

**Geoscience BC**  
**Interim Balance Sheet**  
**As at December 31, 2008**  
**(Unaudited - internally-prepared)**

**Exhibit 'A'**

	<b>\$</b>	<b>31-Mar-08</b> <b>\$</b> <b>(audited)</b>
<b>Assets</b>		
<i>Current assets:</i>		
Cash and cash equivalents	334,538	227,475
Temporary investments (Note 2)	18,038,984	15,747,547
Accrued interest receivable	260	40
GST rebate receivable	172,049	106,342
Other accounts receivable	476	11,838,263
Prepaid expenses	2,391	10,134
	18,548,698	27,929,801
 Net assets invested in equipment	 21,048	 32,277
	18,569,746	27,962,078
 <b>Liabilities</b>		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities	100,470	178,672
	100,470	178,672
 <b>Members' Equity</b>		
Net assets invested in equipment	21,048	32,277
Funding commitments - restricted (Note 3)	3,361,169	2,207,675
Unrestricted net assets (Exhibit 'B', Note 4)	15,087,059	25,543,454
	18,469,276	27,783,406
	18,569,746	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 nine months ended December 31, 2008  
(Unaudited - internally-prepared)**

**Exhibit B'**

	Actuals		Budget
	\$	\$	to March 31, 2009
			\$
<b>Revenues:</b>			
Investment income		569,357	551,164
Unrealized investment loss		(1,219,656)	
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		4,800	8,400
Unspent project funding returned:			
Project 2006-012		35	
Project 2006-013		12,019	
		<u>12,054</u>	
		(452,324)	<u>2,209,564</u>
<b>Expenditures:</b>			
<u>Program:</u>			
Publishing costs	12,847		(50,000)
Project funding awarded expended:			(11,264,476) *
Project 2005-003	8,035		
Project 2005-027	9,592		
Project 2005-053	131,000		
Project 2006-003	20,705		
Project 2006-008 - Kootenay Arc industry funding for the GSC	82,650		
Project 2006-016	42,464		
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 2007-027	204		
Project 2007-N001-4 - Nechako Seismic Survey	1,861,645		
Project 2007-N005 - Nechako Consultants/logistics	44,972		
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	169,921		
Project 2008-001 - Data Compilations (N. Vancouver Island)	400		
Project 2008-007	50,363		
Project 2008-008	60,000		
Project 2008-QW002 - QUEST-West Geochem reanalysis	70,000		
Project 2008-QW003 - QUEST-West EM + mag	1,609,199		
Project 2008-QW004 - QUEST-West Airborne Geophysics	2,326,146		
Project 2008-QW005 - QUEST-West Sediment & Water	268,947		
Project 2008-QW006 - QUEST-West Consultants/compilation	47,543		
Project 2008-QW007 - QUEST-West Community Engagement	11,236		
		(8,129,093)	<u>(11,314,476)</u>
<u>Administration:</u>			
Salaries & Benefits	229,536		450,000
Consulting - other	103,104		60,000
Travel & Conferences/Conventions	69,873		78,000
Office space (rent, property tax, CAE, security, parking)	59,760		71,211
Scholarships	55,000		55,000
Investment management fees	45,087		55,000
Communications & Marketing	37,134		60,000
Accounting, legal, insurance	34,081		52,522
Office/miscellaneous	18,013		15,000
Meeting expenses	17,585		2,000
Sponsorships	12,867		20,000
Amortization	12,467		16,500
Non-refundable GST	9,369		23,363
Horn River Basin - unrestricted, approved in principal only	8,288		-
Telephone	4,987		5,000
Moving costs	4,619		-
Dues/Memberships	3,467		5,000
Computer maintenance, internet and email	3,391		7,000
Xerox lease	2,446		3,181
QUEST South - unrestricted	1,400		
Workshop expenses	238		10,000
Recruitment expenses	-		25,000
		(732,712)	(1,013,777)
Expenditures in excess of income earned		(9,314,129)	(10,118,689)
Net increase in unexpended funding commitments from March 31, 2008		(1,153,495)	
Net decrease (increase) in amounts invested in equipment		11,229	(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, December 31, 2008 (refer also to Note 4)		<u>15,087,059</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 received and currently 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, CIBC, due January 5, 2009	2,040,000	2,039,578
GIC, TD Mortgage Corp., due April 27, 2009	6,001,063	6,001,063
GIC, Advisor's Advantage Trust, due December 1, 2009	1,557,000	1,557,000
	<u>9,598,063</u>	<u>9,597,641</u>
Connor, Clark and Lunn aggregate portfolio, at market value	n/a	8,441,343
		<u>18,038,984</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 \$45,087 and included in the Statement of Operations as an expense.

To December 31, 2008, approximately \$10.0 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 December 31, 2008:

	\$
Project 2005 - 030	22,500
Project 2005 - 031	23,125
Project 2005 - 052	3,354
Project 2005 - 053	27,000
Project 2005 - 054	4,209
Project 2005 - 058	15,350
Project 2005-060B - Arcis	30,000
<b>Committed during the year ended March 31, 2006:</b>	<u>125,538</u>
Project 2006-005	3,633
Project 2006-014	25,005
Project 2006-015	5,000
Project 2006-016	25,417
Project 2006-020	6,125
Project 2006-029	13,307
Project 2006-046	28,500
<b>Committed during the year ended March 31, 2007:</b>	<u>106,987</u>
Project 2007-Q006 (QUEST)	26,751
Project 2007-Q009 (QUEST follow-up)	8,410
Project 2007-Q009 (QUEST follow-up) - 2008-003	16,035
Project 2007-Q009 (QUEST follow-up) - 2008-004	28,250
Project 2007-Q009 (QUEST follow-up) - 2008-005	38,350
Project 2007-Q009 (QUEST follow-up) - 2008-009	25,964
Project 2007-Q009 (QUEST follow-up) - 2008-032	14,643
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	31,771
<b>Committed during the year ended March 31, 2008:</b>	<u>367,860</u>
Project 2008-012	16,300
Project 2008-018	72,950
Project 2008-025	29,350
Project 2008-027	95,137
Project 2007-Q009 (QUEST follow-up) - 2007-026 (Ward)	280,000
Project 2007-Q009 (QUEST follow-up) - additional funding requested	7,107
Project 2008-QW002	30,000
Project 2008-QW003	190,801
Project 2008-QW005	31,053
Project 2008-QW006	152,457
Project 2008-QW007	288,764
Project 2008-QW008	400,000
BCGS Partnerships - unallocated	352,850
BCGS Partnerships - Project 2008-007	16,788
BCGS Partnerships - Project 2008-008	20,000
Data Compilations	199,600
2007-N001-004 - (Nechako Seismic Survey)	558,212
2007-N005 - (Nechako consultants and logistics)	19,415
<b>Committed in the nine months ended December 31, 2008:</b>	<u>2,760,784</u>
Restricted Funding commitments at December 31, 2008 - unspent	<u>3,361,169</u>

These funds remain on hand at December 31, 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	1,383,068
Project funding from third parties (R2R, Northern Trust, TEDA, industry)	867,476
Income from other sources (workshops, rent, etc.)	8,650
Publishing costs incurred	(88,201)
Purchases of furniture and equipment	(33,515)
Administrative expenses incurred	(2,693,469)
Net program expenditures - actual and commitments	(21,056,950)
Unrestricted net assets, December 31, 2008	<u>15,087,059</u>

5. Subsequent events

Between January 1st and February 19th, 2009, Geoscience BC disbursed an aggregate of \$129,511 in previously approved program spending.