

**Geoscience BC**  
**Interim Balance Sheet**  
**As at December 31, 2007**  
**(Unaudited - internally-prepared)**

**Exhibit 'A'**

<b>Assets</b>	\$	31-Mar-07 \$ (audited)
<i>Current assets:</i>		
Cash and cash equivalents	812,603	2,014,849
Temporary investments (Note 2)	16,735,167	18,558,520
Accrued interest receivable	1,458	68,416
GST rebate receivable *	23,971	23,971
Other accounts receivable	-	30,742
Prepaid expenses	3,359	3,337
	<u>17,576,558</u>	<u>20,699,835</u>
 Net assets invested in equipment	 38,738	 28,452
	<u><u>17,615,296</u></u>	<u><u>20,728,287</u></u>
 <b>Liabilities</b>		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities (Note 3)	<u>346,812</u>	<u>41,913</u>
	<u>346,812</u>	<u>41,913</u>
 <b>Members' Equity</b>		
Net assets invested in equipment	38,738	28,452
Funding commitments - restricted (Note 4)	3,525,795	929,988
Unrestricted net assets (Exhibit 'B', Note 5)	13,703,951	19,727,934
	<u>17,268,484</u>	<u>20,686,374</u>
	<u><u>17,615,296</u></u>	<u><u>20,728,287</u></u>
 Basis of presentation (Note 1)		
Subsequent events (Note 6)		

\* Subsequently received

Refer also to accompanying notes - Exhibit 'C'

**Geoscience BC**  
**Interim Operations Statement**  
**For the nine months ended December 31, 2007**  
**(Unaudited - internally-prepared)**

Exhibit 'B'

	Actuals	Budget to March 31, 2008
	\$	\$
Investment income		684,529
QUEST Funding from the Northern Development Initiative Trust		303,403
Realized and unrealized investment losses		(427,466)
Unspent project funding returned:		
Project 2006-012	250	
Project 2006-013	14,355	
Project 2006-016	50,000	
		64,605
 <i>Expenditures:</i>		
<u>Program:</u>		
Publishing costs	13,617	50,000
Project funding awarded expended:		7,808,399 *
Project 2005-052	5,030	
Project 2005-053	131,000	
Project 2005-054	16,836	
Project 2006-003	62,800	
Project 2006-004	7,500	
Project 2006-005	5,450	
Project 2006-012	3,195	
Project 2006-013	33,912	
Project 2006-014	100,020	
Project 2006-016	13,050	
Project 2006-028	36,000	
Project 2006-029	27,922	
Project 2006-032	74,250	
Project 2006-046	28,500	
Project 2007-Q002	73,996	
Project 2007-Q003	1,292,080	
Project 2007-Q004	729,052	
Project 2007-Q005	519,500	
Project 2007-Q006	30,906	
Project 2007-Q008	3,010	
Project 2007-N002	4,143	
Project 2007-N003	39,210	
Non-refundable GST included in projects	128,236	
		3,379,215
		7,858,399
 <u>Administration:</u>		
Salaries & Benefits	211,558	375,000
Consulting - Project Team and other	137,055	200,000
Travel & Conferences/Conventions	65,613	78,000
Scholarships	50,000	50,000
Investment management fees	42,586	20,000
Accounting & Legal (including insurance)	30,703	49,522
Office space (rent, property tax, CAE, security, parking)	28,421	42,800
Communications & Marketing	26,374	60,000
Non-refundable GST	18,624	55,925
Office/miscellaneous	16,353	10,000
Amortization	10,542	10,700
Meeting expenses	7,554	2,000
Telephone	5,790	5,000
Computer maintenance, internet and email	4,281	7,000
Executive recruitment	3,419	-
Xerox lease	2,252	3,161
Dues/Memberships	1,945	3,900
Workshop expenses	675	15,000
		663,746
		988,008
Expenditures in excess of income earned	(3,417,890)	(8,039,638)
Net increase in unexpended funding commitments from March 31, 2007		(2,595,806)
Net increase in amounts invested in equipment <i>(Amortization charged less current purchases of \$20,828)</i>		(10,286)
Add back: March 31, 2007 unexpended funding, restricted at that date		n/a
		929,988
Balance, unrestricted net assets, March 31, 2007		19,727,934
Balance, unrestricted net assets, December 31, 2007	(refer also to Note 5)	13,703,951
		(to Exhibit 'A')
Projected unrestricted net assets, March 31, 2008		12,618,284

\* inclusive of \$929,989 in unexpended funding commitments at March 31, 2007

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, RBC, due January 14, 2008	2,368,000	2,364,064
Banker's acceptance, RBC, due March 25, 2008	184,400	1,824,035
Banker's acceptance, RBC, due April 1, 2008	3,240,000	3,201,985
	<u>5,792,400</u>	<u>7,390,084</u>
Connor, Clark and Lunn aggregate portfolio, at market value	n/a	9,345,083
		<u>16,735,167</u>

In November 2006 Geoscience BC invested an aggregate of \$18.0 million, as to \$8.0 million in three Banker's acceptances (which are of approximately equal amount and which are 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.

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 \$42,586 and included in the Statement of Operations as an expense.

A total of \$2 million was drawn down from these investments at December 31, 2007. Refer to Note 6.

**3. Accounts payable**

Accounts payable of \$346,812 for the period includes \$324,299 to Sander Geophysics with respect to the QUEST program's airborne gravity survey. All accounts payable have been paid subsequent to December 31, 2007.

**4. Funding Commitments**

Geoscience BC had approved the following undisbursed funding at December 31, 2007:

	\$
Project 2005 - 003	20,000
Project 2005 - 027	9,592
Project 2005 - 030	22,500
Project 2005 - 031	23,125
Project 2005 - 032	30,925
Project 2005 - 052	3,354
Project 2005 - 053	108,000
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>267,054</u>
Project 2006-003	15,700
Project 2006-005	3,633
Project 2006-014	25,005
Project 2006-015	5,000
Project 2006-016	86,950
Project 2006-020	6,125
Project 2006-028	36,000
Project 2006-029	9,307
Project 2006-032	8,250
<b>Committed during the year ended March 31, 2007:</b>	<u>195,971</u>
Project 2005-053	50,000
Project 2006-046	28,500
Project 2007-Q002 (QUEST)	8,142
Project 2007-Q003 (QUEST)	92,400
Project 2007-Q004 (QUEST)	1,673,658
Project 2007-Q005 (QUEST)	250,000
Project 2007-Q006 (QUEST)	69,047
Project 2007-Q007 (QUEST)	100,000
Project 2007-Q008 (QUEST)	46,804
Project 2007-Q009 (QUEST follow-up)	250,000
Project 2007-005	86,685
Project 2007-007	37,975
Project 2007-011	100,000
Project 2007-012	95,750
Project 2007-016	30,000
Project 2007-017	40,000
Project 2007-019	30,000
Project 2007-024	41,934
Project 2007-027	31,875
<b>Committed in the nine months ended December 31, 2007:</b>	<u>3,062,770</u>
Restricted Funding commitments at December 31, 2007 - unspent	<u>3,525,795</u>

These funds remain on hand at December 31, 2007 but are now considered to be internally-restricted from the perspective of Geoscience BC. Refer to Note 6.

**5. Summarized net unrestricted assets from inception:**

BC government grant received	25,000,000
Investment income earned, net	2,004,213
Income from other sources (R2R, Workshops, Northern Trust)	323,719
Publishing costs incurred	(68,554)
Purchases of furniture and equipment	(38,738)
Administrative expenses incurred	(1,841,058)
Net program expenditures - actual and commitments	(11,675,631)
Unrestricted net assets, December 31, 2007	<u>13,703,951</u>

**6. Events subsequent to December 31, 2007**

Between January 1st and February 22nd, 2008, Geoscience BC disbursed an aggregate of \$756,109 in previously approved program spending.

The BC government budget proposes, subject to legislative approval, an additional \$12.0 million in funding for Geoscience BC.

An additional \$1 million was drawn down from investments held with Nesbitt Burns.