

# **MANSON CREEK RESOURCES LTD.**

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## **INTERIM FINANCIAL STATEMENTS**

**1<sup>st</sup> Quarter Reports  
December 31, 2000**

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

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

	December 31 2000	September 30 2000
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 971,951	\$ 920,181
Accounts receivable	40,719	58,460
Prepays	<u>22,500</u>	<u>22,500</u>
	1,035,170	1,001,141
<b>INVESTMENTS</b>		
(Fair Market Value \$40,000, Sept30- \$148,000)	60,000	148,015
<b>OTHER ASSETS</b>		
	-	5,625
<b>MINERAL PROPERTIES AND EQUIPMENT</b>		
	<u>2,707,010</u>	<u>2,692,598</u>
	<u>\$ 3,802,180</u>	<u>\$ 3,847,379</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ <u>36,051</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>		
15,520,402 common shares (Sept.30 - 15,520,402)	7,108,033	8,499,033
<b>DEFICIT</b> Note 1		
	<u>(3,341,904)</u>	<u>(4,712,468)</u>
	<u>3,766,129</u>	<u>3,786,565</u>
	<u>\$ 3,802,180</u>	<u>\$ 3,847,379</u>

Approved on behalf of the Board

"James Devonshire" James Devonshire, Director

"Bruce Evans" Bruce Evans, Director

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

For the three months ended December 31

	<b>2000</b>	<b>1999</b>
<b>REVENUE</b>		
Interest and other	\$ <u>12,963</u>	\$ <u>11,246</u>
<b>EXPENSES</b>		
General and administrative	24,865	15,417
Reporting to shareholders	-	13,161
Professional fees	4,979	5,585
Stock exchange and transfer agent fees	1,709	2,182
Depreciation	<u>1,846</u>	<u>2,511</u>
	<u>33,399</u>	<u>38,856</u>
<b>NET LOSS FOR THE PERIOD</b>	(20,436)	(27,610)
<b>DEFICIT, beginning of period</b>	(4,712,468)	(2,707,235)
<b>ADOPTION OF NEW ACCOUNTING POLICY</b> - Note 1	<u>1,391,000</u>	<u>-</u>
<b>DEFICIT, end of period</b>	\$ <u><u>(3,341,904)</u></u>	\$ <u><u>(2,734,845)</u></u>
<b>LOSS PER SHARE</b>		
Basic and fully diluted	\$ <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)**

For the three months ended December 31	2000	1999
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Interest and other income received	\$ 12,963	\$ 11,827
Cash operating expenses	<u>(16,999)</u>	<u>(12,682)</u>
	<u>(4,036)</u>	<u>(855)</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Proceeds on disposal of investment	88,015	-
Mineral property additions	<u>(32,209)</u>	<u>(10,040)</u>
	<u>55,806</u>	<u>(10,040)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	51,770	(10,895)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period	<u>920,181</u>	<u>973,407</u>
End of period	\$ <u><u>971,951</u></u>	\$ <u><u>962,512</u></u>

**NOTE 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.

Effective October 1, 2000, the Company implemented the liability method of accounting for income taxes as recommended by the Canadian Institute of Chartered Accountants. 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, (December 31, 2000 - \$223,000), as management believes that it is more likely than not that the future tax asset will not be realized.

**2 OUTSTANDING OPTIONS AND WARRANTS**

- (i) Stock Options - At December 31, 2000, options for 740,000 shares (September 30, 2000 - 740,000 shares) were outstanding ranging from \$0.25 per share to \$1.24 per share and expiration dates at various times to January 19, 2005. The exercise price of options granted is equal to the fair value of the shares at the date of issuance.
- (ii) Warrants - At December 31, 2000, 2,000,000 share purchase warrants (September 30, 2000 - 2,000,000 share purchase warrants) are outstanding, exercisable at a price of \$1.50 per share and expiring March 6, 2001.