

**Geoscience BC**  
**Interim Balance Sheet**  
**As at December 31, 2010**  
**(Unaudited - internally-prepared)**

<b>Exhibit 'A'</b>
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<b>Assets</b>	\$	31-Mar-10 \$ (audited)
<i>Current assets:</i>		
Cash and cash equivalents	414,269	206,012
Investments (Note 2)	10,176,793	11,951,266
Accrued interest receivable	1,603	1,140
Amounts receivable	130,000	196,516
Prepaid expenses	2,426	8,756
	<u>10,725,091</u>	<u>12,363,690</u>
Capital assets	15,964	23,637
	<u>10,741,055</u>	<u>12,387,327</u>
 <b>Liabilities</b>		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities	<u>53,595</u>	<u>66,506</u>
	<u>53,595</u>	<u>66,506</u>
 <b>Members' Equity</b>		
Net assets invested in capital assets	15,964	23,637
Funding commitments - restricted (Note 3)	3,081,352	3,272,410
Unrestricted net assets (Exhibit 'B', Note 4)	7,590,144	9,024,774
	<u>10,687,460</u>	<u>12,320,821</u>
	<u>10,741,055</u>	<u>12,387,327</u>
 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, 2010**  
**(Unaudited - internally-prepared)**

**Exhibit 'B'**

	<u>Actuals</u>	<u>Forecast</u>
	\$	to March 31, 2011
	\$	\$
<b>Revenues:</b>		
Investment income	352,481	352,481
Project funding from third parties - Montney project participants	667,500	667,500
Project funding returned unused - Project 2006-028 (Cassidy, GSC)	223	223
Sublease income	10,800	14,400
Tax refunds	3,516	3,516
USB drive cost recovery	180	180
	<u>1,034,700</u>	<u>1,038,300</u>
<b>Expenditures:</b>		
<u>Program:</u>		
Publishing costs	32,091	50,000
Project funding awarded expended:		4,988,966 *
Project 2006-008	32,498	
Project 2006-020	6,125	
Project 2007-012	38,300	
Project 2007-026	120,000	
Project 2008-003	12,854	
Project 2008-012	8,150	
Project 2008-022	7,952	
Project 2008-031	13,844	
Project 2009-001	111,254	
Project 2009-002	6,736	
Project 2009-019	16,324	
Project 2009-020	21,000	
Project 2009-023	38,436	
Project 2009-029	23,540	
Project 2009-030	6,571	
Project 2009-033	40,612	
Project 2009-043	65,135	
Project 2009-044	64,781	
Project 2009-046	76,661	
Project 2009-048	137,558	
Project 2010-001	53,200	
Project 2010-003	62,235	
Project 2010-006	148,500	
Project 2010-007	27,750	
Project 2010-008	427,468	
QUEST-South Geochemi program	29,996	
QUEST, QUEST-West, QUEST-South consultants, logistics	26,310	
QUEST, QUEST-West, QUEST-South community consultations	31,691	
Montney Basin Aquifer Study and related components	141,701	
Oil & Gas - consultants, logistics, and community engagement	82,042	
	<u>(1,911,315)</u>	<u>(5,038,966)</u>
<u>Scholarships:</u>	45,000	(45,000)
	<u>(45,000)</u>	<u>(45,000)</u>
<u>Administration:</u>		
Salaries & Benefits	325,905	472,000
Rent and utilities	88,771	118,000
Consulting	41,873	52,000
Investment management fees	40,511	50,000
Communications, Marketing and Community Engagement	36,932	55,000
Accounting, legal, insurance	36,146	58,000
Travel & Conferences/Conventions	33,120	60,000
Non-refundable GST/HST	31,530	35,000
Office/miscellaneous	17,441	23,500
Sponsorships	13,119	18,500
Amortization of capital assets	12,938	15,000
Meeting expenses	11,209	10,000
Computer maintenance, internet and email	7,461	6,000
Staff training & professional development	5,580	-
Telephone	5,492	6,800
Photocopier	2,496	3,500
Dues/Memberships	1,222	3,200
Workshop expenses	-	-
	<u>(711,746)</u>	<u>(986,500)</u>
Expenditures in excess of income earned	<u>(1,633,361)</u>	<u>(5,032,166)</u>
Net decrease in unexpended funding commitments from March 31, 2010	191,058	
Net decrease (increase) in amounts invested in equipment	7,673	(5,000)
Add back: March 31, 2010 unexpended funding, restricted at that date	n/a	3,272,410
Balance, unrestricted net assets, March 31, 2010, audited	9,024,774	9,024,774
Balance, unrestricted net assets, December 31, 2010	(refer also to Note 4) <u>7,590,144</u>	
	(to Exhibit 'A')	
Projected unrestricted net assets, March 31, 2011		<u>7,260,018</u>

\* inclusive of \$3,272,410 in unexpended funding commitments at 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. Investments**

	Market value \$	30-Sep-10 Market value \$	
Dundee Investment Savings Account	254,408	503,406	
TD Mortgage Corp GIC, due December 20, 2011	3,750,000		
	<u>4,004,408</u>		
Connor, Clark and Lunn aggregate portfolio, at market value	6,172,385	10,193,369	(\$3.75 million transferred to the current GIC and \$250,000 to cash in December, 2011)
	<u>10,176,793</u>	<u>10,696,775</u>	

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 investment management fees of \$40,511, year to date, and included in the Statement of Operations as an expense.

**3. Funding Commitments**

Geoscience BC had approved the following undisbursed funding at December 31, 2010:

	\$
Project 2005 - 031	23,125
Project 2005-060B - Arcis	30,000
<b>Committed during the year ended March 31, 2006:</b>	<u>53,125</u>
Project 2006-005	3,633
Project 2006-029	13,307
Project 2006-046	28,500
<b>Committed during the year ended March 31, 2007:</b>	<u>45,440</u>
Project 2007-012	9,575
Project 2007-016	7,500
Project 2007-017	12,000
Project 2007-019	3,000
Project 2007-024	4,193
<b>Committed during the year ended March 31, 2008:</b>	<u>36,268</u>
QUEST, QUEST-West, QUEST-South consultants, logistics	49,063
QUEST, QUEST-West, QUEST-South community engagement	212,248
Data Compilations	151,634
Project 2007-026	40,342
Project 2008-012	8,150
Project 2008-018	36,475
Project 2008-025	7,338
Project 2008-027	23,784
Project 2008-014	110,757
Project 2009-002	13,264
Project 2009-003	15,000
<b>Committed during the year ended March 31, 2009:</b>	<u>668,055</u>
Project 2008-013	150,000
Project 2008-024	5,966
Project 2008-028	14,011
2009-HR005-HRB Well Data Purchases	300,000
Montney Basin Aquifer Study and related components	222,037
Project 2008-031	114,876
Project 2009-009	25,833
Project 2009-020	14,000
Project 2009-024	42,912
Project 2009-025	13,875
Project 2009-029	7,846
Project 2009-030	13,454
Project 2009-033	26,923
Project 2009-040	79,150
Project 2009-041	16,125
Project 2009-043	34,865
Project 2009-044	21,594
Project 2009-046	42,429
Project 2009-048	45,853
Oil & Gas consultants and logistics	134,849
<b>Committed during the year ended March 31, 2010:</b>	<u>1,326,598</u>
Project 2009-001	21,000
Project 2009-023	31,564
Project 2010-001	13,300
Project 2010-002 - QUEST, QW, QS consultants and logistics	200,000
Project 2010-003	6,915
Project 2010-004	76,470
Project 2010-005	20,000
Project 2010-006	16,500
Project 2010-007	9,250
Project 2010-008	106,867
Horn River Basin - Phase 2 (water study, airborne EM and marketing)	450,000
<b>Committed in the nine months ended December 31, 2010:</b>	<u>951,866</u>
Restricted Funding commitments at December 31, 2010 - unspent	<u>3,081,352</u>

These funds remain on hand at December 31, 2010 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	3,518,281
Income from other sources (workshops, rent, sublease, etc.)	3,434,644
Publishing costs incurred	(170,485)
Purchases of furniture and equipment	(94,792)
Administrative expenses incurred	(4,929,934)
Net program expenditures - actual and commitments	(30,867,570)
Unrestricted net assets, December 31, 2010	<u>7,590,144</u>

**5. Subsequent events**

Between January 1st and March 30th, 2011 Geoscience BC disbursed an aggregate of \$141,873 in previously approved program spending.

Subsequent to December 31st, 2010, an additional \$75,166 in project funding was approved, \$74,150 by the Board by way of a February 25th, 2011 consent resolution and \$1,016 at the President & CEO's discretion, of which the \$1,016 was disbursed by March 30th, 2011.