

International Frontier Resources Corporation

Financial Statements

December 31, 2002

Grant Thornton 

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Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Shareholders of
International Frontier Resources Corporation

We have audited the balance sheets of **International Frontier Resources Corporation** as at December 31, 2002 and 2001 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "Grant Thornton LLP"

Calgary, Alberta
April 8, 2003

Chartered Accountants

Sun Life Plaza, East Tower
Suite 1000
112 – 4th Avenue SW
Calgary, Alberta
T2P 0H3
T (403) 260-2500
F (403) 260-2571
E Calgary@GrantThornton.ca
W www.GrantThornton.ca

International Frontier Resources Corporation

Statements of Loss and Deficit

Years Ended December 31	2002	2001
Revenue		
Interest	\$ 11,663	\$ 40,671
Foreign exchange gain	<u> -</u>	<u>21,257</u>
	<u>11,663</u>	<u>61,928</u>
Expenses		
Depreciation	158,362	3,377
General and administration	82,715	120,315
Interest and bank charges	367	1,875
Professional fees	<u>47,704</u>	<u>41,554</u>
	<u>289,148</u>	<u>167,121</u>
Loss before income taxes	(277,485)	(105,193)
Income taxes recovered (Note 8)	<u>(106,784)</u>	<u>(33,860)</u>
Net loss	\$ <u>(170,701)</u>	\$ <u>(71,333)</u>
Loss per share		
Basic	\$ <u>(0.03)</u>	\$ <u>(0.01)</u>
Diluted (Note 10)	\$ <u>(0.03)</u>	\$ <u>(0.01)</u>
Deficit, beginning of year	\$ (105,641)	\$ (34,308)
Net loss	<u>(170,701)</u>	<u>(71,333)</u>
Deficit, end of year	\$ <u>(276,342)</u>	\$ <u>(105,641)</u>

See accompanying notes to the financial statements

International Frontier Resources Corporation

Balance Sheets

December 31	2002	2001
Assets		
Current		
Cash and cash equivalents	\$ 50,411	\$ 692,306
Receivables	14,929	24,585
Prepays	6,199	1,350
	71,539	718,241
Restricted cash (Notes 4 and 12)	292,426	307,886
Property and equipment (Note 5)	1,862,458	1,513,023
Investment (Note 6)	3,675	3,675
	\$ 2,230,098	\$ 2,542,825

Liabilities

Current		
Payables and accruals	\$ 133,867	\$ 144,109
Convertible debentures (Note 7)	364,823	387,624
Future income taxes (Note 8)	149,414	256,198
	648,104	787,931

Shareholders' Equity

Share capital (Note 9)	1,823,159	1,823,159
Equity component of convertible debenture	35,177	37,376
Deficit	(276,342)	(105,641)
	1,581,994	1,754,894
	\$ 2,230,098	\$ 2,542,825

Contingent liabilities and commitments (Notes 12 and 15)

On behalf of the Board

(Signed) "Patrick Boswell" _____ Director **(Signed) "Thomas Berg"** _____ Director

See accompanying notes to the financial statements.

International Frontier Resources Corporation

Statements of Cash Flows

Years Ended December 31

2002

2001

Increase (decrease) in cash and cash equivalents

Operating		
Net loss	\$ (170,701)	\$ (71,333)
Depreciation	158,362	3,377
Future income taxes recovery	(106,784)	(33,860)
Foreign exchange gain on assets	<u>-</u>	<u>(21,257)</u>
Cash flow used in operating activities	(119,123)	(123,073)
Change in non-cash operating working capital	<u>11,916</u>	<u>(1,472)</u>
	<u>(107,207)</u>	<u>(124,545)</u>
Investing		
Additions to petroleum and natural gas properties	(507,798)	(579,226)
Proceeds from disposition of petroleum and natural gas properties	-	318,005
Foreign exchange gain realized on sale of petroleum and natural gas properties	-	21,257
Purchase of property and equipment	-	(1,598)
Change in non-cash investing working capital	<u>(16,850)</u>	<u>73,761</u>
	<u>(524,648)</u>	<u>(167,801)</u>
Financing		
(Redemption) issue of convertible debentures	(25,000)	425,000
Change in non-cash financing working capital	<u>(500)</u>	<u>8,500</u>
	<u>(25,500)</u>	<u>433,500</u>
Net (decrease) increase in cash and cash equivalents	(657,355)	141,154
Cash and cash equivalents,		
Beginning of year	<u>1,000,192</u>	<u>859,038</u>
End of year (Note 14)	\$ <u>342,837</u>	\$ <u>1,000,192</u>
Cash flow from operations per share		
Basic	\$ <u>(0.02)</u>	\$ <u>(0.02)</u>
Diluted (Note 10)	\$ <u>(0.02)</u>	\$ <u>(0.02)</u>

See accompanying notes to the financial statements.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

1. Nature of operations

The Company, since inception, is engaged primarily in the exploration for and development of petroleum and natural gas reserves. These activities are conducted in two cost centres, being Canada and the United States. To date the Company has earned no revenue from these operations and is considered to be in the development stage.

The costs associated with the acquisition and development thereon to date are recognized in these financial statements in accordance with the accounting policies outlined in Note 2. Accordingly, their carrying value represents costs incurred to date and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable petroleum and natural gas reserves.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. The most significant estimate is related to the recoverability of petroleum and natural gas properties. Actual results may differ from estimates as confirming events occur.

Petroleum and natural gas interests

The Company follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploration for, and development of, petroleum and natural gas reserves are capitalized. Costs include lease acquisition costs, geological and geophysical expenses, costs of drilling both successful and unsuccessful wells and overhead charges directly related to exploration activities. Proceeds from the sale of oil and gas properties will be applied against the capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and depreciation.

Depletion of exploration and development costs and depreciation of production equipment will be provided upon commencement of commercial production using the unit-of-production method based upon estimated proven petroleum and natural gas reserves.

Costs incurred on unproven fields and fields in the development stage are reviewed periodically to ascertain whether impairment has occurred. If impairment occurs, the costs will be written down to their estimated net realizable value.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

2. Summary of significant accounting policies (Continued)

The carrying value of the Company's petroleum and natural gas properties will be compared annually to an estimate of future net cash flows from the production of proved reserves using year end prices, less estimated future general and administrative expenses, financing costs and income taxes. Should this comparison indicate an excess carrying value, the excess is charged against earnings as additional depletion and depreciation.

Future site restoration and abandonment costs

Estimated costs of future site restoration and abandonments, net of recoveries, will be provided for over the life of proved reserves on a unit-of-production basis upon commercial production. An annual provision will be recorded as additional depletion and depreciation. Costs are based on engineering estimates of the anticipated method and extent of site restoration in accordance with current legislation, industry practices and costs. The accumulated provision will be reflected as a non-current liability and actual expenditures will be charged against the accumulated provision when incurred.

Joint venture operations

Substantially all of the Company's exploration and production activities are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The estimated tax benefits transferred to shareholders are recorded as future income taxes and reduce share capital.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less and restricted cash. Bank borrowings are considered to be financing activities.

Temporary investments

Temporary investments are comprised of term deposits, investment certificates and shares in marketable securities and are valued at the lower of cost and quoted market value.

Portfolio investment

Portfolio investments are recorded at cost and are written down to market value when the decline in market value is seen as a permanent decline.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

2. Summary of significant accounting policies (Continued)

Depreciation

Depreciation of office furniture and equipment is provided on a diminishing balance basis over the estimated useful lives of those assets at rates ranging from 20% to 30%.

Income taxes

Income taxes are recorded using the liability method of tax allocation. Future income taxes are calculated based on temporary differences arising from the difference between the tax basis of an asset and liability and its carrying value using tax rates anticipated to apply in the periods when the temporary differences are expected to reverse.

Per share amounts

Basic earnings per common share and cash flow from operations per common share are computed by dividing earnings and cash flow from operations by the weighted average number of common shares outstanding for the year. Diluted earnings per common share and cash flow from operations per common share are computed by dividing earnings and cash flow from operations by the diluted weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market rate.

Financial instruments

The Company has estimated the fair value of its financial instruments, which include cash and temporary investments, receivables, investment, payables and accruals, and convertible debentures. The Company has used valuation methodologies and market information available as at year end to determine fair value. Unless otherwise disclosed, there are no significant differences between the carrying value of these financial instruments and their estimated fair value.

Stock-based compensation

The Company grants stock options to its directors, officers and employees upon employment and periodically during the period of employment.

Consideration received from employees or directors on the exercise of stock options is recorded as share capital. Compensation costs have not been recognized for fixed share options granted to employees and directors.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

3. Change in accounting policy

Stock-based compensation

Effective January 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA"), with respect to the accounting for stock-based compensation. The Company has adopted the policy prospectively, without restating the financial statements of prior periods. The CICA Handbook section 3870, stock-based compensation, establishes financial accounting and reporting standards for stock-based employee compensation plans as well as transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. The Company has elected to follow the intrinsic value method of accounting for stock-based compensation arrangements. No stock options have been granted on or subsequent to the effective date of adoption, as such, the new recommendations have no effect on the current period's retained earnings, liabilities, or future income taxes.

4. Restricted cash

As at December 31, 2002, the Company has provided an assignment of cash totalling \$192,352 (2001 - \$246,861) and \$41,500 (2001 - \$41,500) as security on the irrevocable standby letters of credit against refundable deposits on Northwest Territories Exploration License No. 397 and No. 416 respectively. The deposits will be refunded by \$1 for every \$4 spent on qualifying exploration and development expenditures. See Note 12.

The Company has an outstanding letter of credit on Northwest Territories Exploration License No. 391 for delay rentals. As at December 31, 2002, the amount of restricted cash is \$58,574 (2001 - \$19,525) and will be refunded by \$1 for every \$1 spent on allowable expenses incurred on License No. 391.

5. Property and equipment

	<u>2002</u>	<u>2001</u>
Petroleum and natural gas properties	\$ 2,011,913	\$ 1,504,116
Office furniture and equipment	<u>37,339</u>	<u>37,339</u>
	2,049,252	1,541,455
Accumulated depreciation	<u>(186,794)</u>	<u>(28,432)</u>
	<u>\$ 1,862,458</u>	<u>\$ 1,513,023</u>

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

5. Property and equipment (Continued)

During the year, the Company abandoned its operations in the United States and Australia. Costs in the amount of \$156,166 have been written off in the year and charged to earnings as additional depletion and depreciation.

The Company has financed a portion of its exploration and development activities from the proceeds of flow-through share issues. As a result, petroleum and natural gas properties with a cost of \$585,643 (2001 - \$585,643) have no cost basis for income tax purposes.

During the year, \$56,247 (2001 - \$83,463) of overhead expenses directly related to exploration and development activities were capitalized. Also during the year, \$32,500 (2001 - \$34,000) of interest expense was capitalized.

6. Investment

The market value of the portfolio investment as at December 31, 2002 is \$1,575 (2001 - \$2,625). The portfolio investment in shares received as a prospect fee from a joint venture participant was written down to market value for the year ended December 31, 2000. The loss in market value of the investment was seen as a permanent decline.

7. Convertible debentures

In 2001, the Company issued seventeen \$25,000 units for proceeds of \$425,000.

In 2002, the Company redeemed one of the seventeen units for \$25,000. Each unit consisting of one 8% convertible debenture, 1/20th of a 2% gross overriding royalty over the Company's Northwest Territories acreage and 25,000 Series 5 warrants. Interest is payable on a quarterly basis. The debenture, which is issued as part of the unit entitles the holder to convert all or any portion of the principal sum of the debenture into common shares of the Company over a period of 4 years on the following basis:

- a) \$0.40 per share in the first year (2001);
- b) \$0.40 per share in the second year (2002);
- c) \$0.50 per share in the third year; and
- d) \$0.75 per share in the fourth year of the term.

If not converted to common shares, the debentures will mature December 31, 2004.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

7. Convertible debentures (Continued)

The Company's convertible debentures are presented in their component parts. The debt component represents the present value of the payment obligations, interest and principal, to be satisfied in cash, discounted at the rate of interest that would be applicable to a debt-only instrument of comparable term and risk. The residual amount of the debenture represents the equity component and is presented in shareholders' equity. These component parts have been measured at their respective estimated fair values at the time the convertible debentures were originally issued.

As at December 31, 2002, the fair value of the convertible debentures is approximately \$445,329 (2001 - \$451,878).

On March 14, 2003, the Company announced its intentions to amend the conversion price of the convertible debentures issued during 2001 to the following:

- a) \$0.25 per share in the third year; and
- b) \$0.35 per share in the fourth year of the term.

This amendment is subject to approval from the TSX Venture Exchange.

8. Income taxes

- a) The total provision for income taxes differs from the expected amount calculated by applying the combined basic federal and provincial tax rate of approximately 42.12% (2001 - 42.62%) to loss before income taxes. This difference results from the following items:

	<u>2002</u>	<u>2001</u>
Loss before income taxes	\$ <u>(277,485)</u>	\$ <u>(105,193)</u>
Expected tax recovery at combined federal and provincial statutory rates	\$ <u>(116,907)</u>	\$ <u>(44,833)</u>
Increase (decrease) resulting from:		
Statutory rate change	(1,281)	(5,800)
Resource allowance	17,136	20,549
Share issue costs	(16,510)	(17,954)
Other	<u>10,778</u>	<u>14,178</u>
Future income tax recovery	\$ <u>(106,784)</u>	\$ <u>(33,860)</u>

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

8. Income taxes (Continued)

b) Future income taxes consist of the following temporary differences:

	<u>2002</u>	<u>2001</u>
Property and equipment	\$ 233,563	324,789
Investments	(3,802)	\$ (4,012)
Share issue costs	(3,890)	(20,643)
Non-capital losses carry-forward	(69,576)	(42,142)
Other	<u>(6,881)</u>	<u>(1,794)</u>
	<u>\$ 149,414</u>	<u>\$ 256,198</u>

c) Tax losses

The Company has incurred losses for income tax purposes of approximately \$165,184 (2001 - \$99,349), the related benefit of these losses has been recognized in the financial statements. Unless sufficient taxable income is earned these losses will expire as follows:

2007	\$ 9,387
2008	89,947
2009	<u>65,850</u>
	<u>\$ 165,184</u>

d) Tax deductions available

The Company has available the following approximate amounts which may be deducted, at the annual rates indicated, in determining taxable income of future years:

	<u>2002</u>	<u>2001</u>	<u>Rate</u>
Undepreciated capital cost	\$ 15,739	\$ 15,739	20-30%
Canadian exploration expense	1,196,199	636,986	100%
Canadian oil and gas property expense	-	1,740	10%
Foreign exploration and development expense	96,501	96,501	10%
Share issue costs	9,237	48,434	20%

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

9. Share capital

a) Authorized

Unlimited common shares
Unlimited preferred shares

b) Issued

	2002		2001	
	Number of Shares	Amount	Number of Shares	Amount
Common shares				
Beginning and end of year	<u>6,526,002</u>	\$ <u>1,823,159</u>	<u>6,526,002</u>	\$ <u>1,823,159</u>

c) Stock options

The Company has a stock option plan available to officers, directors, employees of the Company, and to key consultants. On December 31, 2002, 651,998 options with exercise prices ranging between \$0.40 and \$0.50 were outstanding as indicated below. The Company has 651,998 common shares reserved for issuance under the plan. Options granted under the plan generally have a term of five years to expiry. The exercise price of each option equals the market price of the Company's common shares on the date of the grant.

Outstanding and exercisable

	2002		2001	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning and end of year	<u>651,998</u>	\$ <u>0.49</u>	<u>651,998</u>	\$ <u>0.49</u>

Expiry Dates

	2002		2001	
	Number of Options	Price	Number of Options	Price
July 10, 2003	541,000	\$ 0.50	541,000	\$ 0.50
April 13, 2004	33,000	\$ 0.50	33,000	\$ 0.50
July 17, 2005	52,000	\$ 0.40	52,000	\$ 0.40
September 6, 2005	<u>25,998</u>	\$ <u>0.40</u>	<u>25,998</u>	\$ <u>0.40</u>
	<u>651,998</u>		<u>651,998</u>	

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

9. Share capital (Continued)

Subsequent to year end, previously issued stock options granted to directors, management and consultants for the period from July 10, 1998 through July 17, 2000 covering 651,998 shares have been cancelled. The Company has granted new stock options to directors, management and consultants aggregating 850,000 common shares exercisable at a price of \$0.25 per share. The options have a term of five years. The issuance of the options is subject to TSX Venture Exchange approval.

d) Warrants

Series 5 warrants are issued as part of the convertible debentures (Note 7) and entitle the holders to subscribe for one (1) flow through common shares of the Company over a period of two years at a price of \$0.60 per share if exercised on or before December 31, 2001 and at a price of \$0.80 per share if exercised on or before December 31, 2002.

During the year, the Series 5 warrants subscription price was amended to \$0.40 per share if exercised on or before December 31, 2001 and \$0.45 if exercised on or before December 31, 2002. As at December 31, 2002, these warrants expired.

10. Per share amounts

The weighted average number of common shares outstanding during the year, calculated under the treasury stock method, used in computing per share basic earnings and cash flow from operations was 6,526,002 (2001 – 6,526,002). In computing diluted earnings and cash flow from operations per share, Nil shares were added to the weighted average number of common shares outstanding during the year ended December 31, 2002 (2001 – Nil shares) for the dilutive effect of employee stock options, warrants and convertible debentures. No adjustments were required to reported earnings or cash flow from operations in computing diluted per share amounts.

11. Related party transactions

During the year, the Company paid consulting fees to the president and vice-president and rent, consulting fees and debenture interest to a company controlled by the president. These transactions were measured at the exchange amount which approximated fair market value as set out below:

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

11. Related party transactions (Continued)	<u>2002</u>	<u>2001</u>
Office rent	\$ -	\$ 10,358
Consulting fees	81,139	117,158
Debenture interest	<u>4,000</u>	<u>4,000</u>
	<u>\$ 85,139</u>	<u>\$ 131,516</u>

The following related party balances were included in certain balance sheet amounts:

	<u>2002</u>	<u>2001</u>
Accounts payable	<u>\$ 1,000</u>	<u>\$ 3,136</u>

12. Contingent liabilities

- a) The Company is party to a joint venture agreement covering Exploration License No. 397 (EL-397) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a \$4,145,000 refundable work deposit and commit to expend \$16,580,000 on qualified exploration and development expenditures on EL-397 by August 1, 2004. The work deposit will be refunded by \$1 for every \$4 spent on qualified exploration and development expenditures on EL-397. In 2002 the Company lodged an irrevocable standby letter of credit for \$192,352 for its share of a refundable work deposit on EL-397. The letter of credit is secured by an assignment of cash of \$192,352. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled. Pursuant to an agreement with a joint venture participant the Company's letter of credit of \$192,352 is fully secured and refundable by the joint venture participant.
- b) The Company is party to a joint venture agreement covering Exploration License No. 416 (EL-416) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a \$381,608 refundable work deposit and commit to expend \$1,526,430 on qualified exploration and development expenditures on EL-416 by September 18, 2005. The work deposit will be refunded by \$1 for every \$4 spent on qualified exploration and development expenditures on EL-416. In 2001 the Company lodged an irrevocable standby letter of credit for \$41,500 for its share of a refundable work deposit on EL-416. The letter of credit is secured by an assignment of cash of \$41,500. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled.

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

13. Segmented information

The Company's petroleum and natural gas exploration and development activities are conducted in Canada. Management of the Company considers the operations of the Company as one operating segment. The following information relates to the Company's geographic areas of operation:

	<u>2002</u>		<u>2001</u>	
	<u>Revenue</u>	<u>Assets</u>	<u>Revenue</u>	<u>Assets</u>
Canada	\$ 11,663	\$ 1,862,458	\$ 61,928	\$ 1,356,857
Foreign	-	-	-	156,166
	<u>\$ 11,663</u>	<u>\$ 1,862,458</u>	<u>\$ 61,928</u>	<u>\$ 1,513,023</u>

14. Supplemental cash flow information

2002

2001

Changes in non-cash working capital items increased
(decrease) cash as follows:

Receivables	\$ 9,658	\$ 19,019
Prepays	(4,849)	-
Payables and accruals	<u>(10,243)</u>	<u>61,770</u>
	<u>\$ (5,434)</u>	<u>\$ 80,789</u>

Operating activities	\$ 11,916	\$ (1,472)
Investing activities	(16,850)	73,761
Financing activities	<u>(500)</u>	<u>8,500</u>
	<u>\$ (5,434)</u>	<u>\$ 80,789</u>

Cash and cash equivalents is represented by:

Cash and temporary investments	\$ 50,411	\$ 692,306
Restricted cash	<u>292,426</u>	<u>307,886</u>
	<u>\$ 342,837</u>	<u>\$ 1,000,192</u>
Interest paid	<u>\$ 33,367</u>	<u>\$ 27,375</u>

International Frontier Resources Corporation

Notes to the Financial Statements

December 31, 2002

15. Commitments

- a) The Company is party to an agreement to lease its premises until December 31, 2003. The annual rent of premises consists of a minimum rent plus occupancy costs. Minimum rent payable for premises until the end of the lease are as follows:

2003	\$ 4,550
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- b) The Company is party to a joint venture agreement covering Exploration License No. 401 (EL-401) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement the joint venture participants have a work commitment to spend \$12,750,000 on qualified exploration and development expenditures. The Company's proportionate share of the work commitment is \$594,239. As at December 31, 2002, the Company has incurred \$426,473 of this work commitment.

16. Subsequent events

- a) On February 11, 2003, the Company closed a private placement for 1,000,000 common shares at \$0.12 per share with the directors. Proceeds of the placement will be applied to the Company's working capital.
- b) On March 11, 2003, the Company closed a private placement for 1,000,000 units at \$0.12 per unit. Each unit consists of one common share and one warrant, one warrant entitles the holder to acquire one common share at \$0.15 for a period of 180 days from the date of issue. The proceeds from the offering will be used for the Company's ongoing exploration program in the Northwest Territories and for working capital requirements.
- c) On April 4, 2003, the Company entered into an agreement to acquire 100% of the issued and outstanding shares of Sidox Chemicals Canada Ltd.

This transaction is subject to the approval of the TSX Venture Exchange.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.