

# **MANSON CREEK RESOURCES LTD.**

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## **INTERIM FINANCIAL STATEMENTS**

**2nd Quarter Reports  
March 31, 2004**

**#500, 926-5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
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**MANSON CREEK RESOURCES LTD.**  
**BALANCE SHEETS**

(Unaudited - prepared by management)

	<b>March 31</b>	<b>September 30</b>
	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 243,253	\$ 311,056
Accounts receivable	6,090	8,408
Due from related parties	3,361	30,454
Prepays	11,007	11,434
	<u>263,711</u>	<u>361,352</u>
<b>INVESTMENTS AND OTHER ASSETS</b> Note 2	28,653	28,653
<b>MINERAL PROPERTIES AND EQUIPMENT</b> Schedule	<u>979,250</u>	<u>958,989</u>
	<u>\$ 1,271,614</u>	<u>\$ 1,348,994</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 25,423	\$ 35,291
Due to related parties	3,143	9,855
	<u>28,566</u>	<u>45,146</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> note 3	7,019,199	7,019,199
<b>CONTRIBUTED SURPLUS</b>	91,334	91,334
<b>DEFICIT</b>	<u>(5,867,485)</u>	<u>(5,806,685)</u>
	<u>1,243,048</u>	<u>1,303,848</u>
	<u>\$ 1,271,614</u>	<u>\$ 1,348,994</u>

**Commitments** note 5

Approved on behalf of the Board

"James Devonshire" \_\_\_\_\_ James Devonshire, Director

"Jean Pierre Jutras" \_\_\_\_\_ Jean Pierre Jutras, Director

See accompanying notes to the financial statements

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**MANSON CREEK RESOURCES LTD.**  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited - prepared by management)

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	Three months ended March 31,		Six months ended March 31,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>REVENUE</b>				
Interest and other	\$ <u>2,035</u>	\$ 1,437	\$ <u>3,669</u>	\$ 2,173
<b>EXPENSES</b>				
General and administrative	24,243	32,303	45,186	55,184
Reporting to shareholders	8,904	8,724	8,904	8,724
Professional fees	2,717	2,355	8,033	7,349
Stock exchange and transfer agent fees	2,417	2,363	3,912	3,931
Depreciation	576	467	934	934
	<u>38,857</u>	<u>46,212</u>	<u>66,969</u>	<u>76,122</u>
<b>LOSS BEFORE THE UNDERNOTED</b>	<b>(36,822)</b>	<b>(44,775)</b>	<b>(63,300)</b>	<b>(73,949)</b>
Write-down of mineral properties	-	(317,335)	-	(317,335)
Mineral property proceeds in excess of carrying cost	-	-	2,500	-
<b>NET LOSS</b>	<b>(36,822)</b>	<b>(362,110)</b>	<b>(60,800)</b>	<b>(391,284)</b>
<b>DEFICIT, beginning of period</b>	<b>(5,830,663)</b>	<b>(5,395,166)</b>	<b>(5,806,685)</b>	<b>(5,365,992)</b>
<b>DEFICIT, end of period</b>	<b>\$ (5,867,485)</b>	<b>\$ (5,757,276)</b>	<b>\$ (5,867,485)</b>	<b>\$ (5,757,276)</b>
<b>LOSS PER SHARE</b>				
-basic and diluted	\$ <u>0.00</u>	\$ (0.03)	\$ <u>0.00</u>	\$ (0.03)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b> -basic and diluted	<u>15,370,402</u>	<u>15,370,402</u>	<u>15,370,402</u>	<u>15,427,545</u>

See accompanying notes to the financial statements.

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**MANSON CREEK RESOURCES LTD.**  
**INTERIM STATEMENTS OF CASH FLOW**  
(Unaudited - prepared by management)

	Three months ended March 31,		Six months ended March 31	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Increase (decrease) in cash and cash equivalents</b>				
<b>OPERATING ACTIVITIES</b>				
Interest and other income received	\$ 2,035	\$ 1,437	\$ 3,669	\$ 2,173
Cash operating expenses	<u>(47,234)</u>	<u>(51,826)</u>	<u>(52,777)</u>	<u>(79,050)</u>
	<u>(45,199)</u>	<u>(50,389)</u>	<u>(49,108)</u>	<u>(76,877)</u>
<b>FINANCING ACTIVITIES</b>				
Exploration incentives received	<u>-</u>	<u>134,446</u>	<u>-</u>	<u>134,446</u>
<b>INVESTING ACTIVITIES</b>				
Mineral property additions	<u>(11,021)</u>	<u>(9,717)</u>	<u>(21,195)</u>	<u>(17,331)</u>
Proceeds on sale of mineral property	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
	<u>(11,021)</u>	<u>(9,717)</u>	<u>(18,695)</u>	<u>(17,331)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(56,220)</b>	<b>74,340</b>	<b>(67,803)</b>	<b>40,238</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of period	<u>299,473</u>	<u>294,034</u>	<u>311,056</u>	<u>328,136</u>
End of period	<u>\$ 243,253</u>	<u>\$ 368,374</u>	<u>\$ 243,253</u>	<u>\$ 368,374</u>

**Supplementary Information:**

No cash was expended on interest or taxes during the periods ended March 31, 2004 and March 31, 2003.

See accompanying notes to the financial statements.

**MANSON CREEK RESOURCES LTD**  
**INTERIM SCHEDULE OF MINERAL PROPERTIES AND EQUIPMEN**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2004 AND MARCH 31, 2003**

<b>2004</b>	<b>Yukon</b>				<b>British Columbia</b>	
<b>Exploration and development expenditures:</b>	<b>Total</b>	<b>NAD</b>	<b>Tanner</b>	<b>JRS</b>	<b>Soho</b>	<b>Kendall</b>
Balance September 30, 2003	\$ 913,475	\$ 510,144	\$ 200,680	\$ 202,651	\$ -	\$ -
Geological consulting	797	-	797	-	-	-
<b>Balance March 31, 2004</b>	<b>914,272</b>	<b>510,144</b>	<b>201,477</b>	<b>202,651</b>	<b>-</b>	<b>-</b>
<b>Property acquisition costs:</b>						
Balance September 30, 2003	39,075	23,000	15,190	885	-	-
Costs incurred	17,500	-	10,000	-	2,500	5,000
<b>Balance March 31, 2004</b>	<b>56,575</b>	<b>23,000</b>	<b>25,190</b>	<b>885</b>	<b>2,500</b>	<b>5,000</b>
<b>Total mineral properties March 31, 2004</b>	<b>\$ 970,847</b>	<b>\$ 533,144</b>	<b>\$ 226,667</b>	<b>\$ 203,536</b>	<b>\$ 2,500</b>	<b>\$ 5,000</b>
Equipment	15,107					
Accumulated depreciation	(6,704)					
<b>Total mineral properties and equipment March 31, 2004</b>	<b>\$ 979,250</b>					

<b>2003</b>	<b>Yukon</b>					<b>Unstaked Property and Other</b>
<b>Exploration and development expenditures:</b>	<b>Total</b>	<b>NAD</b>	<b>Rusty/ KLA</b>	<b>Tanner</b>	<b>JRS</b>	
Balance September 30, 2002	\$ 1,205,419	\$ 509,119	\$ 274,721	\$ 204,191	\$ 215,352	\$ 2,036
Geological consulting	17,181	2,206	872	6,692	410	7,001
Project field costs and miscellaneous	5,372	564	-	3,086	1,689	33
Exploration incentives	(43,446)	(1,746)	(11,300)	(15,600)	(14,800)	-
Abandonments and write-downs	(273,363)	-	(264,293)	-	-	(9,070)
<b>Balance March 31, 2003</b>	<b>911,163</b>	<b>510,143</b>	<b>-</b>	<b>198,369</b>	<b>202,651</b>	<b>-</b>
<b>Property acquisition costs:</b>						
Balance September 30, 2002	81,873	22,991	40,982	15,190	885	1,825
Costs incurred	1,182	17	1,165	-	-	-
Abandonments and write-downs	(43,972)	-	(42,147)	-	-	(1,825)
<b>Balance March 31, 2003</b>	<b>39,083</b>	<b>23,008</b>	<b>-</b>	<b>15,190</b>	<b>885</b>	<b>-</b>
<b>Total mineral properties March 31, 2003</b>	<b>\$ 950,246</b>	<b>\$ 533,151</b>	<b>\$ -</b>	<b>\$ 213,559</b>	<b>\$ 203,536</b>	<b>\$ -</b>
Equipment	12,209					
Accumulated depreciation	(4,836)					
<b>Total mineral properties and equipment March 31, 2003</b>	<b>\$ 957,619</b>					

**MANSON CREEK RESOURCES LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**March 31, 2004**

(Unaudited – prepared by management)

**1. Accounting Policies**

**Basis of presentation**

These unaudited interim financial statements, which have not been reviewed by the Company's auditors, should be read in conjunction with the audited financial statements for the year ended September 30, 2003 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, 2003.

**2. Investments and other assets**

	<b>March 31, 2004</b>	<b>September 30, 2003</b>
Investments(fair value\$40,000, September 30, 2003 - \$20,000)	<b>\$22,412</b>	\$22,412
Non-current prepaid expenses	<b>6,241</b>	6,241
	<b>\$28,653</b>	\$28,653

**3. Capital Stock**

**a) Issued**

Issued: 15,370,402 common shares, (September 30, 2003 – 15,370,402)

**b) Stock options and warrants**

No warrants were outstanding at March 31, 2004. The Company has an option plan, (the Plan), that authorizes reserving for issuance up to 10% of the issued and outstanding common shares. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date from which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than the market price of the common shares, defined as the weighted average of the trading price per share for the last five trading days before the grant date. No options were granted, exercised or cancelled during the six months ended March 31, 2004. The following summarizes outstanding options, including expiries, at March 31, 2004, all of which vested immediately upon granting:

<b>Number of options</b>	<b>Price</b>	<b>Expiry date</b>
1,000,000	\$0.10	July 19, 2006
455,000	\$0.11	May 29, 2007
<b>1,455,000</b>		

**4. Related Party Transactions**

During the six months ended March 31, 2004, the Company billed companies related by virtue of certain common officers and directors \$18,200 for their share of base office lease costs and \$14,400 for their share of lease operating costs. A company related by virtue of certain common officers and directors billed the Company for its share of certain general and administrative costs and allocated secretarial salaries. The total billed for the six months ended March 31, 2004 was \$12,700. Officers of the Company billed for their consulting services at hourly or daily rates, either personally or through their controlled corporations. The aggregate billed for the six months ended March 31, 2004 was \$14,300.

Related party transactions were in the normal course of business and were measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

**MANSON CREEK RESOURCES LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**March 31, 2004**

(Unaudited – prepared by management)

**5. Commitments**

**Mineral Properties**

**a) Kendall, British Columbia**

During the six months ended March 31, 2004, the Company entered into an agreement with an unrelated individual to acquire a mineral property situated in the Cariboo Mining District of British Columbia. The agreement requires that the Company make cash payments and issue common shares in order to acquire the property as follows:

<u>Date</u>	<u>Cash</u>	<u>Common Shares</u>
Upon signing (paid)	\$ 5,000	-
July 31, 2004	\$10,000	50,000
July 31, 2005	\$15,000	75,000
July 31, 2006	<u>\$20,000</u>	<u>125,000</u>
Total	<u>\$50,000</u>	<u>250,000</u>

The Company may acquire a portion of the vendor's retained 2.5% Net Smelter Return in the property for \$500,000 for the first one percent interest and \$1,000,000 for the next one percent interest. If at any point the Company is in default of the above-noted payment schedule, the property will revert to the vendor. The agreement can be terminated at any time by the Company without the requirement to issue any shares or make any payments specified in the agreement that pertain to the period after termination.

**b) Soho, British Columbia**

During the six months ended March 31, 2004, the Company entered into an agreement with an unrelated individual to acquire a mineral property situated in the Omineca Mining District of British Columbia. The agreement requires that the Company make the following cash payments and issue common shares in order to acquire the property as follows:

<u>Date</u>	<u>Cash</u>	<u>Common Shares</u>
Upon signing (paid)	\$ 2,500	-
June 30, 2004	\$ 5,000	50,000
June 30, 2005	\$15,000	50,000
June 30, 2006	\$15,000	100,000
June 30, 2007	\$15,000	100,000
June 30, 2008	\$20,000	125,000
June 30, 2009	<u>\$20,000</u>	<u>150,000</u>
Total	<u>\$92,500</u>	<u>575,000</u>

The Company may acquire 1.0% of the vendor's retained 1.5% Net Smelter Return in the property for \$1,000,000. If at any point the Company is in default of the above-noted payment schedule, the property will revert to the vendor. The agreement can be terminated at any time by the Company without the requirement to issue any shares or make any payments specified in the agreement that pertain to the period after termination.

**Office Lease**

The company has base rent office lease commitments in the following amounts for the fiscal years ended September 30:

2004	\$48,600
2005	\$48,600
2006	\$48,600
2007	\$12,200

The Company subleases office space to three companies, related by virtue of certain common officers and directors that, in aggregate, contribute 75% of the aforementioned lease amounts as well as 75% of lease operating costs.