

Geoscience BC
Interim Balance Sheet
As at September 30, 2010
(Unaudited - internally-prepared)

Exhibit 'A'

Assets	\$	31-Mar-10 \$ (audited)
<i>Current assets:</i>		
Cash and cash equivalents	303,455	206,012
Investments (Note 2)	10,696,775	11,951,266
Accrued interest receivable	-	1,140
Amounts receivable	144,951	196,516
Prepaid expenses	2,123	8,756
	<u>11,147,304</u>	<u>12,363,690</u>
Capital assets	19,230	23,637
	<u><u>11,166,534</u></u>	<u><u>12,387,327</u></u>
 Liabilities		
<i>Current liabilities:</i>		
Accounts payable & accrued liabilities	<u>83,121</u>	<u>66,506</u>
	<u>83,121</u>	<u>66,506</u>
 Members' Equity		
Net assets invested in capital assets	19,230	23,637
Funding commitments - restricted (Note 3)	3,102,280	3,272,410
Unrestricted net assets (Exhibit 'B', Note 4)	<u>7,961,903</u>	<u>9,024,774</u>
	<u>11,083,413</u>	<u>12,320,821</u>
	<u><u>11,166,534</u></u>	<u><u>12,387,327</u></u>

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, 2010
(Unaudited - internally-prepared)

Exhibit 'B'

	<u>Actuals</u>	<u>Forecast</u>
	\$	to March 31, 2011
	\$	\$
Revenues:		
Investment income	210,283	210,283
Unrealized investment gain	146,100	
Project funding from third parties - Montney project participants	325,000	705,000
Project funding returned unused - Project 2006-028 (Cassidy, GSC)	223	223
Sublease income	7,200	14,400
USB drive cost recovery	180	180
	<u>688,986</u>	<u>930,086</u>
Expenditures:		
<u>Program:</u>		
Publishing costs	744	50,000
Project funding awarded expended:		5,892,190 *
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	5,309	
Project 2009-001	111,254	
Project 2009-002	3,880	
Project 2009-019	16,324	
Project 2009-020	21,000	
Project 2009-023	38,436	
Project 2009-029	23,539	
Project 2009-030	6,571	
Project 2009-033	40,612	
Project 2009-043	65,135	
Project 2009-046	76,661	
Project 2009-048	137,558	
Project 2010-001	39,600	
Project 2010-003	51,862	
Project 2010-006	148,500	
Project 2010-008	267,168	
QUEST, QUEST-West, QUEST-South consultants, logistics	11,616	
QUEST, QUEST-West, QUEST-South community consultations	19,775	
Montney Basin Aquifer Study	48,278	
Oil & Gas - consultants, logistics, and community engagement	49,341	
	<u>(1,409,042)</u>	<u>(5,942,190)</u>
<u>Scholarships:</u>	45,000	<u>(45,000)</u>
		<u>(45,000)</u>
<u>Administration:</u>		
Salaries & Benefits	224,959	477,000
Rent and utilities	59,161	126,000
Consulting	36,066	141,000
Investment management fees	27,550	50,000
Accounting, legal, insurance	23,316	63,000
Travel & Conferences/Conventions	21,326	105,000
Non-refundable GST/HST	19,197	35,500
Communications, Marketing and Community Engagement	12,269	65,000
Meeting expenses	9,762	10,000
Amortization of capital assets	9,672	15,000
Sponsorships	8,500	30,000
Office/miscellaneous	6,914	42,500
Staff training & professional development	4,763	-
Telephone	4,100	7,500
Computer maintenance, internet and email	2,889	6,000
Xerox lease	1,663	3,500
Dues/Memberships	245	5,000
Workshop expenses	-	5,000
	<u>(472,352)</u>	<u>(1,187,000)</u>
Expenditures in excess of income earned	<u>(1,237,408)</u>	<u>(6,244,104)</u>
Net increase in unexpended funding commitments from March 31, 2010	170,130	
Net increase in amounts invested in equipment	4,407	(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, September 30, 2010	(refer also to Note 4)	<u>7,961,903</u>
		(to Exhibit 'A')
Projected unrestricted net assets, March 31, 2011		<u><u>6,048,080</u></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

	Maturity value \$	Market value \$
Dundee Investment Savings Account	503,406	503,406
	<u>503,406</u>	503,406
Connor, Clark and Lunn aggregate portfolio, at market value	n/a	10,193,369
		<u>10,696,775</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 \$27,550 and included in the Statement of Operations as an expense.

To September 30, 2010, approximately \$20.5 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, 2010:

	\$
Project 2005 - 031	23,125
Project 2005-060B - Arcis	30,000
Committed during the year ended March 31, 2006:	<u>53,125</u>
Project 2006-005	3,633
Project 2006-029	13,307
Project 2006-046	28,500
Committed during the year ended March 31, 2007:	<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
Committed during the year ended March 31, 2008:	<u>36,268</u>
QUEST, QUEST-West, QUEST-South consultants, logistics	63,757
QUEST, QUEST-West, QUEST-South community engagement	224,164
Data Compilations	151,634
Project 2007-026	40,342
Project 2008-012	8,150
Project 2008-018	36,475
Project 2008-025	7,337
Project 2008-027	23,784
Project 2008-014	110,757
Project 2009-002	16,120
Project 2009-003	15,000
Project 2009-QS002&QS003	30,000
Committed during the year ended March 31, 2009:	<u>727,520</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	315,460
Project 2008-031	123,412
Project 2009-009	25,833
Project 2009-020	14,000
Project 2009-024	42,912
Project 2009-025	13,875
Project 2009-029	7,847
Project 2009-030	13,454
Project 2009-033	26,922
Project 2009-040	79,150
Project 2009-041	16,125
Project 2009-043	34,865
Project 2009-044	86,375
Project 2009-046	42,429
Project 2009-048	45,853
Oil & Gas consultants and logistics	167,549
Committed during the year ended March 31, 2010:	<u>1,526,038</u>
Project 2009-001	21,000
Project 2009-023	31,564
Project 2010-001	26,900
Project 2010-002 - QUEST, QW, QS consultants and logistics	200,000
Project 2010-003	17,288
Project 2010-004	76,470
Project 2010-005	20,000
Project 2010-006	16,500
Project 2010-007	37,000
Project 2010-008	267,167
Committed in the six months ended September 30, 2010:	<u>713,889</u>
Restricted Funding commitments at September 30, 2010 - unspent	<u>3,102,280</u>

These funds remain on hand at September 30, 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	3,522,184
Income from other sources (workshops, rent, sublease, etc.)	3,085,028
Publishing costs incurred	(139,138)
Purchases of furniture and equipment	(91,526)
Administrative expenses incurred	(4,697,072)
Net program expenditures - actual and commitments	(30,417,573)
Unrestricted net assets, September 30, 2010	<u>7,961,903</u>

5. Subsequent events

Between October 1st and November 26th, 2010 Geoscience BC disbursed an aggregate of \$318,986 in previously approved program spending.