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# FORM 51-901F

**ISSUER DETAILS**NAME OF ISSUER  
Pacific Roderia Ventures Inc.FOR QUARTER ENDED  
November 30, 2001DATE OF REPORT  
April 19, 2002ISSUER ADDRESS  
707 – 1030 West Georgia Street

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
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CONTACT PERSON	CONTACT POSITION	CONTACT TELEPHONE NO.
David J.L. Williams	Vice-President / Land Manager	(604) 689-2646

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<a href="mailto:pparagon@axionet.com">pparagon@axionet.com</a>	<a href="http://www.pacificrodera.com">www.pacificrodera.com</a>

**CERTIFICATE**

The three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of the Quarterly Report will be provided to any shareholder who requests it.

"Harry Chew"

Harry Chew

April 19, 2002

\_\_\_\_\_  
DIRECTOR'S SIGNATURE\_\_\_\_\_  
PRINT FULL NAME\_\_\_\_\_  
DATE SIGNED

"David J.L. Williams"

David J.L. Williams

April 19, 2002

\_\_\_\_\_  
DIRECTOR'S SIGNATURE\_\_\_\_\_  
PRINT FULL NAME\_\_\_\_\_  
DATE SIGNEDSchedule A     X    Schedule B & C

**PACIFIC RODERA VENTURES INC.**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2001 AND 2000**

**AUDITOR'S REPORT**

**BALANCE SHEETS**

**STATEMENTS OF LOSS AND DEFICIT**

**STATEMENTS OF DEFERRED EXPLORATION COSTS  
OF OIL AND GAS INTERESTS**

**STATEMENTS OF CASH FLOWS**

**NOTES TO FINANCIAL STATEMENTS**

**J. A. MINNI & ASSOCIATES INC.**  
CERTIFIED GENERAL ACCOUNTANT

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VANCOUVER, BRITISH COLUMBIA  
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Jerry A. Minni, C.G.A. \*  
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\* *Incorporated Professional*  
\*\* *Associate*

**AUDITOR'S REPORT**

**To the Shareholders,  
Pacific Rodera Ventures Inc.**

I have audited the balance sheets of **PACIFIC RODERA VENTURES INC.** as at **November 30, 2001 and 2000** and the statements of loss, deficit, deferred exploration costs of oil and gas interests and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2001 and 2000 and the results of its operations and changes in its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

"J.A. Minni & Associates Inc."

**CERTIFIED GENERAL ACCOUNTANT**

**Vancouver, B.C.  
March 20, 2002**

PACIFIC RODERA VENTURES INC.

BALANCE SHEETS

AS AT NOVEMBER 30, 2001 AND 2000

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT		
Cash	\$ 372,788	\$ 266,302
Cash in trust	15,000	-
Accounts receivable (Note 3)	64,097	28,736
Due from related parties (Note 4)	57,835	69,240
Prepaid expenses	12,653	7,000
Interest receivable	-	9,889
	<u>522,373</u>	<u>381,167</u>
RESTRICTED CASH (Note 5)	187,759	523,641
PROPERTY AND EQUIPMENT (Note 6)	<u>1,212, 830</u>	<u>1,077,852</u>
	<u>\$ 1,922,962</u>	<u>\$ 1,982,660</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 144,872	\$ 264,158
Interest payable	-	18,715
Due to related parties (Note 4)	500	500
	<u>145,372</u>	<u>283,373</u>

SHAREHOLDERS' EQUITY

SPECIAL WARRANTS (Note 7)	334,300	-
CONVERTIBLE NOTES (Note 8)	-	325,000
SHARE CAPITAL (Note 9)	16,203,560	15,749,710
DEFICIT	<u>(14,760,270)</u>	<u>(14,375,423)</u>
	<u>1,777,590</u>	<u>1,699,287</u>
	<u>\$ 1,922,962</u>	<u>\$ 1,982,660</u>

APPROVED BY THE DIRECTORS:

“Harry Chew” \_\_\_\_\_

“David J.L.Williams” \_\_\_\_\_

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEARS ENDED NOVEMBER 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
REVENUE		
Interests and other income	\$ <u>12,495</u>	\$ <u>101,484</u>
EXPENSES		
Advertising and promotion	12,746	20,215
Amortization	1,932	2,375
Bad and doubtful debt (Note 3)	34,296	91,595
Consulting	123,200	83,000
Interest and bank charges	7,974	34,234
Interest to former director	5,450	5,691
Management fees	60,000	60,000
Office and administration	20,676	15,177
Professional fees - legal	34,298	122,941
Professional fees - accounting and audit	34,500	42,050
Rent	42,000	24,000
Shareholder relations	2,677	2,453
Transfer agent and regulatory fees	16,249	17,932
Travel and accommodation	<u>1,344</u>	<u>10,806</u>
	<u>397,342</u>	<u>532,469</u>
NET LOSS FOR THE YEAR	(384,847)	(430,985)
DEFICIT, BEGINNING OF YEAR	<u>(14,375,423)</u>	<u>(13,944,438)</u>
DEFICIT, END OF YEAR	\$ <u>(14,760,270)</u>	\$ <u>(14,375,423)</u>
LOSS PER SHARE	<u>(0.04)</u>	<u>(0.07)</u>

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

STATEMENTS OF DEFERRED EXPLORATION COSTS OF OIL AND GAS INTERESTS

FOR THE YEARS ENDED NOVEMBER 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
EXPENDITURES		
Drilling	\$ 19,460	\$ 174,804
Consulting, geophysical and other professional fees	7,924	292,300
Reports, mapping and filing fees	6,571	7,804
Seismic	88,055	20,836
Field works	14,818	-
Share of Joint Venture overhead and general expenses	<u>82</u>	<u>4,079</u>
	136,910	499,823
DEFERRED EXPLORATION COSTS, BEGINNING OF YEAR	<u>761,704</u>	<u>489,059</u>
	898,614	988,882
PROCEED FROM DISPOSITION OF INTEREST (Note 6(a))	<u>-</u>	<u>(227,178)</u>
DEFERRED EXPLORATION COSTS, END OF YEAR (Note 6)	<u>\$ 898,614</u>	<u>\$ 761,704</u>

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED NOVEMBER 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (384,847)	\$ (430,985)
Items not involving cash:		
Amortization	<u>1,932</u>	<u>2,375</u>
	(382,915)	(428,610)
Cash provided (used) by net changes in non-cash working capital items	<u>(157,721)</u>	<u>(269,462)</u>
	<u>(540,636)</u>	<u>(698,072)</u>
<b>INVESTING ACTIVITIES</b>		
Refundable deposit	335,882	(220,365)
Oil and gas properties expenditure	<u>(136,910)</u>	<u>(541,977)</u>
	<u>198,972</u>	<u>(762,342)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from disposition of interest in oil and gas properties	-	496,873
Issuance of special warrants	334,300	-
Issuance of convertible notes	(325,000)	(75,000)
Proceeds from issuance of shares	<u>453,850</u>	<u>1,023,746</u>
	<u>463,150</u>	<u>1,445,619</u>
<b>INCREASE (DECREASE) IN CASH</b>	121,486	(14,795)
<b>CASH, BEGINNING OF YEAR</b>	<u>266,302</u>	<u>281,097</u>
<b>CASH, END OF YEAR</b>	<u>\$ 387,788</u>	<u>\$ 266,302</u>
<b>REPRESENTED BY:</b>		
Cash	\$ 372,788	\$ 266,302
Cash in trust	<u>15,000</u>	<u>-</u>
	<u>\$ 387,788</u>	<u>\$ 266,302</u>

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2001 AND 2000

1. NATURE OF OPERATIONS

The Company is in the exploration for and development of oil and gas properties, and has not yet determined whether they contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown under property and equipment is dependent upon the discovery of economically recoverable petroleum and natural gas reserves, confirmation of the Company's interest in the underlying claims and prospects, the ability of the Company to obtain the necessary financing to meet its share of commitments and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Oil and Gas Properties

The Company follows the full-cost method of accounting for oil and gas properties whereby all costs incurred for acquisition, exploration and development of oil and gas reserves are capitalized. All costs are accumulated in one cost centre, Canada. Proceeds from the sale or assignment of interests in 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. Depletion of exploration and development costs will be provided upon commencement of commercial production using the unit of production based upon estimated proven oil and gas reserves. Undepleted costs of proven properties in excess of the discounted future revenue attributable to proven recoverable reserves are charged to operations when such determinations are made. The amount shown as property and equipment represents unamortized costs to date and do not necessarily reflect present or future values.

b) General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activities to operations as incurred.

c) Joint Venture Operations

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

d) Capital Assets

Capital assets are recorded at cost and are amortized at 20% on the declining balance basis over their estimated useful lives. Further, capital assets are amortized at one-half of the annual rates in the year of acquisition.

e) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas require the use of management estimates relate to the determination of impairment of oil and gas properties. Actual results could differ from those estimates.

f) Loss per Share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Fully diluted earnings per share has not been provided because it is anti-dilutive.

g) Financial Instruments

The carrying value of cash, accounts receivable, prepaid expenses, amounts due from related parties, refundable deposits and current liabilities approximate fair market value because of the short-term maturity of these instruments.

h) Stock-based Compensation

No compensation expense is recognized when stock options are issued to employees and directors. Any consideration paid by them on exercise of stock options is credited to share capital. The exercise price of each option equals the average market price of the Company's stock as calculated over the ten trading days preceding the date of grant.

i) Escrowed Shares

Shares issued with escrow restrictions are recorded at their issue price and are not revalued upon release from escrow. They are included in determining the weighted average number of shares outstanding used in the calculation of loss per share.

j) Income Taxes

The asset and liability method is used for determining income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the accounting basis and the tax basis of the assets and liabilities, and are measured using the tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

3. ACCOUNTS RECEIVABLE

This includes expenses of \$25,295 overcharged, and interest of \$91,595 claimed by the Company against Frontier in respect of the refundable deposit given to Frontier to secure a Letter of Credit in connection with the bid for EL 391. An additional provision for bad and doubtful debt of \$25,295 (2000-\$91,595) was made as the debts were in dispute.

4. DUE TO OR FROM RELATED PARTIES

The amounts due to or from related parties are non-interest bearing and unsecured, with no fixed terms of repayment.

5. RESTRICTED CASH

Bank deposits were made as securities on three irrevocable standby letters of credit for the same amounts given by the bank to the Receiver General of Canada on behalf of the Company. The amounts represent the Company's shares of contribution to the successful bids to acquire the various prospects in the Northwest Territories (See Note 6). The deposits will be refundable on the basis of 25% of allowable expenditure.

6. PROPERTY AND EQUIPMENT

	<u>2001</u>	<u>2000</u>
Oil and gas properties	\$1,204,334	\$1,067,424
Equipment	<u>18,667</u>	<u>18,667</u>
	1,223,001	1,086,091
Accumulated amortization	<u>10,171</u>	<u>8,239</u>
	<u>\$1,212,830</u>	<u>\$1,077,852</u>

6. PROPERTY AND EQUIPMENT - continued

Interests in oil and gas properties include the following acquisition costs and deferred exploration and development expenditures:

	Acquisition <u>Costs</u>	Deferred Expenditures <u>costs</u>	2001 <u>Total</u>	2000 <u>Total</u>
Northwest Territories Prospects	\$ -	\$ 776,603	\$ 776,603	\$ 643,038
Montana Prospect	72,241	37,846	110,087	110,087
Saskatchewan Prospects	99,448	25,872	125,320	125,320
Tulita Properties	-	35,738	35,738	33,757
Alaska Property	100,000	4,780	104,780	104,780
Innes Property	<u>34,031</u>	<u>17,775</u>	<u>51,806</u>	<u>50,442</u>
	<u>\$ 305,720</u>	<u>\$ 898,614</u>	<u>\$1,204,334</u>	<u>\$1,067,424</u>

Pursuant to a joint venture agreement dated October 21, 1997 with International Frontier Resources Ltd. ("Frontier") the Company participates in oil and gas exploration programs in respect of various prospects acquired by Frontier, including prospects to be acquired. As consideration, the Company is required to meet certain expenditures and work commitment requirements for each prospect.

Further, the Company paid \$30,000 and issued 200,000 pre-amalgamation common shares as contribution to and reimbursement of the costs and efforts expended by Frontier in acquiring the prospects. The Company also contributed to Frontier's recoverable costs in accordance with the agreement. These recoverable costs together with the fair market value of shares issued were apportioned to the various prospects.

a) Northwest Territories Prospects

EL 391

Pursuant to the seismic option agreement dated March 12, 1998 between Northrock Resources Ltd. ("Northrock") and Frontier, the Company's interest was 20% upon payment of 25% of the minimum required exploration expenditures of \$4,000,000.

Pursuant to a letter of agreement dated July 23, 1999 between the Company, Northrock, Frontier and Berkley Petroleum Corp. ("Berkley"), Berkley (now known as Anadarko Canada Acquisition Corporation) agreed to participate in the drilling of test wells. The Company's share of the exploration expenditures shall be 6.25% or 9.75% in the event that costs exceed more than 50% of the authorized expenditure ("AFE"). If the expenditures exceed 100% of the AFE, the Company shall share 13.25% of the costs, while its interest shall be 13.25%.

a) Northwest Territories Prospects - continued

EL 391 - continued

Pursuant to a sale and purchase agreement dated August 28, 2000, with EOG Resources Canada Inc. ("EOG") and to a financing and joint venture agreement with EOG and Frontier, the Company sold and conveyed to EOG a 3.7857% interest in the Company's EL 391 and TDL Freehold acreage (Tulita Properties) for \$496,873. EOG will fund on behalf of the Company up to a maximum total of \$1,490,625 in exploration expenditure on EL 397 to earn a further 2.8393% interest in EL 391 and the TDL Freehold acreage. In addition, EOG granted the Company an option to participate in an exploration program on EL 401 (Parcel 5). As consideration, the Company must pay an undivided 2.839% of the successful work program of \$12,760,000 to earn an undivided 1.89% working interest on EL 401.

The sale price of \$496,873 was set off first against the acquisition costs of Northwest Territories – EL 391 (\$130,666), Tulita Properties (\$139,029), and the balance of \$227,178 against the deferred expenditure of EL 391.

Pursuant to a letter of Amendment dated February 28, 2001, the Company immediately conveyed to EOG an additional 2.839% in EL 391 and the Tulita Land. In exchange, EOG replaced a letter of credit on behalf of the Company for \$372,655 on EL 397, and guaranteed the refund of \$124,220 which was the portion of the Company's remaining letter of credit on EL 397.

The Company shall earn a net 6.625% working interest on this prospect by sharing 6.625% of all exploration expenditures.

The prospect is subject to a 5% N.P.I. and 5% G.O.R. as well as crown royalty.

EL 397

During the year ended November 30, 2000, the Company, along with its partners, Northrock, EOG, Berkley and Frontier were successful in bidding for Parcel 1, designated as EL 397, for a work program bid of \$16,580,000 in the Central Mackenzie Valley area of the Northwest Territories. The consortium had committed to spend \$16,580,000 on EL 397 and had posted a gross work deposit of \$4,145,000, which represents 25% of the commitment to future exploration on this block. The Company shall have a 6.625% interest in this prospect.

EL 416

A consortium consisting of Northrock, Frontier, EOG, Anadarko and the Company was successful in a bid to acquire the oil and gas exploration rights to Parcel No. 6 ("EL 416") in the Central Mackenzie Valley of the NWT. The consortium's successful bid was for a work commitment of \$1,526,430. The company has a working interest of 6.625%.

a) Northwest Territories Prospects - continued

EL 401

In connection with the sale and purchase agreement dated August 28, 2000 relating to the sale of a 2.8393 % interest in EL 391 to EOG, the Company was granted an option to participate in an exploration program on Parcel No. 5 ("EL 401"). The option was exercised by the Company on October 27, 2000. The Company is committed to pay 2.83% of \$12,760,000 to earn a 1.89% share in EL 401.

b) Montana Prospect

The Company has the option to earn a 66 2/3% working interest upon paying 80% of the land and lease acquisition payments and exploration program expenditures totaling \$500,000 in a prospect located in the State of Montana, U.S.A. The prospect is subject to a 5% G.O.R. and a 12.5% freehold royalty. To date, the Company had paid \$43,124 for land and leases.

c) Saskatchewan Prospects - Midale

Pursuant to an option agreement dated February 5, 1998 as amended September 1, 1999 between Frontier and Richfield to acquire interests in Freehold PNG leases in the Midale Lands, the Company has agreed to acquire 31.25% working interest (50% of 5/8 leasehold rights) in the Midale leases upon paying third party cost of \$19,500 and 66 2/3% of the land costs (\$56,666 paid). The Midale leases are subject to a 18% freehold royalties and to a 2% G.O.R

d) Tulita Properties

Pursuant to a lease agreement dated July 16, 1998, the Company shall earn a 40% interest in the lease granted by the Tulita District Land Corporation ("TDL") to Frontier. The lease covers nine individual parcels of land in the Fort Norman area of the Northwest Territories, of which two parcels are within the joint ventures EL 391. The Company was required to pay its 50% share of lease costs estimated to be \$550,000 and a \$1,000,000 seismic program. The properties are subject to a 15% G.O.R.R. and a 1% G.O.R. to Frontier and to a 5% net profits interest.

Frontier, as agent for and on behalf of the Company entered into a seismic option agreement with Northrock Resources Ltd. As a result, the Company's interest was reduced to 20% for the nine parcels (TDL acreage) upon payment for its 17.5% share of costs amounting to \$271,250.

Further to a letter of agreement between the Company, Northrock, Frontier and Berkley, Berkley agreed to participate in two \$1,000,000 seismic programs. Berkley shall pay the first \$700,000 of the first seismic program. Thereafter, 13.25% of the costs shall be paid by the Company. The Company shall be reimbursed 32.5% of certain expenditures which were previously incurred. The working interest of the Company shall be reduced to 13.25%

6. PROPERTY AND EQUIPMENT - continued

d) Tulita Properties - continued

Pursuant to the sale and purchase agreement, and the financing and joint venture agreement, both with EOG, the Company's interest in the TDL acreage has been reduced to 6.625%. See also Note 6(a) above.

e) Alaska Property

Pursuant to the terms of the joint venture agreement with International Frontier Resources Ltd. ("Frontier") the Company paid \$100,000 to participate in Frontier's bid for and acquiring prospective acreage in the Alaska North Slope area. To earn 28% of Frontier's working/equity interest in the lands and leases, the Company is required to pay 35% of Frontier's share of the bid.

f) Innes Property, Saskatchewan

On June 3, 1999, the Company entered into a participation agreement with Cigar, Oil & Gas Ltd., International Frontier Resources Ltd. and 773000 Alberta Ltd. ("Potter") to acquire land of mutual interest. The Company's participating interest shall be 30% in respect of any lands acquired before March 22, 2000 within the area of mutual interest. If the land is acquired at a provincial crown sale, the parties shall pay the acquiring party their participating interest share of the acquisition costs. The property is subject to crown royalty.

Potter has generated an exploration prospect comprising of 12 parcels of land. As consideration the Company paid \$34,031 being 331/3% of the costs of acquiring these 12 parcels.

7. SPECIAL WARRANTS

During the year the Company issued 1,220,714 special warrants exercisable at a price of \$0.28 per special warrant. Each special warrant is exercisable into one common share and one half non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at \$0.30 per share in the first year and at \$.36 per share in the second year.

8. CONVERTIBLE NOTES

These convertible notes, bear interest at prime plus 2%, calculated and payable annually. They were convertible into units consisting of one common share and one share purchase warrant at \$0.25 of principal outstanding. Each warrant entitled the holder to purchase one common share at the price of \$0.32, and expired on April 15, 2001. Out of total amount of \$325,000, \$95,000 had been paid off during the year, together with the interest thereon. The remaining balance of \$230,000 had been converted into 920,000 common shares at \$0.25 of principal outstanding.

9. SHARE CAPITAL

a) Authorized

100,000,000 Common shares without par value.

b) Issued and fully paid

	<u>Number of Shares</u>	<u>Amount</u>
Balance, November 30, 1999	4,569,820	\$ 14,699,964
Issued pursuant to conversion of convertible notes	300,000	75,000
Issued pursuant to exercise of special warrants	100,000	26,000
Issuance of additional performance shares	156,874	1,569
Issuance of flow through special warrants	986,250	345,290
Issuance of non flow through special warrants	375,000	137,373
Issued pursuant to a private placement	1,970,000	464,514
Issued as finder's fee	160,000	-
Cancellation of escrow shares	<u>(5,208)</u>	<u>-</u>
Balance, November 30, 2000	8,612,736	15,749,710
Issued pursuant to conversion of convertible notes	920,000	230,000
Issued pursuant to private placement of flow-through shares	1,000,000	169,920
Issued pursuant to exercise of stock options	<u>475,000</u>	<u>53,930</u>
Balance, November 30, 2001	<u>11,007,736</u>	<u>\$ 16,203,560</u>

c) Flow-through shares

During the year ended November 30, 2001 the Company incurred \$142,178 of the exploration cost on behalf of shareholders pursuant to flow-through share subscription agreements. The tax advantages applicable to \$142,178 of the exploration costs incurred by the Company are available to the subscribers of the shares and not to the Company.

d) Shares Held in Escrow

As at November 30, 2001, 369,792 (2000 – 369,792) common shares of the Company are subject to escrow agreements and may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon.

e) Share Purchase Warrants

As at November 30, 2001 the following share purchase warrants were outstanding:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,970,000	\$0.33	February 7, 2002
1,000,000	\$0.18	December 28, 2001
	\$0.21	December 28, 2002
610,357	\$0.30	July 12, 2002
	\$0.36	July 12, 2003

See also Note 12.

f) Stock Options

As at November 30, 2001, the following stock options were outstanding:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
317,500	\$ 0.48	October 8, 2002
15,000	\$ 0.11	May 26, 2003
22,000	\$0.12	December 1, 2003
385,000	\$0.25	June 5, 2004
317,000	\$0.15	April 19, 2004

See also Note 12.

10. RELATED PARTY TRANSACTIONS

- During the year the Company paid \$60,000 (2000 - \$60,000) for management fees to a company controlled by a director.
- During the year the Company paid \$60,000 (2000 - \$60,000) for consulting fees to a company controlled by a director.
- During the year the Company paid \$42,000 (2000 - \$24,000) for rent to a company controlled by a director.
- During the year the Company paid \$28,500 (2000 - \$28,750) for accounting fees to a company controlled by an officer of the Company.

10. RELATED PARTY TRANSACTIONS - Continued

- There were no convertible notes issued to the directors or their companies during the year (2000-\$105,000).
- Included under prepaid expenses are \$5,000 (2000 - \$5,000) in respect of consulting fees paid to a company controlled by a director.
- During the year the Company accrued \$5,450 (2000 - \$5,691) for post-judgment interest to a former director. See Note 11.

11. CONTINGENT LIABILITIES

- a) Judgment was rendered in favour of a former director in the amount of \$111,755, plus pre-judgment interest in the amount of \$7,075 for breach of the employment contract of which \$38,600 had already been paid under a garnishing order, and the balance had been fully provided for in these financial statements. No provision has been made, however, in respect of certain costs amounting to \$24,349 claimed by the former director which have not been agreed to, or assessed by the court. During the year, provision has been made of \$5,450 (2000-\$5,691) for post-judgment interest.
- b) There is contingent liability in respect of three irrevocable letters of credit for \$187,759 (2000-\$523,042), given by the bank to the Receiver General of Canada, on behalf of the Company, for its share of a refundable work deposits on the various prospects in the Northwest Territories. (See Note 5). The letters of credit are secured by an assignment of cash of equal amounts. The Company is contingently liable under the letters of credit for any portion of the work commitment not fulfilled.

12. SUBSEQUENT EVENTS

- a) Subsequent to November 30, 2001, 3,000 of the 317,500 stock options exercisable at \$0.48 per share had lapsed, and the balance of 314,500 stock options had been cancelled by the Company.
- b) Subsequent to November 30, 2001, stock options were granted to the directors, officers and employees of the Company as follows:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiring Date</u>
337,000	\$0.12	February 7, 2005
369,000	\$0.10	December 14, 2004

12. SUBSEQUENT EVENTS - continued

- c) Subsequent to November 30, 2001, the Company issued 500,000 units at a price of \$0.12 per unit for proceeds of \$60,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.12 for a period of two years.
- d) Subsequent to November 30, 2001, the Company issued 1,700,000 flow-through shares at a price of \$0.15 per flow-through share for proceeds of \$255,000.
- e) Subsequent to November 30, 2001, the Company had entered into a consulting services agreement with a company controlled by a director of the Company. Under the agreement, a monthly fee of \$4,000 plus Gst will be paid by the Company commencing January 1, 2002 to December 31, 2003. The Company will also grant altogether 450,000 incentive stock options to the director, and the company shall be entitled to a bonus fee, subject to shareholder and regulatory approval.

13. INCOME TAXES

The Company has incurred significant operating losses amounting to approximately \$3,286,000 which, if unutilized, will expire in future years.

In addition, the Company has Canadian exploration and development expenditures, Canadian oil and gas expenditures, foreign exploration and development expenditures of approximately \$2,177,000 which are available to reduce future taxable income. The Company also has capital losses of \$32,739.

Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements as their realization is unlikely.