                            | <u>(39,577)</u>              | <u>-</u>                          | <u>(39,577)</u>              |
| <b>NET LOSS</b>                          | (17,897)                            | (52,077)                     | (38,333)                          | (79,687)                     |
| <b>DEFICIT, beginning of period</b>      | (3,341,904)                         | (2,734,845)                  | (4,712,468)                       | (2,707,235)                  |
| <b>ADOPTION OF NEW ACCOUNTING POLICY</b> | <u>-</u>                            | <u>-</u>                     | <u>1,391,000</u>                  | <u>-</u>                     |
| <b>DEFICIT, end of period</b>            | \$ <u><u>(3,359,801)</u></u>        | \$ <u><u>(2,786,922)</u></u> | \$ <u><u>(3,359,801)</u></u>      | \$ <u><u>(2,786,922)</u></u> |
| <b>LOSS PER SHARE</b>                    |                                     |                              |                                   |                              |
| Basic and fully diluted                  | \$ <u><u>(0.00)</u></u>             | \$ <u><u>(0.00)</u></u>      | \$ <u><u>(0.00)</u></u>           | \$ <u><u>(0.00)</u></u>      |

**MANSON CREEK RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOW**  
(Unaudited - Prepared by Management)

|  | Three months ended March 31, |                     | Six months ended March 31, |                     |
|--|------------------------------|---------------------|----------------------------|---------------------|
|  | 2001                         | 2000                | 2001                       | 2000                |
| <b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>               |                              |                     |                            |                     |
| Interest and other income received                           | \$ 13,488                    | \$ 11,944           | \$ 26,451                  | \$ 23,771           |
| Cash operating expenses                                      | (27,447)                     | (54,602)            | (44,446)                   | (67,284)            |
|  | <u>(13,959)</u>              | <u>(42,658)</u>     | <u>(17,995)</u>            | <u>(43,513)</u>     |
| <b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>           |                              |                     |                            |                     |
| Exploration incentives received                              | -                            | 107,000             | -                          | 107,000             |
|  | <u>-</u>                     | <u>107,000</u>      | <u>-</u>                   | <u>107,000</u>      |
| <b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b> |                              |                     |                            |                     |
| Proceeds on disposal of investment                           | -                            | -                   | 88,015                     | -                   |
| Mineral property additions                                   | (3,190)                      | (18,029)            | (35,399)                   | (28,069)            |
|  | <u>(3,190)</u>               | <u>(18,029)</u>     | <u>52,616</u>              | <u>(28,069)</u>     |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>      | (17,149)                     | 46,313              | 34,621                     | 35,418              |
| <b>CASH AND CASH EQUIVALENTS:</b>                            |                              |                     |                            |                     |
| Beginning of period  | <u>971,951</u>               | <u>962,512</u>      | <u>920,181</u>             | <u>973,407</u>      |
| End of period  | \$ <u>954,802</u>            | \$ <u>1,008,825</u> | \$ <u>954,802</u>          | \$ <u>1,008,825</u> |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

The interim financial statements follow the same accounting policies and methods of computation as the audited financial statements for the year ended September 30, 2000, except that the Company has adopted the liability method of accounting for income taxes effective October 1, 2000.

Under the liability method, the Company will record future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability. This change was adopted retroactively without restatement of prior period financial statements. The effect of this change was to decrease the deficit at October 1, 2000 by \$1,391,000, and decrease share capital by \$1,391,000 to reflect the tax effect of flow through shares issued since the inception of the Company. The Company has not recognized a \$222,000 future tax asset at October 1, 2000, (March 31, 2001 - \$223,000), as management believes that it is more likely than not that the future tax asset will not be realized.

**2 OUTSTANDING CAPITAL STOCK OPTIONS AND WARRANTS**

**a) Stock Options**

At March 31, 2001, options to purchase 665,000 shares, (September 30, 2000 - 740,000, shares), were outstanding at prices ranging from \$0.25 to \$0.62 per share and expiration dates at various times to February 27, 2002. The exercise price of options granted is equal to the fair value of the shares at the date of issuance.

**b) Warrants**

At September 30, 2000, there were 2,000,000 share purchase warrants outstanding exercisable at a price of \$1.50 per share. The warrants expired on March 6, 2001.

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