



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT
BC FORM 51-901F
 (previously Form 61)

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ISSUER DETAILS		FOR QUARTER ENDED	DATE OF REPORT	
NAME OF ISSUER		Y	M	D
WINFIELD RESOURCES LIMITED		00	12	31
ISSUER ADDRESS				
SUITE 1375 – 885 WEST GEORGIA STREET				
CITY/	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
VANCOUVER	BC	V6C 3E8	604-899-0711	604-895-7463
CONTACT PERSON		CONTACT POSITION		CONTACT TELEPHONE NO.
MICHAEL FOLEY		DIRECTOR		604-895-7463
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS		
foley@winfieldresources.com		www.winfieldresources.com		

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
	RICHARD HADERER	Y	M	D
		01	05	22
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
	ROBERT WILSON	Y	M	D
		01	05	22

FIN51-901F Rev.2000/12/19

WINFIELD RESOURCES LIMITED

Financial Statements

December 31, 2000

Auditor's Report

**To the Directors of
WINFIELD RESOURCES LIMITED**

I have audited the balance sheets of Winfield Resources Limited as at December 31, 2000 and December 31, 1999 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and December 31, 1999 and the results of its operations and the changes in its cash position for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

"Signed"

Calgary, Alberta
May 16, 2001

**STAN PELOSKI
Chartered Accountant**

WINFIELD RESOURCES LIMITED

Balance Sheets

As at December 31

	Note	2000 \$	1999 \$
Assets			
Current Assets			
Cash		72,057	469
Short term deposit	7	5,750	5,750
Accounts receivable		8,714	23,969
Prepaid expenses and deposits	7	33,051	-
		119,572	30,188
Property and Equipment	4	186,559	472,825
Deferred Expenditures		-	53,271
		306,131	556,284
Liabilities			
Current Liabilities			
Operating overdraft		-	972
Accounts payable and accrued liabilities	7	23,729	51,499
Due to shareholder corporation	10	959	2,579
		24,688	55,050
Shareholders' Equity			
Share Capital	5	1,288,313	733,811
Deficit	3	(1,006,870)	(232,577)
		281,443	501,234
		306,131	556,284

Approved on Behalf of the Board:

"signed"

Richard Haderer, Director

"signed"

Robert Wilson, Director

WINFIELD RESOURCES LIMITED
Statements of Operations and Deficit

For the Years Ended December 31

	Note	2000	1999
		\$	\$
Revenue			
Interest		5,425	-
Expenses			
Consulting fees		36,000	-
Legal and audit	10	33,771	13,055
Travel		31,776	314
Rent and occupancy costs		27,105	13,500
Management fees	10	24,000	24,000
Entertainment and promotion		22,908	-
Office and general		19,397	6,714
Public company costs		2,744	-
Bank charges		781	58
Amortization		582	-
		<u>199,064</u>	<u>57,641</u>
Loss before the following		(193,639)	(57,641)
Loss on Abandonment of Mineral Resource Properties	4	<u>696,554</u>	-
Loss before income taxes		(890,193)	(57,641)
Income Taxes Recovered	3, 6	<u>132,000</u>	-
Net Loss		(758,193)	(57,641)
Deficit, beginning of year		(232,577)	(174,936)
Adjustment for Change in Accounting Policy	3	<u>(16,100)</u>	-
Deficit, end of year		<u>(1,006,870)</u>	<u>(232,577)</u>
Loss per share			
On loss before loss on abandonment	5	<u>(0.006)</u>	<u>(0.007)</u>
On net loss		<u>(0.076)</u>	<u>(0.007)</u>

WINFIELD RESOURCES LIMITED

Statements of Cash Flows

For the Years Ended December 31

	Note	2000 \$	1999 \$
Operating Activities			
Net loss		(758,193)	(57,641)
Items not affecting cash flow			
Amortization		582	-
Loss on abandonment of mineral resource properties		696,554	-
Income taxes recovered		(132,000)	-
Cash flow deficiency from operations		(193,057)	(57,641)
Net change in non-cash working capital	8	(17,186)	13,561
Cash used in operating activities		(210,243)	(44,080)
Financing Activities			
Deferred expenditures		-	(20,309)
Advances from/(to) shareholder corporation		(1,620)	2,579
Issuance of share capital		557,773	80,000
Cash provided by financing activities		556,153	62,270
Investing Activities			
Short term deposit		-	(5,750)
Property and equipment		(244,970)	(15,000)
Net change in non-cash working capital	8	(28,380)	-
Cash used in investing activities		(273,350)	(20,750)
Increase (decrease) in cash		72,560	(2,560)
Cash (deficiency), beginning of year		(503)	2,057
Cash (deficiency), end of year		72,057	(503)
Cash (deficiency) comprises:			
Cash		72,057	469
Operating overdraft		-	(972)
		72,057	(503)
Cash Flow Deficiency from Operations per share	5	(0.019)	(0.007)
Supplemental Information on Non-Cash Transactions			
Issuance of shares for mineral resource properties		50,000	-

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

1. Nature of Business

Winfield Resources Limited (the Corporation) was incorporated under the British Columbia Company Act on June 19, 1987. On August 2, 2000, the Corporation completed its initial public offering and its shares were listed on the Canadian Venture Exchange (CDNX). The Corporation's primary focus is the evaluation, acquisition, exploration and development of resource properties.

2. Significant Accounting Policies

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies are summarized below:

MINERAL RESOURCE PROPERTIES

All expenditures relating to the acquisition of mining claims and permits and exploration thereof have been capitalized. The Corporation is presently evaluating these properties for the presence of mineral resources. Such resources have yet to be identified and accordingly the costs related to these properties are not yet subject to depletion. When a commercially acceptable level of sales has been attained, these capitalized costs will be depleted, using the unit of production method based upon estimated proven reserves as determined by independent engineers.

Management has determined that, at present, the Corporation has no material obligation for future removal and site restoration costs.

OFFICE EQUIPMENT

Office equipment is recorded at cost and amortized at rates of 20% to 30% per annum, using the declining balance method.

DEFERRED EXPENDITURES

The Corporation defers costs incurred in connection with proposed corporate transactions, where completion is more likely than not. Upon completion of the transaction, these costs are included in the cost of assets acquired or as issuance costs of equity securities. If the transaction is abandoned the costs are expensed, in full, as at the date of abandonment.

FLOW-THROUGH SHARES

Under the provisions of the Income Tax Act (the "Act"), a corporation may issue shares, the proceeds of which are used to incur qualifying expenditures as defined in the Act. The subscriber for these shares, and not the Corporation, is entitled to deduct these qualifying expenditures for Income Tax purposes.

In the year the qualifying expenditures are incurred, share capital is reduced by the estimated benefit of the tax deductions renounced by the Corporation and the future income tax liability is increased by the same amount.

STOCK BASED COMPENSATION PLANS

The Corporation has a stock-based compensation plan, as described in Note 5. No compensation expense has been recognized for these plans when stock or stock options are issued to directors, officers, employees and consultants. Any consideration paid by the option holders on exercise of stock options or purchase of stock is credited to share capital.

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

2. Significant Accounting Policies, continued

INCOME TAXES

The Corporation records income taxes using the liability method of accounting. Under this method, future income taxes are recorded based on temporary differences between the accounting value and the income tax value of an asset or liability and on the benefit of losses and other deductions available to be carried forward to future years, for income tax purposes, to the extent they are likely to be realized.

MEASUREMENT UNCERTAINTY

The carrying value assigned to the mineral resource properties is based on actual costs incurred. The ability of the Corporation to recover these costs is dependent upon the existence of economically recoverable reserves, obtaining the financing necessary to complete their development and upon future profitable operations.

3. Change in Accounting Policy

Effective January 1, 2000, the Corporation adopted, retroactively without restating prior years, the liability method [Note 2] of accounting for income taxes as recommended by the Canadian Institute of Chartered Accountants. The Corporation adopted the recommendations by recording an increase in mineral resource properties of \$115,900, an increase in future income tax liability of \$132,000 and an increase in deficit \$16,100.

4. Property and Equipment

	<u>2000</u>	<u>1999</u>
	\$	\$
Mineral Resource Properties		
Options on properties [Note 5]	72,500	53,500
Exploration expenses	110,587	419,325
	<u>183,087</u>	<u>472,825</u>
Office Equipment	4,054	-
less accumulated amortization	582	-
	<u>3,472</u>	-
	<u>186,559</u>	<u>472,825</u>
Net book value not subject to deduction for income tax purposes, being costs renounced pursuant to the issuance of flow-through shares, net of related income tax benefits.	<u>17,552</u>	<u>408,100</u>

During the year ended December 31, 2000, the Corporation abandoned a number of properties with a carrying value of \$508,351. Subsequent to the year end, the Corporation determined that there was no commercial value to another property on which it had expended \$188,203 as at December 31, 2000 and a further \$56,593 thereafter. Accordingly, a write-down of \$696,554 has been recorded at December 31, 2000 and \$56,593 will be expensed in 2001.

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

4. Property and Equipment, continued

EXPROPRIATION

Mineral resource property, having a carrying value of approximately \$89,300, has been expropriated by the Province of British Columbia. Pursuant to the applicable legislation, compensation is payable, to the Corporation in an amount equal to the fair market value of the rights expropriated. The Corporation's rights in the property continue in good standing pending receipt of the compensation.

5. Share Capital

AUTHORIZED

250,000,000 common shares without par value
8,877,853 share purchase warrants

ISSUED COMMON SHARES

	<u>Number</u>	<u>Amount</u>
	#	\$
Balance, December 31, 1998	7,727,853	653,811
For cash	800,000	80,000
Balance, December 31, 1999	8,527,853	733,811
For cash	350,000	35,000
For cash, pursuant to initial public offering	2,600,000	650,000
For mineral resource properties [Note 7]	200,000	50,000
Costs of issuance [Note 10]		(180,498)
Balance, December 31, 2000	11,677,853	1,288,313

ISSUED SHARE PURCHASE WARRANTS

	<u>Number</u>	<u>Amount</u>
	#	\$
Balance, December 31, 1999	-	-
Issued to holders of common shares	8,877,853	-
Balance, December 31, 2000	8,877,853	-

The warrants were issued, to the holders of common shares issued prior to the Corporation's initial public offering, on the basis of 1 warrant for each eligible common share held. The holders thereof are entitled to subscribe for common shares of the Corporation at a price of \$0.50 per share until August 2, 2000 and at a price of \$0.60 per share thereafter until August 2, 2002, being the expiry date thereof.

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

5. Share Capital, continued

ESCROWED SHARES

Pursuant to an Escrow Agreement dated March 21, 2000, all 8,877,853 common shares issued prior to the initial public offering were deposited with the Pacific Corporate Trust Company to be held in escrow. The Escrow Agreement provides that the escrowed shares may not be traded, released, transferred or dealt in any manner without the consent of the Executive Director of the Alberta Securities Commission. The Executive Director will normally consent to the release of 15% of the escrowed shares upon completion of the offering, a further 25% upon completion of the Corporation's work program and a further 15% on each of the second, third, fourth and fifth anniversaries of the initial release, but may consent to an early release. Consent was received, on March 14, 2001, for release of the initial 15% (1,331,678 shares) retroactive to July 14, 2000.

VOLUNTARY POOLING AGREEMENT

The holders of all common shares of the Corporation issued prior to the initial public offering have entered into a Voluntary Pooling Agreement. All common shares issued prior to the initial public offering and all common shares which may be acquired by the pooled shareholders upon the exercise of warrants are subject to the Agreement. The Agreement is effective for a three year term, commencing August 2, 2000, during which time the pooled shares will be held by a trustee. During that period, the pooled shareholders may not assign or transfer beneficial ownership or any other interest in the pooled shares. The terms and conditions of the Pooling Agreement may be amended by resolution of pooled shareholders representing not less than 60% of the pooled shares.

STOCK OPTION PLAN

The Corporation has established a Stock Option Plan for the benefit of directors, officers and employees. Under the Plan, the directors may reserve, from treasury, a number of shares not exceeding 10% of the issued and outstanding common shares of the Corporation for the granting of options to designated recipients. At December 31, 2000, the Corporation has issued options in respect of 1,100,000 common shares at a price of \$0.25 per share. These options became effective on August 2, 2000, the date the Corporation's shares were listed on the CDNX, and expire August 2, 2005.

At December 31, 2000, no options have been exercised.

AGENT'S WARRANTS

In consideration for its participation in the initial public offering, the Corporation granted, to its Agent, warrants entitling the Agent to purchase up to 130,000 common shares at \$0.25 per share. The warrants expire August 2, 2001.

At December 31, 2000, no warrants have been exercised.

PER SHARE AMOUNTS

Per share amounts are calculated using the weighted number of shares outstanding of 10,018,563 (1999 - 8,068,401).

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

6. Income Taxes

PROVISION

The provision for income taxes varies from the amounts which would have been computed by applying the combined federal and provincial tax rates (approximately 45.6% (1999 - 22.1%)) to the Corporation's loss before income taxes. This difference results from the following items:

	<u>2000</u>	<u>1999</u>
	\$	\$
Expected income tax recovery	(406,000)	(13,000)
Deduction for share issuance costs	(16,500)	-
Amounts not deductible for income tax purposes	323,000	-
Recovery of future taxes on reduction in carrying values of mineral resource properties	(132,000)	-
Losses on which no tax benefit is recorded	99,500	13,000
	<hr/>	<hr/>
Future Income Taxes Recovered	(132,000)	-

FUTURE INCOME TAX LIABILITY [Note 3]

	<u>2000</u>
	\$
Future Tax Liabilities	<hr/> -
Future Tax Assets	
Excess of tax values of property and equipment over carrying values	78,000
Share issuance costs	66,000
Losses for income tax purposes	<hr/> 206,000
	350,000
less amounts not likely to be realized	<hr/> (350,000)
	<hr/> -
Net future income tax liability	<hr/> -

LOSSES

The Corporation has losses for income tax purposes, of approximately \$451,300 available to reduce taxable incomes of future years, as follows:

	\$
2001	5,000
2002	4,900
2003	98,900
2004	33,200
2005	32,500
2006	58,200
2007	<hr/> 218,600
	<hr/> 451,300

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

6. Income Taxes, continued

TAX POOLS

The Corporation also has income tax pools of approximately \$542,700, available to reduce taxable incomes of future years at the annual rates indicated:

	<u>Rate</u>	<u>\$</u>
Undepreciated capital cost	20% - 30%	3,500
Canadian development expense	30%	123,500
Canadian exploration expense	100%	43,900
Foreign exploration and development expense	10%	188,200
Share issuance costs	1/5	183,600
		<u>542,700</u>

7. Commitments and Contingencies

PROPERTY OPTION AGREEMENT

The Corporation is committed, pursuant to a Property Option Agreement with respect to a mineral resource property, to the following payments:

	<u>Option Payments</u>	<u>Exploration Expenditures</u>
	<u>\$</u>	<u>\$</u>
2001	35,000	287,220
2002	-	300,000
2003	-	450,000
	<u>35,000</u>	<u>1,037,220</u>

Prepaid expenses and deposits include a deposit of \$25,000 for exploration work to be carried out, in 2001, with respect to the expenditure commitment. The Corporation has proposed a private placement [Note 11] to raise additional funds to be applied to this commitment.

CONTINGENT LIABILITY

The Corporation is contingently liable for debts arising from the use of a Corporate credit card and has assigned its short term deposit as security for such debts.

WINFIELD RESOURCES LIMITED

Notes to Financial Statements

December 31, 2000

8. Net Change in Non-Cash Working Capital

	<u>2000</u>	<u>1999</u>
	\$	\$
Operating Activities		
Accounts receivable	15,255	(3,424)
Prepaid expenses and deposits	(4,671)	-
Accounts payable and accrued liabilities	(27,770)	16,985
	<u>(17,186)</u>	<u>13,561</u>
Investing Activities		
Prepaid expenses and deposits	<u>(28,380)</u>	<u>-</u>

9. Financial Instruments

The Corporation's financial instruments consist of accounts receivable, accounts payable and accrued liabilities and an amount due to a shareholder corporation. The fair values of the financial instruments other than the amount due to a shareholder corporation approximate their carrying amounts due to the short term maturity of those instruments. The fair value of the amount due to a shareholder corporation also approximates its carrying amount.

The Corporation is not exposed to significant credit risk or interest rate risk.

10. Related Party Transactions

	<u>2000</u>	<u>1999</u>
	\$	\$
Legal costs paid to a firm which employs a shareholder of the Corporation	<u>11,388</u>	<u>5,709</u>
Management fees paid to a shareholder corporation which is controlled by a director of the Corporation.	<u>24,000</u>	<u>24,000</u>

The amount due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

11. Subsequent Event

PROPOSED PRIVATE PLACEMENT

The Corporation proposes to undertake a non-brokers private placement of up to 1.2 million flow-through special warrants at a price of \$0.25 per special warrant. Each special warrant will be convertible into one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at \$0.30 per share during the first year following closing and \$0.35 per share during the second year following closing.

Proceeds of the issue will be used to fund the Corporation's expenditure commitment as described in Note 7.

INSTRUCTIONS

This report is to be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of the end of their fourth fiscal quarter. Three schedules (typed) are to be attached to this report as follows:

SCHEDULE A: FINANCIAL INFORMATION

Financial information prepared in accordance with generally accepted accounting principles for the fiscal year-to-date, with comparative information for the corresponding period of the preceding fiscal year. This financial information should consist of the following:

For the first, second and third fiscal quarters:

1. Interim financial report presented in accordance with Section 1750 of the C.I.C.A. Handbook. This should include a summary income statement (or a statement of deferred costs) and a statement of changes in financial position. A summary balance sheet is also to be provided.

For the fourth fiscal year quarter (year end)

2. Annual audited financial statements.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below is to be provided when not included in Schedule A.

1. For the current fiscal year-to-date:

Breakdown, by major category, of those expenditures and costs which are included in the deferred costs, exploration and development expenses, cost of sales or general and administrative expenses set out in Schedule A. State the aggregate amount of expenditures made to parties not at arm's length from the issuer.

2. For the quarter under review:

(a) Summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.), number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid.

(b) Summary of options granted, including date, number, name of optionee, exercise price and expiry date.

3. As at the end of the quarter:

- (a) Particulars of authorized capital and summary of shares issued outstanding.
- (b) Summary of options, warrants and convertible securities outstanding including number or amount, exercise or conversion price and expiry date
- (c) Total number of shares in escrow or subject to a pooling agreement.
- (d) List of directors.

SCHEDULE C: MANAGEMENT DISCUSSION

Review of operations in the quarter under review and up to the date of this report including brief details of any significant event or transaction which occurred during the period. The following list can be used as a guide but is not exhaustive:

Acquisition or abandonment of resource properties, acquisition of fixed asset financing and use of proceeds, management changes, material contract material expenditures, transactions with related parties, legal proceedings, contingent liabilities, default under debt or other contractual obligations, special resolutions passed by shareholders.

Specifically, the management discussion must include:

- (a) disclosure of and reasons for any material differences in the actual use of proceeds from the previous disclosure by the issuer regarding its intended use of proceeds; and
- (b) a brief summary of the investor relations activities undertaken by or on behalf of the issuer during the quarter and disclosure of the material terms of any investor relation arrangements or contracts entered into by the issuer during the quarter.

Freedom of Information and Protection of Privacy Act

The personal information requested on this form is collected under the authority of and used for the purpose of administering the Securities Act. Questions about the collection or use of this information can be directed to the Supervisor of Statutory Filings (604-660-4890), 200-865 Hornby Street, Vancouver, British Columbia, V6Z 2H4. Toll Free in British Columbia 1-800-373-6393.

ISSUER DETAILS

NAME OF ISSUER

WINFIELD RESOURCES LIMITED

ISSUER'S ADDRESS

SUITE 1375 – 885 WEST GEORGIA STREET

CITY/PROVINCE

VANCOUVER BC

POSTAL CODE

V6C 3E8

ISSUER FAX NO.

604-899-0711

DATE OF REPORT
Y M D

00/12/31

01

CONTACT PERSON

MICHAEL FOLEY

CONTACT'S POSITION

DIRECTOR

CONTACT TELEPHONE NO.

604-895-7463

CERTIFICATE

The three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE <	PRINT FULL NAME Robert Michael Foley	DATE SIGNED Y M D 01
	DIRECTOR'S SIGNATURE <	PRINT FULL NAME

SCHEDULE A: FINANCIAL INFORMATION

SCHEDULE B: SUPPLEMENTARY INFORMATION

See attached audited financial statements for the year ended December 31, 2000.

- d) Directors at December 31, 2000:
- Kenneth Meek
 - Robert Michael Foley
 - Hamish S. Macfarlane
 - Otto Rieve
 - Richard Dean Haderer
 - Robert Andrew Wilson

SCHEDULE C: MANAGEMENT DISCUSSION

Business

The Company is a resource company engaged in the evaluation, exploration and development of mining and oil and gas properties. The Company currently has interests in a number of exploration mineral properties and intends to explore and develop such properties. The Company does not currently have any interests in oil and gas properties.

The Company's principal mineral property is the Ringo Property located in the Manistikwan Lake area, Manitoba but the Company also has the Shuttleworth, McNeil, Hep, Berg, Quatse and Bigfoot mineral properties located in British Columbia. During the quarter the Company incurred costs to evaluate a certain diamond property in Brazil. Due diligence on the merits of this property continue. As of this date the Company remains without financial commitment or obligation. A formal option agreement will be entered into pending the successful completion of the due diligence process.

Winfield lists on the CDNX

On August 2, 2000, the Company started trading on the Canadian Venture Exchange under the symbol "WWF". The Company is classified as a mineral exploration company.

The initial public offering was for 2,600,000 common shares at \$0.25 per share for gross proceeds of \$650,000. In addition, the prospectus qualified the distribution of 8,877,853 warrants whereby one warrant can be exercised into one common share at \$0.50 per share until August 2, 2001 or at \$0.60 per share until August 2, 2002. As of August 2, 2000, the Company now has 11,677,853 common shares issued and outstanding of which 8,877,853 shares are escrowed.

Union Securities Ltd. acted as agent on this offering and was paid a cash commission of 7.5% of the gross proceeds (\$48,750) and was granted 130,000 non-transferable share purchase warrants (agent's warrants). Each agent's warrant entitles the holder to purchase one additional share at \$0.25 per share until July 13, 2001.

The prospectus also qualified 1,100,000 stock options to directors and officers at an exercise price of \$0.25 per share until August 2, 2005 and a finder's fee of 25,000 shares at \$0.25 per share.

The net proceeds from the initial public offering after giving effect to the Agent's commission of \$48,750, Agent's Financing Fee of \$30,000 and payment of expenses from the Offering of \$20,696 were \$550,554. The proceeds will be utilized as follows:

	\$
Ringo Property, (Phase 1 and 2 combined)	381,800
Ringo Property required payment	20,000
General and Administrative Expenses	60,000
Unallocated Working Capital	<u>88,754</u>
	<u>550,554</u>

Use of Funds

The Company incurred a net loss of \$111,439 for the period ended September 30, 2000. This loss comprises of management fees of \$18,000, travel and promotion costs and shareholder communications of \$33,733, professional fees of \$15,910, investor communication costs of \$5,405, office rent of \$15,536, transfer agent and filing fees of \$13,306 and office and miscellaneous costs of \$14,586. During the past quarter, the Company incurred \$49,623 in costs as part of evaluating a certain diamond project in Brazil.

Investor Relations

No investor relations activities were conducted during the quarter. IS THIS CORRECT NOW??

SCHEDULE C: MANAGEMENT DISCUSSION (cont..)