

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

Exhibit 'A'

| | \$ | 31-Mar-08 \$ (audited) |
|---|-------------------|---|
| Assets | | |
| <i>Current assets:</i> | | |
| Cash and cash equivalents | 562,569 | 227,475 |
| Temporary investments (Note 2) | 20,202,782 | 15,747,547 |
| Accrued interest receivable | 2,217 | 40 |
| GST rebate receivable | 253,605 | 106,342 |
| Other accounts receivable | 1,200 | 11,838,263 |
| Prepaid expenses | 3,391 | 10,134 |
| | <u>21,025,764</u> | <u>27,929,801</u> |
| Net assets invested in equipment | 25,224 | 32,277 |
| | <u>21,050,988</u> | <u>27,962,078</u> |
| Liabilities | | |
| <i>Current liabilities:</i> | | |
| Accounts payable & accrued liabilities | 601,532 | 178,672 |
| | <u>601,532</u> | <u>178,672</u> |
| Members' Equity | | |
| Net assets invested in equipment | 25,224 | 32,277 |
| Funding commitments - restricted (Note 3) | 4,484,721 | 2,207,675 |
| Unrestricted net assets (Exhibit 'B', Note 4) | 15,939,511 | 25,543,454 |
| | <u>20,449,456</u> | <u>27,783,406</u> |
| | <u>21,050,988</u> | <u>27,962,078</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, 2008
(Unaudited - internally-prepared)

Exhibit B'

| | Actuals | | Budget |
|--|------------------------|-------------------|-------------------|
| | \$ | \$ | to March 31, 2009 |
| | | | \$ |
| Revenues: | | | |
| Investment income | | 369,676 | 551,164 |
| Unrealized investment loss | | (620,184) | |
| Project funding from the Northern Trust for QUEST | | 80,112 | 1,650,000 |
| Project funding from TEDA for 2007-007 | | 18,359 | |
| Project funding - Kootenay Arc industry funding for the GSC | | 82,650 | |
| Sublease income | | 1,200 | 8,400 |
| Unspent project funding returned: | | | |
| Project 2006-012 | | 35 | |
| Project 2006-013 | | 12,019 | |
| | | <u>12,054</u> | <u>2,209,564</u> |
| | | (56,133) | |
| Expenditures: | | | |
| Program: | | | |
| Publishing costs | 102 | | (50,000) |
| Project funding awarded expended: | | | (11,264,476) * |
| Project 2005-003 | 8,035 | | |
| Project 2006-003 | 15,700 | | |
| Project 2006-008 - Kootenay Arc industry funding for the GSC | 82,650 | | |
| Project 2006-016 | 26,328 | | |
| Project 2006-028 | 36,000 | | |
| Project 2007-005 | 92,685 | | |
| Project 2007-007 | 53,724 | | |
| 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 | 1,669,451 | | |
| Project 2007-N005 - Nechako Consultants/logistics | 41,923 | | |
| Project 2007-Q002 - QUEST Geochem Reanalysis | 9,942 | | |
| Project 2007-Q004 - QUEST Airborne Gravity | 741,659 | | |
| Project 2007-Q005 - QUEST New Geochem | 161,256 | | |
| Project 2007-Q006 - QUEST Data comp, GIS | 19,991 | | |
| Project 2007-Q009 - QUEST Follow-up | 28,551 | | |
| Project 2008-001 - Data Compilations (N. Vancouver Island) | 400 | | |
| Project 2008-QW002 - QUEST-West Geochem reanalysis | 70,000 | | |
| Project 2008-QW003 - QUEST-West EM + mag | 972,315 | | |
| Project 2008-QW004 - QUEST-West Airborne Geophysics | 2,326,146 | | |
| Project 2008-QW005 - QUEST-West Sediment & Water | 209,181 | | |
| Project 2008-QW006 - QUEST-West Consultants/compilation | 20,274 | | |
| Project 2008-QW007 - QUEST-West Community Engagement | 7,475 | | |
| | | (6,779,755) | (11,314,476) |
| Administration: | | | |
| Salaries & Benefits | 151,494 | | 450,000 |
| Consulting - other | 61,345 | | 60,000 |
| Scholarships | 55,000 | | 55,000 |
| Travel & Conferences/Conventions | 47,533 | | 78,000 |
| Investment management fees | 33,346 | | 55,000 |
| Office space (rent, property tax, CAE, security, parking) | 31,275 | | 71,211 |
| Communications & Marketing | 27,124 | | 60,000 |
| Accounting, legal, insurance | 22,284 | | 52,522 |
| Meeting expenses | 15,067 | | 2,000 |
| Office/miscellaneous | 13,280 | | 15,000 |
| Amortization | 8,291 | | 16,500 |
| Sponsorships | 7,000 | | 20,000 |
| Non-refundable GST | 5,680 | | 23,363 |
| Horn River Basin - unrestricted, approved in principal only | 5,223 | | - |
| Moving costs | 4,619 | | - |
| Telephone | 3,737 | | 5,000 |
| Computer maintenance, internet and email | 2,103 | | 7,000 |
| Dues/Memberships | 1,900 | | 5,000 |
| Xerox lease | 1,523 | | 3,181 |
| Workshop expenses | 238 | | 10,000 |
| Recruitment expenses | - | | 25,000 |
| | | (498,062) | (1,013,777) |
| Expenditures in excess of income earned | | (7,333,950) | (10,118,689) |
| Net increase in unexpended funding commitments from March 31, 2008 | | (2,277,046) | |
| Net decrease (increase) in amounts invested in equipment | | 7,053 | (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, September 30, 2008 | (refer also to Note 4) | <u>15,939,511</u> | |
| | | (to Exhibit 'A') | |
| Projected unrestricted net assets, March 31, 2009 | | | <u>17,617,440</u> |

* 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 December 1, 2008 | 3,311,000 | 3,290,542 |
| Banker's acceptance, CIBC, due January 5, 2009 | 2,040,000 | 2,020,081 |
| GIC, TD Mortgage Corp., due April 27, 2009 | 6,001,063 | 6,001,063 |
| | <u>11,352,063</u> | <u>11,311,686</u> |
| Connor, Clark and Lunn aggregate portfolio, at market value | n/a | 8,891,096 |
| | | <u>20,202,782</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 \$33,346 and included in the Statement of Operations as an expense.

To September 30, 2008, approximately \$8.0 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 September 30, 2008:

| | |
|--|------------------|
| | \$ |
| Project 2005 - 027 | 9,592 |
| Project 2005 - 030 | 22,500 |
| Project 2005 - 031 | 23,125 |
| Project 2005 - 052 | 3,354 |
| 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>266,130</u> |
| Project 2006-003 | 5,700 |
| Project 2006-005 | 3,633 |
| Project 2006-014 | 25,005 |
| Project 2006-015 | 5,000 |
| Project 2006-016 | 41,554 |
| Project 2006-020 | 6,125 |
| Project 2006-029 | 13,307 |
| Project 2006-046 | 28,500 |
| Committed during the year ended March 31, 2007: | <u>128,824</u> |
| Project 2007-Q006 (QUEST) | 26,751 |
| Project 2007-Q009 (QUEST follow-up) | 37,924 |
| 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 | 5,969 |
| 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 | 31,975 |
| Committed during the year ended March 31, 2008: | <u>466,541</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 | 30,000 |
| Project 2008-QW003 | 827,685 |
| Project 2008-QW005 | 90,819 |
| Project 2008-QW006 | 179,726 |
| Project 2008-QW007 | 292,525 |
| 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 | 199,600 |
| 2007-N001-004 - (Nechako Seismic Survey) | 750,406 |
| 2007-N005 - (Nechako consultants and logistics) | 22,465 |
| Committed in the six months ended September 30, 2008: | <u>3,623,226</u> |
| Restricted Funding commitments at September 30, 2008 - unspent | <u>4,484,721</u> |

These funds remain on hand at September 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 | 1,782,859 |
| Project funding from third parties (R2R, Northern Trust, TEDA, industry) | 867,476 |
| Income from other sources (workshops, rent, etc.) | 5,050 |
| Publishing costs incurred | (75,456) |
| Purchases of furniture and equipment | (25,224) |
| Administrative expenses incurred | (2,471,285) |
| Net program expenditures - actual and commitments | (20,843,909) |
| Unrestricted net assets, September 30, 2008 | <u>15,939,511</u> |

5. Subsequent events

Between October 1st and November 20th, 2008, Geoscience BC disbursed an aggregate of \$913,336 in previously approved program spending.