

Geoscience BC
Interim Balance Sheet
As at September 30, 2006
(Unaudited - internally-prepared)

Exhibit 'A'

Assets	\$	31-Mar-06 \$ (audited)
<i>Current assets:</i>		
Cash and cash equivalents	20,720,748	22,342,873
Accrued interest receivable	343,714	205,415
Prepaid expenses	3,123	6,730
GST rebate receivable	3,947	10,133
	<u>21,071,532</u>	<u>22,565,151</u>
 Net assets invested in equipment	 28,633	 32,586
	<u><u>21,100,165</u></u>	<u><u>22,597,737</u></u>
 Liabilities		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities (note 2)	<u>7,440</u>	<u>23,316</u>
 Members' Equity		
Net assets invested in equipment	28,633	32,586
Funding commitments - restricted (Note 3)	797,528	815,132
Unrestricted net assets (Exhibit 'B', Note 4)	20,266,564	21,726,703
	<u>21,092,725</u>	<u>22,574,421</u>
	<u><u>21,100,165</u></u>	<u><u>22,597,737</u></u>
 Basis of presentation (Note 1)		
Subsequent events (Note 5)		

Refer also to accompanying notes - Exhibit 'C'

Geoscience BC
Interim Operations Statement
For the six months ended September 30, 2006
(Unaudited - internally-prepared)

Exhibit 'B'

	Actuals	Budget to March 31, 2007
	\$	\$
Interest income	413,507	<u>700,000</u>
Project 2006-008 matching funding received	180,420	
Unspent project funding returned:		
Project 2005-014	29,404	
Project 2005-047	<u>15,563</u>	
	44,967	
 <i>Expenditures:</i>		
<u>Program:</u>		
Publishing costs	4,618	50,000
Project funding awarded expended:		3,815,000 *
Project 2005-008	7,500	
Project 2005-014	31,000	
Project 2005-016	130,000	
Project 2005-027	38,368	
Project 2005-030	22,500	
Project 2005-032	123,700	
Project 2005-038	8,478	
Project 2005-047	28,104	
Project 2005-050	55,868	
Project 2005-054	21,044	
Project 2006-001	44,250	
Project 2006-003	78,500	
Project 2006-004	22,500	
Project 2006-005	27,250	
Project 2006-008, including matching funding	830,421	
Project 2006-012	9,584	
Project 2006-013	254,339	
Project 2006-014	125,025	
Project 2006-016	<u>18,375</u>	
	1,881,423	<u>3,865,000</u>
 <u>Administration:</u>		
Capital equipment	n/a	6,000
Salaries & Benefits	121,072	326,000
Office space (rent, property tax, CAE, security, parking)	18,574	37,000
Accounting & Legal (including insurance)	18,492	52,000
Travel & Conferences/Conventions	18,417	30,000
Consulting - other	15,933	10,000
Communications & Marketing	15,231	45,000
Office/miscellaneous	7,728	10,000
Meeting expenses	5,165	2,000
Amortization	5,021	11,000
Computer maintenance, internet and email	4,697	5,000
Non-refundable GST	3,947	10,000
Telephone	2,526	5,000
Xerox lease	1,494	2,800
Dues/Memberships	870	5,000
Executive recruitment	-	50,000
	239,168	<u>600,800</u>
Expenditures in excess of income earned	(1,481,697)	(3,765,800)
Net decrease in unexpended funding commitments from March 31, 2006	17,605	
Net decrease in amounts invested in equipment (Amortization charged less current purchases of \$1,069)	3,953	
Add back: March 31, 2006 unexpended funding, restricted at that date	n/a	815,000
Balance, unrestricted net assets, March 31, 2006	21,726,703	21,726,703
Balance, unrestricted net assets, September 30, 2006 (refer also to Note 4)	<u>20,266,564</u>	
	(to Exhibit 'A')	
Projected unrestricted net assets, March 31, 2007		<u>18,775,903</u>

* inclusive of \$815,000 in unexpended funding commitments at March 31, 2006

Refer also to accompanying notes - Exhibit 'C'

1. Basis of presentation - lack of independence

These financial statement have been internally-prepared by a Director of Geoscience BC and have not been audited or reviewed by an independent public accountant. These statements are designed for the internal use of Geoscience BC members only and are not necessarily presented in a manner consistent with generally accepted accounting principles.

2. Accounts payable and accrued liabilities

Breakdown of balance at September 30, 2006:

	\$
Accounting and legal costs	5,407
Other A/P	<u>2,034</u>
	<u><u>7,441</u></u>

3. Funding Commitments

Geoscience BC had approved the following undisbursed funding at September 30, 2006:

	\$
Project 2005 - 003	20,000
Project 2005 - 009	8,650
Project 2005 - 027	9,592
Project 2005 - 030	22,500
Project 2005 - 031	23,125
Project 2005 - 032	30,925
Project 2005 - 052	8,384
Project 2005 - 053	189,000
Project 2005 - 054	21,044
Project 2005 - 058	<u>15,350</u>
Committed during the year ended March 31, 2006:	<u><u>348,570</u></u>
Project 2006 - 001	14,750
Project 2006 - 003	78,500
Project 2006 - 004	7,500
Project 2006 - 005	9,083
Project 2006 - 012	3,195
Project 2006 - 013	84,780
Project 2006 - 014	125,025
Project 2006 - 015	20,000
Project 2006 - 016	100,000
Project 2006 - 020	<u>6,125</u>
Committed in the three months ended June 30, 2006:	<u><u>448,958</u></u>
Restricted Funding commitments at September 30, 2006 - unspent	<u><u>797,528</u></u>

These funds remain on hand at September 30, 2006 but are now considered to be internally-restricted from the perspective of Geoscience BC. Refer to Note 5.

4. Summarized net unrestricted assets from inception:

BC government grant received	25,000,000
Interest income earned	1,050,070
Publishing costs incurred	(25,420)
Purchases of furniture and equipment	(28,633)
Administrative expenses incurred	(695,748)
Net program expenditures - actual and commitments	<u>(5,033,705)</u>
Unrestricted net assets, September 30, 2006	<u><u>20,266,564</u></u>

5. Subsequent events

On October 12, 2006, the following Consent Resolutions of the Board of Directors were passed:

1. To approve in principal expenditures for the collection of new seismic data and related oil and gas geoscience in the Nechako Basin in 2007-008 of between \$1.5 million and \$2.0 million;
2. To approve the Nechako Basin Seismic Data Purchase and Sale Agreement between Burlington Resources Canada Ltd., Imperial Oil Resources, Arcis Partnership and GBC (this agreement was signed on November 16th, 2006);
3. To approve the Data Marketing, Management and Reprocessing Agreement between Arcis Partnership and GBC (this agreement is expected to be signed by the end of November 2006).
4. To approve the transfer of \$10 million to Connor Clark & Lunn, subject to a Statement of Investment Policy, and \$8 million to Nesbitt Burns to be invested in Banker's Acceptances (these investments and documentation were completed on November 2nd, 2006); and
5. To approve that future draw-downs of these funds be based initially on an allocation of 55.6% to Connor, Clark & Lunn and 44.4% to Nesbitt Burns.

Between October 1st and November 17, 2006, Geoscience BC disbursed an aggregate of \$23,650 in program spending.