

Geoscience BC
Interim Balance Sheet
As at September 30, 2008
(Unaudited - internally-prepared)

Exhibit 'A'

	\$	31-Mar-08 \$ (audited)
Assets		
<i>Current assets:</i>		
Cash and cash equivalents	562,569	227,475
Temporary investments (Note 2)	20,202,782	15,747,547
Accrued interest receivable	2,217	40
GST rebate receivable	253,605	106,342
Other accounts receivable	1,200	11,838,263
Prepaid expenses	3,391	10,134
	21,025,764	27,929,801
 Net assets invested in equipment	 25,224	 32,277
	21,050,988	27,962,078
 Liabilities		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities	601,532	178,672
	601,532	178,672
 Members' Equity		
Net assets invested in equipment	25,224	32,277
Funding commitments - restricted (Note 3)	4,484,721	2,207,675
Unrestricted net assets (Exhibit 'B', Note 4)	15,939,511	25,543,454
	20,449,456	27,783,406
	21,050,988	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 six months ended September 30, 2008
(Unaudited - internally-prepared)

Exhibit B'

	Actuals		Budget
	\$	\$	to March 31, 2009
			\$
Revenues:			
Investment income		369,676	551,164
Unrealized investment loss		(620,184)	
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		1,200	8,400
Unspent project funding returned:			
Project 2006-012		35	
Project 2006-013		12,019	
		<u>12,054</u>	<u>2,209,564</u>
		(56,133)	
Expenditures:			
<u>Program:</u>			
Publishing costs	102		(50,000)
Project funding awarded expended:			(11,264,476) *
Project 2005-003	8,035		
Project 2006-003	15,700		
Project 2006-008 - Kootenay Arc industry funding for the GSC	82,650		
Project 2006-016	26,328		
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-N001-4 - Nechako Seismic Survey	1,669,451		
Project 2007-N005 - Nechako Consultants/logistics	41,923		
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	28,551		
Project 2008-001 - Data Compilations (N. Vancouver Island)	400		
Project 2008-QW002 - QUEST-West Geochem reanalysis	70,000		
Project 2008-QW003 - QUEST-West EM + mag	972,315		
Project 2008-QW004 - QUEST-West Airborne Geophysics	2,326,146		
Project 2008-QW005 - QUEST-West Sediment & Water	209,181		
Project 2008-QW006 - QUEST-West Consultants/compilation	20,274		
Project 2008-QW007 - QUEST-West Community Engagement	7,475		
		(6,779,755)	(11,314,476)
<u>Administration:</u>			
Salaries & Benefits	151,494		450,000
Consulting - other	61,345		60,000
Scholarships	55,000		55,000
Travel & Conferences/Conventions	47,533		78,000
Investment management fees	33,346		55,000
Office space (rent, property tax, CAE, security, parking)	31,275		71,211
Communications & Marketing	27,124		60,000
Accounting, legal, insurance	22,284		52,522
Meeting expenses	15,067		2,000
Office/miscellaneous	13,280		15,000
Amortization	8,291		16,500
Sponsorships	7,000		20,000
Non-refundable GST	5,680		23,363
Horn River Basin - unrestricted, approved in principal only	5,223		-
Moving costs	4,619		-
Telephone	3,737		5,000
Computer maintenance, internet and email	2,103		7,000
Dues/Memberships	1,900		5,000
Xerox lease	1,523		3,181
Workshop expenses	238		10,000
Recruitment expenses	-		25,000
		(498,062)	(1,013,777)
Expenditures in excess of income earned		(7,333,950)	(10,118,689)
Net increase in unexpended funding commitments from March 31, 2008		(2,277,046)	
Net decrease (increase) in amounts invested in equipment		7,053	(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, September 30, 2008	(refer also to Note 4)	<u>15,939,511</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 originally 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, Firstbank, due December 1, 2008	3,311,000	3,290,542
Banker's acceptance, CIBC, due January 5, 2009	2,040,000	2,020,081
GIC, TD Mortgage Corp., due April 27, 2009	6,001,063	6,001,063
	<u>11,352,063</u>	<u>11,311,686</u>
Connor, Clark and Lunn aggregate portfolio, at market value	n/a	8,891,096
		<u>20,202,782</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 \$33,346 and included in the Statement of Operations as an expense.

To September 30, 2008, approximately \$8.0 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 September 30, 2008:

	\$
Project 2005 - 027	9,592
Project 2005 - 030	22,500
Project 2005 - 031	23,125
Project 2005 - 052	3,354
Project 2005 - 053	158,000
Project 2005 - 054	4,209
Project 2005 - 058	15,350
Project 2005-060B - Arcis	30,000
Committed during the year ended March 31, 2006:	<u>266,130</u>
Project 2006-003	5,700
Project 2006-005	3,633
Project 2006-014	25,005
Project 2006-015	5,000
Project 2006-016	41,554
Project 2006-020	6,125
Project 2006-029	13,307
Project 2006-046	28,500
Committed during the year ended March 31, 2007:	<u>128,824</u>
Project 2007-Q006 (QUEST)	26,751
Project 2007-Q009 (QUEST follow-up)	37,924
Project 2007-Q009 (QUEST follow-up) - 2008-003	50,000
Project 2007-Q009 (QUEST follow-up) - 2008-005	38,350
Project 2007-Q009 (QUEST follow-up) - 2008-009	103,855
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	31,975
Committed during the year ended March 31, 2008:	<u>466,541</u>
Project 2007-Q009 (QUEST follow-up) - 2007-026 (Ward)	280,000
Project 2007-Q009 (QUEST follow-up) - additional funding requested	50,000
Project 2008-QW002	30,000
Project 2008-QW003	827,685
Project 2008-QW005	90,819
Project 2008-QW006	179,726
Project 2008-QW007	292,525
Project 2008-QW008	400,000
BCGS Partnerships - unallocated	352,850
BCGS Partnerships - Project 2008-007	67,150
BCGS Partnerships - Project 2008-008	80,000
Data Compilations	199,600
2007-N001-004 - (Nechako Seismic Survey)	750,406
2007-N005 - (Nechako consultants and logistics)	22,465
Committed in the six months ended September 30, 2008:	<u>3,623,226</u>
Restricted Funding commitments at September 30, 2008 - unspent	<u>4,484,721</u>

These funds remain on hand at September 30, 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	1,782,859
Project funding from third parties (R2R, Northern Trust, TEDA, industry)	867,476
Income from other sources (workshops, rent, etc.)	5,050
Publishing costs incurred	(75,456)
Purchases of furniture and equipment	(25,224)
Administrative expenses incurred	(2,471,285)
Net program expenditures - actual and commitments	(20,843,909)
Unrestricted net assets, September 30, 2008	<u>15,939,511</u>

5. Subsequent events

Between October 1st and November 20th, 2008, Geoscience BC disbursed an aggregate of \$913,336 in previously approved program spending.