

Geoscience BC
Interim Balance Sheet
As at June 30, 2008
(Unaudited - internally-prepared)

Exhibit 'A'

Assets	\$	31-Mar-08 \$ (audited)
<i>Current assets:</i>		
Cash and cash equivalents	794,341	227,475
Temporary investments (Note 2)	24,661,715	15,747,547
Accrued interest receivable	1,503	40
GST rebate receivable	170,176	106,342
Other accounts receivable	-	11,838,263
Prepaid expenses	3,563	10,134
	25,631,298	27,929,801
 Net assets invested in equipment	28,163	32,277
	25,659,461	27,962,078
 Liabilities		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities	1,004,609	178,672
	1,004,609	178,672
 Members' Equity		
Net assets invested in equipment	28,163	32,277
Funding commitments - restricted (Note 3)	8,096,740	2,207,675
Unrestricted net assets (Exhibit 'B', Note 4)	16,529,949	25,543,454
	24,654,852	27,783,406
	25,659,461	27,962,078
 Basis of presentation (Note 1)		
Subsequent events (Note 5)		

Refer also to accompanying notes - Exhibit 'C'

Geoscience BC
Interim Operations Statement
For the three months ended June 30, 2008
(Unaudited - internally-prepared)

Exhibit 'B'

	Actuals		Budget to March 31, 2009
	\$	\$	\$
Revenues:			
Investment income		216,969	551,164
Projected funding to be received from the Northern Trust		-	1,650,000
Unrealized investment loss		(29,067)	
		187,902	2,201,164
Expenditures:			
Program:			
Publishing costs	102		(50,000)
Project funding awarded expended:			(11,121,487) *
Project 2006-016	16,986		
Project 2006-028	36,000		
Project 2007-005	86,685		
Project 2007-007	34,178		
Project 2007-016	22,500		
Project 2007-019	22,500		
Project 2007-024	20,967		
Project 2007-026	120,000		
Project 2007-N001-4 - Nechako Seismic Survey	310,820		
Project 2007-N005 - Nechako Consultants/logistics	28,649		
Project 2007-Q004 - QUEST Airborne Gravity	741,659		
Project 2007-Q005 - QUEST New Geochem	161,256		
Project 2007-Q006 - QUEST Data comp, GIS	15,196		
Project 2007-Q009 - QUEST Follow-up	8,283		
Project 2008-QW004 - QUEST-West Airborne Geophysics	1,393,133		
Project 2008-QW006 - QUEST-West Consultants/compilation	5,835		
		(3,024,749)	(11,171,487)
Administration:			
Salaries & Benefits	76,653		450,000
Scholarships	55,000		55,000
Consulting - other	43,110		60,000
Travel & Conferences/Conventions	24,779		78,000
Investment management fees	18,134		55,000
Communications & Marketing	15,499		60,000
Accounting, legal, insurance	11,619		52,522
Meeting expenses	9,610		2,000
Office/miscellaneous	9,132		15,000
Office space (rent, property tax, CAE, security, parking)	8,982		71,211
Sponsorships	6,500		20,000
Amortization	4,114		16,500
Non-refundable GST	3,001		23,363
Telephone	2,000		5,000
Dues/Memberships	1,900		5,000
Xerox lease	779		3,181
Computer maintenance, internet and email	657		7,000
Workshop expenses	238		10,000
Recruitment expenses	-		25,000
		(291,707)	(1,013,777)
Expenditures in excess of income earned		(3,128,554)	(9,984,100)
Net increase in unexpended funding commitments from March 31, 2008		(5,889,065)	
Net decrease (increase) in amounts invested in equipment		4,114	(15,000)
Add back: March 31, 2008 unexpended funding, restricted at that date		n/a	2,207,675
Balance, unrestricted net assets, March 31, 2008, audited		25,543,454	25,543,454
Balance, unrestricted net assets, June 30, 2008	(refer also to Note 4)	16,529,949	
		(to Exhibit 'A')	
Projected unrestricted net assets, March 31, 2009			17,752,029

* inclusive of \$2,207,675 in unexpended funding commitments at March 31, 2008 and exclusive of \$5,700,000 Horn River Basin funding originally projected to be expended in the year ended March 31, 2010.

Refer also to accompanying notes - Exhibit 'C'

1. Basis of presentation - lack of independence

These financial statements have been internally-prepared by 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. Temporary investments

	Maturity value \$	Market value \$
Banker's acceptance, Firstbank, due July 7, 2008	2,009,000	2,007,825
Banker's acceptance, Bank of Montreal, due July 8, 2008	3,270,000	3,267,812
GIC, TD Mortgage Corp., due April 27, 2009	6,001,063	6,001,063
	<u>11,280,063</u>	11,276,700
Connor, Clark and Lunn aggregate portfolio, at market value	n/a	13,385,015
		<u>24,661,715</u>

In November 2006 Geoscience BC initially invested an aggregate of \$18.0 million, as to \$8.0 million in three Banker's acceptances (which were of approximately equal amount and which were staggered to mature at 3, 6 and 12 month intervals, respectively), and \$10.0 million to pooled funds managed by Connor, Clark and Lunn Private Capital.

In April 2008 Geoscience BC invested an aggregate of \$11.0 million, as to \$6.0 million in an annual GIC and \$5.0 million to pooled funds managed by Connor, Clark and Lunn Private Capital.

Geoscience BC considers these to be 'available for sale' securities and hence they are required to be carried at current market values. The Connor, Clark and Lunn value is net of current investment management fees charged of \$18,134 and included in the Statement of Operations as an expense.

To June 30, 2008, approximately \$4.0 million of these investments had been redeemed for purposes of funding current expenditures.

3. Funding Commitments

Geoscience BC had approved the following undisbursed funding at June 30, 2008:

	\$
Project 2005 - 003	20,000
Project 2005 - 027	9,592
Project 2005 - 030	22,500
Project 2005 - 031	23,125
Project 2005 - 052	3,353
Project 2005 - 053	158,000
Project 2005 - 054	4,209
Project 2005 - 058	15,350
Project 2005-060B - Arcis	30,000
Committed during the year ended March 31, 2006:	<u>286,129</u>
Project 2006-003	15,700
Project 2006-005	3,633
Project 2006-014	25,005
Project 2006-015	5,000
Project 2006-016	50,896
Project 2006-020	6,125
Project 2006-029	9,307
Project 2006-046	28,500
Committed during the year ended March 31, 2007:	<u>144,166</u>
Project 2007-Q002 (QUEST)	1,304
Project 2007-Q006 (QUEST)	31,546
Project 2007-Q008 (QUEST)	848
Project 2007-Q009 (QUEST follow-up)	57,344
Project 2007-Q009 (QUEST follow-up) - 2008-003	50,000
Project 2007-Q009 (QUEST follow-up) - 2008-005	38,350
Project 2007-Q009 (QUEST follow-up) - 2008-009	103,855
Project 2007-007	3,798
Project 2007-012	95,750
Project 2007-016	7,500
Project 2007-017	40,000
Project 2007-019	7,500
Project 2007-024	20,967
Project 2007-027	31,875
Committed during the year ended March 31, 2008:	<u>490,637</u>
Project 2007-Q009 (QUEST follow-up) - 2007-026 (Ward)	280,000
Project 2007-Q009 (QUEST follow-up) - additional funding requested	50,000
Project 2008-QW002	100,000
Project 2008-QW003	1,800,000
Project 2008-QW004	906,867
Project 2008-QW005	300,000
Project 2008-QW006	194,165
Project 2008-QW007	300,000
Project 2008-QW008	400,000
BCGS Partnerships - unallocated	352,850
BCGS Partnerships - Project 2008-007	67,150
BCGS Partnerships - Project 2008-008	80,000
Data Compilations	200,000
2007-N001-004 - (Nechako Seismic Survey)	2,109,038
2007-N005 - (Nechako consultants and logistics)	35,738
Committed in the three months ended June 30, 2008:	<u>7,175,808</u>
Restricted Funding commitments at June 30, 2008 - unspent	<u>8,096,740</u>

These funds remain on hand at June 30, 2008 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	36,700,000
Investment income earned, net	2,221,269
Income from other sources (Northern Trust, R2R, Workshops, etc.)	690,204
Publishing costs incurred	(75,456)
Purchases of furniture and equipment	(28,163)
Administrative expenses incurred	(2,264,931)
Net program expenditures - actual and commitments	(20,712,974)
Unrestricted net assets, June 30, 2008	<u>16,529,949</u>

5. Subsequent events

Between July 1st and November 20th, 2008, Geoscience BC disbursed an aggregate of \$4,573,641 in previously approved program spending.

Subsequent to June 30th, 2008, an additional \$154,954 in project funding was approved, \$108,369 by the Board at its September 11th, 2008 meeting and \$46,585 at the President & CEO's discretion, of which an aggregate of \$139,184 was disbursed by November 20th, 2008.

Also at its September 11th, 2008 meeting, the Board approved in principal the expenditure of \$5.7 million received from the provincial government for work in the Horn River Basin by allocating approximately \$5 million to a collaborative program with the Horn River Shale Producers Group, and the remainder to an oil & gas Request for Proposals and the salary of a Vice President, Oil & Gas. These funds are not considered restricted until programs and budgets are finalized and approved by the Board.

Geoscience BC received a commitment of up to \$1,650,000 from the Northern Trust, a non-profit organization established by the British Columbia government in 2004 to support regional economic development in north-central BC. The commitments are for up to \$500,00 for the Nechako seismic survey and up to \$1,150,000 for the QUEST-West program.