

Geoscience BC
Interim Balance Sheet
As at June 30, 2009
(Unaudited - internally-prepared)

| |
|--------------------|
| Exhibit 'A' |
|--------------------|

| | \$ | 31-Mar-09 \$ (audited) |
|---|------------|---|
| Assets | | |
| <i>Current assets:</i> | | |
| Cash and cash equivalents | 1,224,288 | 554,786 |
| Temporary investments (Note 2) | 17,650,735 | 16,991,131 |
| Accrued interest receivable | 28,199 | 202,990 |
| Amounts receivable | 201,898 | 1,695,182 |
| Prepaid expenses | 2,391 | 13,500 |
| | 19,107,511 | 19,457,589 |
| Net assets invested in equipment | 27,456 | 30,787 |
| | 19,134,967 | 19,488,376 |
| Liabilities | | |
| <i>Current liabilities:</i> | | |
| Accounts payable & accrued liabilities | 134,510 | 115,638 |
| | 134,510 | 115,638 |
| Members' Equity | | |
| Net assets invested in equipment | 27,456 | 30,787 |
| Funding commitments - restricted (Note 3) | 5,747,241 | 4,142,621 |
| Unrestricted net assets (Exhibit 'B', Note 4) | 13,225,760 | 15,199,330 |
| | 19,000,457 | 19,372,738 |
| | 19,134,967 | 19,488,376 |
| 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, 2009
(Unaudited - internally-prepared)

Exhibit 'B'

| | <u>Actuals</u> | | <u>Budget</u> |
|--|------------------------|--------------------------|-------------------------|
| | \$ | \$ | to March 31, 2010 |
| | | | \$ |
| <i>Revenues:</i> | | | |
| Investment income | | 158,056 | 424,778 |
| Unrealized investment gain | | 585,979 | |
| Realized investment loss | | (40,593) | |
| Sublease income | | 3,600 | 14,400 |
| | | <u>707,042</u> | <u>439,178</u> |
| <i>Expenditures:</i> | | | |
| <u>Program:</u> | | | |
| Publishing costs | 669 | | (50,000) |
| Project funding awarded expended: | | | (15,871,369) * |
| Project 2006-016 | 12,032 | | |
| Project 2007-005 | 98,745 | | |
| Project 2007-019 | 4,500 | | |
| Project 2007-024 | 16,774 | | |
| Project 2007-027 | 285 | | |
| BCGS Retreat - Bodega Resort | 99 | | |
| QUEST Data comp, GIS | 7,683 | | |
| QUEST, QUEST-West, QUEST-South consultants, logistics | 27,120 | | |
| QUEST-South Geochem Program | 315,000 | | |
| QUEST-South Compilation | 4,125 | | |
| Vancouver Island Compliation | 5,848 | | |
| Nechako - consultants, logistics, and community engagement | 23,047 | | |
| Nechako - seismic survey processing | 137,991 | | |
| Horn River Basin Aquifers Study - Petrel Roberston | 86,054 | | |
| Horn River Basin Aquifers Study - Canadian Discovery | 3,229 | | |
| Horn River Basin Aquifers Study - JC Consulting | 4,228 | | |
| | | <u>(747,429)</u> | <u>(15,921,369)</u> |
| Project funding expended, unrestricted (approved in principal) | | | |
| Northeastern BC-consultants, logistics and community engagement | 14,454 | | |
| QUEST-South-consultants, logistics and community engagement | 1,271 | | |
| | | <u>(15,725)</u> | |
| <u>First Nations & Community Engagement:</u> | <u>-</u> | | 5,000 |
| <u>Scholarships:</u> | <u>45,000</u> | | 50,000 |
| | | <u>(45,000)</u> | |
| <u>Administration:</u> | | | |
| Salaries & Benefits | 111,461 | | 450,000 |
| Travel & Conferences/Conventions | 37,366 | | 110,000 |
| Office space (rent, property tax, CAE, security, parking) | 31,267 | | 100,000 |
| Consulting - other | 31,232 | | 125,000 |
| Investment management fees | 12,175 | | 50,000 |
| Sponsorships | 10,300 | | 30,000 |
| Accounting, legal, insurance | 9,458 | | 51,000 |
| Office/miscellaneous | 7,974 | | 42,500 |
| Communications & Marketing | 6,857 | | 60,000 |
| Amortization | 4,056 | | 15,800 |
| Meeting expenses | 3,162 | | 10,000 |
| Non-refundable GST | 2,956 | | 28,101 |
| Telephone | 1,442 | | 7,500 |
| Xerox lease | 777 | | 3,250 |
| Computer maintenance, internet and email | 685 | | 6,000 |
| Dues/Memberships | - | | 5,000 |
| Recruitment expenses | - | | 3,000 |
| | | <u>(271,168)</u> | <u>(1,097,151)</u> |
| Expenditures in excess of income earned | | <u>(372,280)</u> | <u>(16,524,342)</u> |
| Net increase in unexpended funding commitments from March 31, 2009 | | (1,604,621) | |
| Net decrease (increase) in amounts invested in equipment | | 3,331 | (5,000) |
| Add back: March 31, 2009 unexpended funding, restricted at that date | | n/a | 4,142,621 |
| Balance, unrestricted net assets, March 31, 2009, audited | | 15,199,330 | 15,199,330 |
| Balance, unrestricted net assets, June 30, 2009 | (refer also to Note 4) | <u>13,225,760</u> | |
| | | | (to Exhibit 'A') |
| Projected unrestricted net assets, March 31, 2010 | | | <u><u>2,812,609</u></u> |

* inclusive of \$4,142,621 in unexpended funding commitments at March 31, 2009.

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 \$ |
|---|----------------------|--------------------|
| GIC, Advisor's Advantage Trust, due December 1, 2009 | 557,000 | 557,000 |
| GIC, Montreal Trust, due January 5, 2010 | 2,040,000 | 2,040,000 |
| GIC, Montreal Trust, due April 27, 2010 | 6,001,063 | 6,001,063 |
| | <u>8,598,063</u> | <u>8,598,063</u> |
| Connor, Clark and Lunn aggregate portfolio, at market value | n/a | 9,052,672 |
| | | <u>17,650,735</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 \$12,175 and included in the Statement of Operations as an expense.

To June 30, 2009, approximately \$12.0 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, 2009:

| | |
|---|------------------|
| | \$ |
| Project 2005 - 030 | 22,500 |
| Project 2005 - 031 | 23,125 |
| Project 2005 - 052 | 3,353 |
| Project 2005 - 053 | 27,000 |
| Project 2005 - 054 | 4,209 |
| Project 2005-060B - Arcis | 30,000 |
| Committed during the year ended March 31, 2006: | <u>110,187</u> |
| Project 2006-005 | 3,633 |
| Project 2006-014 | 25,005 |
| Project 2006-015 | 5,000 |
| Project 2006-020 | 6,125 |
| Project 2006-029 | 13,307 |
| Project 2006-046 | 28,500 |
| Committed during the year ended March 31, 2007: | <u>81,570</u> |
| Project 2007-Q006 (QUEST) | 11,903 |
| Project 2007-Q009 (QUEST follow-up) - 2008-003 | 16,035 |
| Project 2007-Q009 (QUEST follow-up) - 2008-005 | 9,588 |
| Project 2007-Q009 (QUEST follow-up) - 2008-009 | 25,964 |
| Project 2007-012 | 95,750 |
| Project 2007-016 | 7,500 |
| Project 2007-017 | 40,000 |
| Project 2007-019 | 3,000 |
| Project 2007-024 | 4,193 |
| Committed during the year ended March 31, 2008: | <u>213,933</u> |
| Project 2007-Q009 (QUEST follow-up) - 2007-026 (Ward) | 280,000 |
| Project 2008-QW002 | 10,000 |
| Project 2008-QW005 | 31,053 |
| Project 2008-QW006 | 122,110 |
| Project 2008-QW007 | 285,125 |
| Project 2008-QW008 | 400,000 |
| BCGS Partnerships - unallocated | 322,850 |
| BCGS Partnerships - Bodega Retreat | 3,303 |
| BCGS Partnerships - Project 2008-004 | 7,062 |
| BCGS Partnerships - Project 2008-007 | 16,788 |
| BCGS Partnerships - Project 2008-008 | 20,000 |
| Data Compilations | 188,502 |
| 2007-N001-005 - Nechako Seismic Survey and logistics | 399,859 |
| Project 2008-012 | 16,300 |
| Project 2008-018 | 72,950 |
| Project 2008-025 | 29,350 |
| Project 2008-027 | 95,137 |
| Project HR002-HRB Aquifer Study - PRCL | 398 |
| Project 2008-014 | 271,514 |
| Project 2009-001 | 150,000 |
| Project 2009-002 | 20,000 |
| Project 2009-003 | 15,000 |
| Project 2009-QS002&QS003 | 135,000 |
| Committed during the year ended March 31, 2009: | <u>2,892,301</u> |
| Project HR003-HRB Aquifer Study - Canadian Discovery | 126,771 |
| Project HR004-HRB Aquifer Study - JC Consulting | 62,672 |
| Project 2009-009 | 100,000 |
| Project QS004-QUEST-South Airborne Gravity Survey | 2,000,000 |
| Project 2008-022 | 79,900 |
| Project 2008-024 | 23,865 |
| Project 2008-028 | 56,042 |
| Committed in the three months ended June 30, 2009: | <u>2,449,250</u> |
| Restricted Funding commitments at June 30, 2009 - unspent | <u>5,747,241</u> |

These funds remain on hand at June 30, 2009 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 | 2,259,970 |
| Income from other sources (workshops, rent, sublease, etc.) | 2,382,784 |
| Publishing costs incurred | (101,247) |
| Purchases of furniture and equipment | (77,195) |
| Administrative expenses incurred | (3,172,057) |
| Net program expenditures - actual and commitments | (24,766,495) |
| Unrestricted net assets, June 30, 2009 | <u>13,225,760</u> |

5. Subsequent events

Between July 1st and November 15th, 2009 Geoscience BC disbursed an aggregate of \$3,694,934 in previously approved program spending.

Subsequent to June 30th, 2009, an additional \$3,255,394 in project funding was approved, \$3,244,530 by the Board at its September 10th, 2009 meeting and \$10,864 at the President & CEO's discretion, of which an aggregate of \$1,752,313 was disbursed by November 15th, 2009.