

# **MANSON CREEK RESOURCES LTD.**

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## **INTERIM FINANCIAL STATEMENTS**

**3rd Quarter Reports  
June 30, 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>June 30 2001</b>	<b>September 30 2000</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 903,420	\$ 920,181
Accounts receivable	46,233	58,460
Prepays	11,250	22,500
	<u>960,903</u>	<u>1,001,141</u>
<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> Schedule		
	<u>2,577,634</u>	<u>2,692,598</u>
	<u>\$ 3,598,537</u>	<u>\$ 3,847,379</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ <u>41,877</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>(3,553,873)</u>	<u>(4,712,468)</u>
	<u>3,556,660</u>	<u>3,786,565</u>
	<u>\$ 3,598,537</u>	<u>\$ 3,847,379</u>

Approved on behalf of the Board

"Jean Pierre Jutras" Jean Pierre Jutras, Director

"Bruce Evans" Bruce Evans, Director

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

	<b>Three months ended June 30,</b>		<b>Nine months ended June 30,</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>REVENUE</b>				
Interest and other	\$ 10,150	\$ 12,094	\$ 36,601	\$ 35,469
<b>EXPENSES</b>				
General and administrative	19,336	12,974	60,953	43,611
Reporting to shareholders	(128)	4,611	9,032	18,894
Professional fees	2,014	(1,279)	8,998	7,748
Stock exchange and transfer agent fees	1,058	1,562	4,389	6,078
Depreciation	1,938	2,512	5,630	7,534
	<u>24,218</u>	<u>20,380</u>	<u>89,002</u>	<u>83,865</u>
<b>LOSS BEFORE THE UNDERNOTED</b>	(14,068)	(8,286)	(52,401)	(48,396)
Abandonments and write-down of mineral properties	(180,004)	(16,642)	(180,004)	(16,642)
Equity in loss of investee	-	-	-	(39,577)
	<u>(194,072)</u>	<u>(24,928)</u>	<u>(232,405)</u>	<u>(104,615)</u>
<b>NET LOSS</b>	(194,072)	(24,928)	(232,405)	(104,615)
<b>DEFICIT, beginning of period</b>	(3,359,801)	(2,786,922)	(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>\$ (3,553,873)</u>	<u>\$ (2,811,850)</u>	<u>\$ (3,553,873)</u>	<u>\$ (2,811,850)</u>
<b>LOSS PER SHARE</b>				
Basic and fully diluted	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>

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

	Three months ended June 30,		Nine months ended June 30,	
	2001	2000	2001	2000
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Interest and other income received	\$ 10,150	\$ 13,508	\$ 36,601	\$ 37,279
Cash operating expenses	<u>(12,810)</u>	<u>(7,943)</u>	<u>(57,256)</u>	<u>(75,227)</u>
	<u>(2,660)</u>	<u>5,565</u>	<u>(20,655)</u>	<u>(37,948)</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>				
Exploration incentives received	<u>-</u>	<u>-</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	<u>(48,722)</u>	<u>(19,866)</u>	<u>(84,121)</u>	<u>(47,935)</u>
	<u>(48,722)</u>	<u>(19,866)</u>	<u>3,894</u>	<u>(47,935)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(51,382)	(14,301)	(16,761)	21,117
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of period	<u>954,802</u>	<u>1,008,825</u>	<u>920,181</u>	<u>973,407</u>
End of period	<u>\$ 903,420</u>	<u>\$ 994,524</u>	<u>\$ 903,420</u>	<u>\$ 994,524</u>

**MANSON CREEK RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2001**  
(Unaudited - Prepared by Management)

**1 ACCOUNTING POLICIES**

These interim financial statements should be read in conjunction with the audited financial statements for the year ended September 30, 2000 as not all disclosures required by Generally Accepted Accounting Principles for annual financial statements are presented. 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 \$302,000 future tax asset at June 30, 2001, (October 1, 2000 - \$222,000), 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 June 30, 2001, options to purchase 75,000 shares at \$0.62 per share, expiring February 27, 2002, were outstanding. Subsequent to period-end the Company granted 1,100,000 stock options, exercisable at \$0.10 per share, expiring July 19, 2006.

**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.

**MANSON CREEK RESOURCES LTD.**  
**INTERIM SCHEDULE OF MINERAL PROPERTIES AND EQUIPMENT**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000**  
(Unaudited - Prepared by Management)

		Yukon					Nunavut		
		Total	Kathleen Lakes	Craig	Unstaked Property	Other	Parker Lake	Rankin Inlet	
<b>2001</b>									
<b>Exploration and development expenditures:</b>									
Balance September 30, 2000	\$	2,460,009	\$ 1,180,618	\$ 141,816	\$ 45,942	\$ -	\$ 784,428	\$ 307,205	
Geological consulting		25,534	3,259	2,498	13,608	4,099	1,160	910	
Airborne geophysical advances		32,500	6,500	9,750	16,250	-	-	-	
Project field costs		2,350	1,233	-	1,117	-	-	-	
Geochemical analysis		266	-	-	266	-	-	-	
Miscellaneous		2,425	179	-	1,170	-	538	538	
Write-offs		(155,654)	-	(154,064)	-	(1,590)	-	-	
<b>Total exploration and development</b>		<b>2,367,430</b>	<b>1,191,789</b>	<b>-</b>	<b>78,353</b>	<b>2,509</b>	<b>786,126</b>	<b>308,653</b>	
<b>Property acquisition costs</b>		<b>187,063</b>	<b>110,866</b>	<b>-</b>	<b>-</b>	<b>1,508</b>	<b>64,751</b>	<b>9,938</b>	
<b>Total mineral properties</b>									
<b>June 30, 2001</b>	\$	<b>2,554,493</b>	<b>\$ 1,302,655</b>	<b>\$ -</b>	<b>\$ 78,353</b>	<b>\$ 4,017</b>	<b>\$ 850,877</b>	<b>\$ 318,591</b>	
Equipment		52,875							
Accumulated depreciation		(29,734)							
<b>Total mineral properties and equipment June 30, 2001</b>	\$	<b>2,577,634</b>							
<b>2000</b>									
<b>Exploration and development expenditures:</b>									
Balance September 30, 1999	\$	4,147,014	\$ 1,132,717	\$ 141,224	\$ 1,572,198	\$ 247,321	\$ 749,332	\$ 297,465	\$ 6,757
Geological consulting		58,586	30,818	488	170	126	7,548	8,388	11,048
Air and fuel		7,788	7,788	-	-	-	-	-	-
Project field costs		8,586	5,307	104	-	-	1,976	1,199	-
Drill demobilization		3,821	3,821	-	-	-	-	-	-
Miscellaneous		3,539	3,406	-	-	-	133	-	-
Write-offs		(16,642)	-	-	-	-	-	-	(16,642)
<b>Total exploration and development</b>		<b>4,212,692</b>	<b>1,183,857</b>	<b>141,816</b>	<b>1,572,368</b>	<b>247,447</b>	<b>758,989</b>	<b>307,052</b>	<b>1,163</b>
<b>Property acquisition costs</b>		<b>224,660</b>	<b>110,866</b>	<b>20,850</b>	<b>4,400</b>	<b>-</b>	<b>78,598</b>	<b>9,938</b>	<b>8</b>
<b>Total mineral properties</b>									
<b>June 30, 2000</b>	\$	<b>4,437,352</b>	<b>\$ 1,294,723</b>	<b>\$ 162,666</b>	<b>\$ 1,576,768</b>	<b>\$ 247,447</b>	<b>\$ 837,587</b>	<b>\$ 316,990</b>	<b>\$ 1,171</b>
Equipment		50,281							
Accumulated depreciation		(21,592)							
<b>Total mineral properties and equipment June 30, 2000</b>	\$	<b>4,466,041</b>							