

Quarterly Report FORM 51-901F – Schedule A

ISSUER DETAILS

For Quarter Ended: June 30, 2002

Date of Report: August 27, 2002

Name of Issuer: Winfield Resources Limited

Issuers Address: Suite 3400 – 666 Burrard Street, Vancouver, BC, V6C 2X8

Issuers Fax Number: 604-408-7739

Issuers Phone Number: 604-895-7463

Contact Person: Michael Foley

Contact Position: Director, President and CEO

Contact Phone Number: 604-895-7463

Contact Email Address: foley@winfieldresources.com

Web-site Address: www.winfieldresources.com

CERTIFICATE

The *One/Two* 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 the Quarterly Report will be provided to any shareholder who requests it.

Directors Name: Michael Foley Date Signed: August 29, 2002

Directors Name: Richard Haderer Date Signed: August 29, 2002

WINFIELD RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2002

WINFIELD RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	June 30, 2002	December 31, 2001 (Audited)
ASSETS		
Current		
Cash	\$ 909	\$ 462
Accounts receivable	22,998	16,443
Prepaid expenses and deposits	<u>204,645</u>	<u>3,000</u>
	228,552	19,905
Property and equipment	<u>264,762</u>	<u>213,307</u>
	<u>\$ 493,314</u>	<u>\$ 233,212</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Operating overdraft	\$ -	\$ 7,034
Accounts payable and accrued liabilities	54,731	47,388
Due to shareholder corporation	<u>60,046</u>	<u>3,223</u>
	<u>114,777</u>	<u>57,645</u>
Shareholders' equity		
Capital stock	1,709,563	1,399,563
Deficit	<u>(1,331,026)</u>	<u>(1,223,996)</u>
	<u>378,537</u>	<u>175,567</u>
	<u>\$ 493,314</u>	<u>\$ 233,212</u>

On behalf of the Board:

“Michael Foley” _____ Director “Richard Haderer” _____ Director

WINFIELD RESOURCES LIMITED
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

	Three Month Period Ended June 30, 2002	Three Month Period Ended June 30, 2001	Six Month Period Ended June 30, 2002	Six Month Period Ended June 30, 2001
REVENUE				
Interest	\$ -	\$ 132	\$ 1	\$ 241
EXPENSES				
Amortization	273	347	546	347
Bank charges and interest	908	108	1,420	222
Consulting fees	18,458	-	55,028	338
Entertainment and promotion	-	1,012	-	5,397
Legal and audit (recovery)	(1,382)	10,967	1,292	13,665
Management fees	6,000	6,000	12,000	12,000
Office and general	2,988	2,379	4,006	7,971
Public company costs	4,640	4,457	10,303	7,429
Rent and occupancy costs	10,756	6,101	22,436	15,820
Travel	-	6,705	-	15,602
	<u>42,641</u>	<u>38,076</u>	<u>107,031</u>	<u>78,791</u>
Loss before the following	(42,641)	(37,944)	(107,030)	(78,550)
Loss on abandonment of mineral resource properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,708)</u>
Net loss for the period	(42,641)	(37,944)	(107,030)	(135,258)
Deficit, beginning of period	<u>(1,288,385)</u>	<u>(1,104,184)</u>	<u>(1,223,996)</u>	<u>(1,006,870)</u>
Deficit, end of period	\$ (1,331,026)	\$ (1,142,128)	\$ (1,331,026)	\$ (1,142,128)
Basic and diluted loss per share	\$ (0.003)	\$ (0.004)	\$ (0.009)	\$ (0.012)
Weighted average number of common shares outstanding	12,249,917	11,706,534	12,191,720	11,692,273

WINFIELD RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three Month Period Ended June 30, 2002	Three Month Period Ended June 30, 2001	Six Month Period Ended June 30, 2002	Six Month Period Ended June 30, 2001
OPERATING ACTIVITIES				
Net loss for the period	\$ (42,641)	\$ (37,944)	\$ (107,030)	\$ (135,258)
Items not affecting cash flow				
Amortization	273	347	546	347
Loss on abandonment of mineral resource properties		-		56,708
Net change in non-cash working capital	<u>(241,525)</u>	<u>29,721</u>	<u>(200,857)</u>	<u>43,931</u>
Net cash used in operating activities	<u>(283,893)</u>	<u>(7,876)</u>	<u>(307,341)</u>	<u>(34,272)</u>
FINANCING ACTIVITIES				
Advances to/from related party	13,203	8,728	56,822	20,228
Issuance of shares	<u>272,500</u>	<u>25,000</u>	<u>275,000</u>	<u>25,000</u>
Net cash provided by investing activities	<u>285,703</u>	<u>33,728</u>	<u>331,822</u>	<u>45,228</u>
INVESTING ACTIVITIES				
Deferred expenditures	<u>-</u>	<u>(23,364)</u>	<u>(17,000)</u>	<u>(80,072)</u>
Net cash used in financing activities	<u>-</u>	<u>(23,364)</u>	<u>(17,000)</u>	<u>(80,072)</u>
Change in cash for the period	1,810	2,488	7,481	(69,116)
Cash, beginning of period	<u>(901)</u>	<u>453</u>	<u>(6,572)</u>	<u>72,057</u>
Cash (deficiency), end of period	\$ 909	\$ 2,941	\$ 909	\$ 2,941
Supplemental disclosure for non-cash operating, financing and investing activities				
Shares issued to acquire mineral prospects	\$ 35,000	\$ -	\$ 35,000	\$ -

WINFIELD RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2002

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its wholly owned Bahamian Subsidiary, MacAllan Inc. MacAllan Inc. has not undertaken any business activity to date.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statements of the results of the interim periods presented.

2. NATURE OF OPERATIONS

The Company is a public corporation 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 TSX Venture Exchange (formerly CDNEX). The Company's primary focus is the evaluation, acquisition, exploration and development of resource properties.

These financial statements have been prepared in accordance with generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	June 30, 2002	December 31, 2001
		(Audited)
Deficit	\$ (1,331,026)	\$ (1,223,996)
Working capital (deficiency)	113,775	(37,740)

3. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding during the period.

WINFIELD RESOURCES LIMITED
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
JUNE 30, 2002

4. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid or accrued management fees of \$12,000 (2001 - \$12,000) to a shareholder corporation which is controlled by a director of the Company.

Paid or accrued consulting fees of \$5,854 (2001 - \$337) to a corporation controlled by a director of the Company.

Paid or accrued legal fees of \$7,471 (2001 - \$9,307) to a law firm which employs a Company shareholder.

The \$60,046 due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

5. SEGMENTED INFORMATION

The Company conducts all of its operations in Canada in one business segment.

6. SUBSEQUENT EVENTS

Extension of warrant expiry date

On August 1, 2002 the Company announced that the TSX Venture Exchange (formerly CDNX) has consented to the extension of the previous August 3, 2002 warrant expiry date. The 8,877,853 warrants exercisable at \$0.60 will now expire on December 31, 2002.



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT

BC FORM 51-901F
(previously Form 61)

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, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2. Toll Free in British Columbia 1-800-373-6393

ISSUER DETAILS		FOR QUARTER ENDED			DATE OF REPORT		
NAME OF ISSUER					Y	M	D
WINFIELD RESOURCES LIMITED		02	06	30	02	08	27
ISSUER ADDRESS							
SUITE 3400 – 666 BURRARD STREET							
CITY/	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.			
VANCOUVER	BC	V6C 2X8	604-408-7739	604-895-7463			
CONTACT PERSON		CONTACT POSITION			CONTACT TELEPHONE NO.		
MICHAEL FOLEY		DIRECTOR, PRESIDENT AND CEO			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		
"Michael Foley"	Michael Foley	Y	M	D
		02	08	29
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
"Richard Haderer"	Richard Haderer	Y	M	D
		02	08	29

SCHEDULE A: FINANCIAL INFORMATION

See attached consolidated financial statements for the six month period ended June 30, 2002.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. For the six month period ended June 30, 2002

a) Property and Equipment

	Total Costs
<i>Mineral Resource Properties</i>	
Options on properties	\$ 107,500
Drilling - Ringo	15,000
Exploration expenses	<u>137,351</u>
Balance, end of period	<u>259,851</u>
Office Equipment	
Amortization to date	6,824
	<u>(1,914)</u>
Balance, end of period	<u>4,910</u>
Total Property and Equipment	<u>\$ 264,761</u>

2. Related Party Transactions

Paid or accrued management fees of \$12,000 (2001 - \$12,000) to a shareholder corporation which is controlled by a director of the Company.

Legal fees of \$7,471 (2001 - \$9,307) were paid or accrued to a firm which employs a Company shareholder.

The Company paid or accrued consulting fees of \$5,854 (2001 - \$337) to a corporation controlled by a director of the Company.

The \$60,046 due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

3. For the six month period ended June 30, 2002:

a) Summary of securities issued:

- 460,000 common shares at \$0.25 for gross proceeds of \$115,000 from the exercise of stock options.
- 100,000 common shares at \$0.35 for the Alberta farm-in agreement valued at \$35,000.
- 400,000 common shares at \$0.40 for gross proceeds of \$160,000 from the exercise of stock options.

SCHEDULE B: SUPPLEMENTARY INFORMATION (cont'd...)

- b) Summary of stock options granted:
- 100,000 options granted at \$0.25 expiring March 18, 2007.
4. As at June 30, 2002:
- a) Authorized capital: 250,000,000 common shares without par value
Authorized 8,877,853 share purchase warrants
- b) Issued and outstanding: 13,082,853 common shares without par value
Share capital: \$1,709,563
- c) Summary of outstanding options, warrants and other:
- 200,000 stock options exercisable at \$0.25 until April 12, 2005.
 - 100,000 stock options exercisable at \$0.25 until March 18, 2007
 - 8,877,853 share purchase warrants exercisable at \$0.60 until December 31, 2002.
- d) Shares held in escrow: 7,546,175
5. Directors and officers: Robert Michael Foley – Director, President and Chief Executive Officer
Otto Rieve – Director and Chief Financial Officer
Richard Dean Haderer – Director and Corporate Secretary
Alina Nikolaeva – Director (effective July 30, 2002)
Robert Andrew Wilson - Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of 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. Winfield's corporate focus is to acquire or jointly develop properties on which substantial acquisition, exploration and development expenditures have been made, where there is a significant exploitable resource and where there is excellent source exploration potential.

The Company's principal mineral property is the Ringo Property located in the Manistikwan Lake area, Manitoba. The Company also has the Shuttleworth Property which is being kept in good standing by the Company pending compensation from the Province of British Columbia, who have expropriated the property.

On May 15, 2002 the Company announced that the TSX Venture Exchange (formerly CDNX) has accepted for filing an application, indicating that the Company has entered into a farm-in agreement with two Alberta-registered companies to earn a 60% interest in oil and gas interests located in Provost, Alberta. In consideration the Company will issue 100,000 common shares. To earn the 60% interest, the Company will also need to drill a new offset well.

Description of Business (continued)

The Company announced on May 24, 2002 that it has engaged Trimar Tech Consulting to perform due diligence on certain development well prospects in South Eastern Saskatchewan. The Company intends to secure a multi-well farm-in arrangement to share in oil and gas assets.

Discussion of Operations and Financial Condition

Ringo Property

The Ringo Property is located within the main camp of the Flin Flon Greenstone Belt, one of the most prolific copper-zinc-silver-gold volcanogenic massive sulphide mining districts in the world. Over 148 million tonnes of copper-zinc massive sulphide ore has been mined or is part of the inventory of thirty past producing or producing mines situated within the belt. The Ringo Property is located 5 km east of the Hudson Bay Mining and Smelting's past-producing Flin Flon Mine (62.4Mt @ 2.19% copper and 4.20% zinc), producing Callinan Mine (7 Mt @ 0.60% copper and 10.94% zinc), and 777 Mine Development Project (14.5 Mt @ 2.55% copper and 4.20% zinc). The property is also just 4 km south of the producing Trout Lake Mine (20 Mt @ 1.79% copper and 4.20% zinc). The host volcanic stratigraphy of Trout Lake Mine is believed to strike south onto the Ringo Property.

The Ringo Drill Program will test the down dip extension of a laterally extensive and exposed mineralized horizon located parallel to, and just west of the Ringo Property boundary. The mineralized horizon dips east onto the Ringo Property. Assays containing up to 125 zinc were obtained from samples of the horizon intersected by shallow drill holes collared just west of the Ringo Property. Some of Winfield's drill holes are planned to intersect the mineralized horizon down dip from these high zinc-bearing intervals. Other holes are planned to intersect potential extensions of these intersections at depth.

Grab samples from other portions of the mineralized horizon on the Ringo Property collected by the Company's geological consultant ran up to 3000 ppm copper.

On January 22, 2001 the Company announced that a five hole – 2000 meter diamond drilling program would commence in late January on the Company's Ringo Copper-Zinc-Gold Property, located 3 km east of the City of Flin Flon, Manitoba, Canada.

This program was deferred to January, 2002 and has now commenced.

Well prospects in Saskatchewan

On October 31, 2001, the Company announced that it was actively investigating certain oil development well prospects in South Eastern Saskatchewan. If due diligence proves satisfactory, the Company will pursue a formal joint venture agreement.

Expropriation of Shuttleworth Claims

On November 8, 2001, the Company announced that the Shuttleworth Claims, Alberni Mining Division, having a cost of approximately \$80,000, had been expropriated by the Province of British Columbia under the Park Act. 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 Company's rights in the property continue in good standing pending receipt of the compensation.

The Company, through its independent Valuator, has made application to the governing agency seeking relief.

Private Placement

On March 21, 2002 the Company announced that it has received TSX (formerly CDNX) approval to complete a non-brokered private placement of up to 1,200,000 flow-through special warrants at a price of \$0.25 per special warrant, subject to regulatory approval. Each special warrant shall be convertible into one common share and one non-transferable share purchase warrant. Each warrant shall entitle the holder thereof to purchase an additional common share at a price of \$0.30 per share during the first year following closing and \$0.35 during the second year following closing. Proceeds of financing will be used to fund the Company's expenditure commitments.

Norglen Agreement

The Company announced on February 22, 2002 that had entered into an agreement with Norglen Energy Corporation of Calgary to acquire an interest in a two zone property situated in the Okotoks area of Alberta which is 20 miles south of the City of Calgary.

Winfield will earn a 60% interest in the property by drilling a new offset well.

Winfield will re-drill a well originally drilled by Texaco which flowed oil to surface at rates estimated at 25 to 30 barrels per hour of clean oil from the Viking Formation but was never produced due to irresolvable mechanical problems. The indicated reserve calculation is 500,000 barrels of oil. The Viking is one of the most widespread and prolific oil and gas producers in the Alberta sedimentary basin.

The agreement also includes re-entering a previously drilled and produced gaswell, and re-completing this well from a shallower horizon, the Cardium sand, which is indicated to be gas productive in the local area. The Cardium is another well known prolific producer and as this well is already tied into a gathering system, costs to place on stream will be kept to a minimum.

On June 10, 2002 the Company announced that it will not be proceeding with the Okotok's prospect. The prospect did not meet the requirements as set down by the prospective participants in the venture.

Stock Options

On March 18, 2002 the Company granted 100,000 stock options at \$0.25/option with a March 18, 2007 expiry date to a Company employee.

Use of Funds for the period ended June 30, 2002

The Company incurred a net loss of \$107,030 during the period. This loss comprises of rent and occupancy costs of \$22,436 (2001 - \$15,820), consulting fees of \$55,028 (2001 - \$338), legal and audit fees of \$1,292 (2001 - \$13,665), public company costs of \$10,303 (2001 - \$7,429) (filing fees, transfer agent and shareholder costs), travel costs of \$Nil (2001 - \$15,602), management fees of \$12,000 (2001 - \$12,000) to a shareholder corporation which is controlled by a director of the company, office and general costs of \$4,006 (2001 - \$7,971) and entertainment and promotion costs of \$Nil (2001 - \$5,397).

Prepaid Expenses

Prepaid expenses during the six month period consist of:

- \$6,545 in security deposits paid to the landlord.
- \$414 is a retainer fee for a law firm.
- \$124,355 (\$85,000 US) is for a prospect fee.
- \$73,145 (\$50,000 US) is for an investor relations contract.
- \$186 is for consulting fees.

Investor Relations

The Company entered into an eight month, \$73,145 (\$50,000 US) investor relations contract on June 30, 2002 with MRSI, Ltd.

Related Party Transactions

Paid or accrued management fees of \$12,000 (2001 - \$12,000) to a shareholder corporation which is controlled by a director of the Company.

Legal fees of \$7,471 (2001 - \$9,307) were paid or accrued to a firm which employs a Company shareholder.

The Company paid or accrued consulting fees of \$5,854 (2001 – \$337) to a corporation controlled by a director of the Company.

The \$60,046 due to a shareholder corporation is non-interest bearing and has no formal terms of repayment.

Commitments

Property Option Agreement

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

	Option Payments	Exploration Expenditures
2002	\$ 35,000	300,000
2003	-	300,000
2004	-	<u>450,000</u>
	<u>\$ 35,000</u>	<u>\$ 1,050,000</u>

The Company has proposed a private placement to raise funds, a portion of which are intended to be applied to this commitment.

Annual General Meeting

The Company held its Annual General Meeting on June 14, 2002 in Vancouver, British Columbia. All proposed resolutions were passed.

Alberta Farm-In Agreement

On May 15, 2002 the Company announced that the TSX Venture Exchange (formerly CDNX) has accepted for filing an application, indicating that the Company has entered into a farm-in agreement with two Alberta-registered companies to earn a 60% interest in oil and gas interests located in Provost, Alberta. In consideration the Company issued 100,000 common shares at \$0.35 on May 29, 2002. To earn the 60% interest, the Company will also need to drill a new offset well.

Due Diligence in Saskatchewan

The Company announced on May 24, 2002 that it has engaged Trimar Tech Consulting to perform due diligence on certain development well prospects in South Eastern Saskatchewan. The Company intends to secure a multi-well farm-in arrangement to exploit oil and gas assets.

Director resigns

On June 10, 2002 the Company announced that Mr. Ken Meek resigned from his position of director. Mr Meek will be retained as a senior consultant to the board of directors, with respect to oil and gas issues.

Joint Venture with Westfort Energy Ltd.

The Company announced on June 28, 2002 that an agreement has been reached to enter into a joint venture with Westfort Energy Ltd. for the development and production of certain oil and gas properties in the State of Mississippi, USA. The Company will focus its energy on re-entry wells, where there are existing defined oil reserves.

Subsequent Events

Director appointed

The Company announced on July 29, 2002 that Alina Nikolaeva, BSc, MSc, LLB, has been appointed as a director of the Company. Ms. Nikolaeva is a published chemist and recently completed her law degree from the University of British Columbia. She has served and actively participated as corporate secretary for several private and public companies.

Extension of warrant expiry date

On August 1, 2002 the Company announced that the TSX Venture Exchange (formerly CDNX) has consented to the extension of the previous August 3, 2002 warrant expiry date. The 8,877,853 warrants exercisable at \$0.60 will now expire on December 31, 2002.

Farm-in agreement

The Company reported on July 19, 2002 that it has entered into a farm-in agreement with a private Mississippi registered company (the "Operator") to use a multi million-barrel oil reserve in the Fayette Field, Jefferson County, Mississippi, USA.

The total cost of the six well re-entry project is \$850,000 US, which includes all land, legal, geological and engineering, re-entry, and completion costs. Any cost overruns on any well will be borne by the Operator. The Company will not be obligated for any additional costs.

The Company will provide the Operator with \$850,000 US in increments for a 75% net profits interest until payout and a 50% net profits interest after payout, on a well-by-well basis. Payout is defined as when Winfield recoups its full costs on each well.

To date, the Fayette Field has produced 6.9 million barrels of oil and 28.8 BCF of gas from all zones. At the Fayette Field, the Upper Tuscaloosa has only been tested in two wells. The two wells showed very good RWA ("Resistivity to Water Apparent") response in the Upper Tuscaloosa, in seven different sands with a total thickness of 68 feet.

Anticipated re-completion costs for the initial six well programs are \$650,000. Payback is expected in the fourth month. The twelve-month revenue forecast is \$2,615,149 based on \$23 US oil.

On August 16, 2002 the Company announced that it will not be proceeding with the Fayette Field farm-in agreement that was previously announced on July 19, 2002.

Discussions with Oil Equipment Company

The Company announced on August 16, 2002 that it has entered into preliminary discussions with a private Alberta company regarding the utilization of new innovative oil field production enhancement equipment.

Financings, Principal Purposes and Milestones

Private Placement

On March 21, 2002 the Company announced that it has received TSX (formerly CDNX) approval to complete a non-brokered private placement of up to 1,200,000 flow-through special warrants at a price of \$0.25 per special warrant, subject to regulatory approval. Each special warrant shall be convertible into one common share and one non-transferable share purchase warrant. Each warrant shall entitle the holder thereof to purchase an additional common share at a price of \$0.30 per share during the first year following closing and \$0.35 during the second year following closing. Proceeds of financing will be used to fund the Company's expenditure commitments.

Liquidity and Solvency

The financial statements from Schedule A have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	June 30, 2002	December 31, 2001
		(Audited)
Deficit	\$ (1,331,026)	\$ (1,223,996)
Working capital (deficiency)	113,775	(37,740)
