

**CROWFLIGHT MINERALS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Prepared by Management)

	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)
<b>ASSETS</b>		
Current		
Cash and short term investments	\$ 3,958,843	\$ 421,836
Accounts receivable	22,555	2,974
Prepaid expenses	<u>6,650</u>	<u>30,057</u>
	3,988,048	454,867
Long-term		
Property, plant and equipment	19,459	1,122
Mining interest	<u>2,938,842</u>	<u>2,208,435</u>
	<u>2,958,301</u>	<u>2,209,557</u>
	<u>\$ 6,946,349</u>	<u>\$ 2,664,424</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 140,524	\$ 463,792
Advances from shareholder	16,561	82,232
Advances from a related corporation	-	6,218
Loans payable	<u>78,527</u>	<u>233,743</u>
	235,612	785,985
<b>SHAREHOLDERS' EQUITY</b>		
Common Shares (Note 2)	19,144,946	13,686,782
Warrants (Note 2)	182,385	-
Contributed surplus (Note 5)	54,803	-
Common shares to be issued	-	423,000
Deficit	<u>(12,671,397)</u>	<u>(12,231,343)</u>
	<u>6,710,737</u>	<u>1,878,439</u>
	<u>\$ 6,946,349</u>	<u>\$ 2,664,424</u>

**Responsibility for Financial Statements**

The accompanying consolidated financial statements for Crowflight Minerals Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2002 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

# CROWFLIGHT MINERALS INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Prepared by Management - Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Expenses				
Professional fees	\$ 15,175	\$ -	\$ 45,675	\$ 6,151
Legal and audit	15,649	-	46,911	-
Investor relations	120,936	-	122,936	-
General and office expenses	26,697	5,159	61,928	20,255
Rent	10,303	-	19,246	-
Transfer agent fees	5,812	-	13,264	-
Shareholder relations	23,049	3,407	43,890	19,187
Management fees	22,850	-	68,850	-
Travel expenses	10,305	-	12,716	-
Consulting expense (Note 5)	41,400	-	45,400	-
Advertising and promotion	3,494	237	16,587	4,276
Filing fees	24	-	10,360	-
Payroll expenses	-	9,000	8,239	28,499
Interest expenses and bank charges	8,009	(189)	44,623	3,451
Recovery of expenses	(81,497)	-	(123,731)	-
Insurance	331	-	331	-
Depreciation	1,707	337	2,829	1,010
	<u>224,244</u>	<u>17,951</u>	<u>440,054</u>	<u>82,829</u>
Net loss for the period	(224,244)	(17,951)	(440,054)	(82,829)
DEFICIT, beginning of period	<u>(12,447,153)</u>	<u>(11,910,895)</u>	<u>(12,231,343)</u>	<u>(11,846,017)</u>
DEFICIT, end of period	<u>\$ (12,671,397)</u>	<u>\$ (11,928,846)</u>	<u>\$ (12,671,397)</u>	<u>\$ (11,928,846)</u>

**CROWFLIGHT MINERALS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Prepared by Management - Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<b>CASH (USED IN) PROVIDED BY:</b>				
<b>OPERATING ACTIVITIES:</b>				
Net loss for the period	\$ (224,244)	\$ (17,951)	\$ (440,054)	\$ (82,829)
Charges not affecting cash:				
Depreciation	1,707	337	2,829	1,010
Consulting expense (Note 5)	41,400	-	45,400	-
Net change in non-cash working capital:				
Accounts receivable and prepaid expenses	(18,338)	(977)	3,826	(1,810)
Accounts payable and accrued liabilities	<u>(302,412)</u>	<u>2,877</u>	<u>(323,268)</u>	<u>41,580</u>
	<u>(501,887)</u>	<u>(15,714)</u>	<u>(711,267)</u>	<u>(42,049)</u>
<b>FINANCING ACTIVITIES:</b>				
Loan payables	(77,676)	11,600	(155,216)	34,600
Advances from related companies	-	1,886	(6,218)	92,469
Advances from shareholder	(60,495)	3,230	(65,671)	31,931
Common shares and warrants issued, net of cost of issue	<u>3,837,930</u>	<u>-</u>	<u>5,226,952</u>	<u>-</u>
	<u>3,699,759</u>	<u>16,716</u>	<u>4,999,847</u>	<u>159,000</u>
<b>INVESTING ACTIVITIES:</b>				
Mining interest	(465,363)	(970)	(730,407)	(116,732)
Property, plant and equipment	<u>(21,166)</u>	<u>-</u>	<u>(21,166)</u>	<u>-</u>
	<u>(486,529)</u>	<u>(970)</u>	<u>(751,573)</u>	<u>(116,732)</u>
<b>CHANGE IN CASH AND SHORT-TERM INVESTMENTS</b>	2,711,343	32	3,537,007	219
<b>CASH AND SHORT-TERM INVESTMENTS, beginning of period</b>	<u>1,247,500</u>	<u>(747)</u>	<u>421,836</u>	<u>(934)</u>
<b>CASH AND SHORT-TERM INVESTMENTS, end of period</b>	<u>\$ 3,958,843</u>	<u>\$ (715)</u>	<u>\$ 3,958,843</u>	<u>\$ (715)</u>

**CROWFLIGHT MINERALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Nine Months Ended September 30, 2003**  
**(Prepared by Management - Unaudited)**

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1. ACCOUNTING POLICIES

The management of Crowflight Minerals Inc. (the "Company") has prepared these unaudited consolidated financial statements for the nine months ended September 30, 2003 in accordance with generally accepted accounting principles in Canada. These financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2002.

The disclosures in these interim financial statements do not include the full disclosure required under generally accepted accounting principles in Canada for annual financial reporting.

Operating results for the nine months ended September 30, 2003 are not indicative of the results that may be expected for the full year ending December 31, 2003.

The Company uses the same methods and accounting policies described in the December 31, 2002 audited consolidated financial statements.

2. CAPITAL STOCK

AUTHORIZED

100,000,000	common shares without par values
100,000,000	class A preference shares with a part value of \$10 each. Issuable in series, cumulative dividends
100,000,000	class B preference shares with a part value of \$50 each, issuable in series, cumulative dividends

	No of Shares	Value
COMMON SHARES ISSUED		
Balance, beginning of year (December 31, 2002)	22,608,173	\$ 13,686,782
Shares issued further to 2002 underwriting	2,115,000	423,000
Private placements	11,181,900	3,284,000
Flow-through private placements	5,161,633	2,216,000
Exercise of stock options	1,475,000	298,750
Warrant valuation		(182,385)
Cost of issue	-	(581,201)
Balance, end of period (September 30, 2003)	<u>42,541,706</u>	<u>\$ 19,144,946</u>

WARRANTS

As at June 5, 2003, the Company completed a private placement of 7,500,000 units for proceeds of \$1,500,000. Each unit consisted of either one common share or one flow-through common share together with one common share warrant at a price of \$0.20. Each warrant is exercisable for \$0.20/share and expires June 4, 2005. The common shares were valued at \$1,284,000 (6,420,000 common shares) and the flow-through shares were valued at \$216,000 (1,080,000 flow-through shares).

As at August 20, 2003, the Company completed a private placement of 4,761,900 units for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at the price of \$0.60 for a period of two years (August 20, 2005). In addition, the Company completed its offering of 4,081,633 flow-through shares at a price of \$0.49 per share for gross proceeds of \$2,000,000.

**CROWFLIGHT MINERALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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2. CAPITAL STOCK (CONTINUED)

WARRANTS (CONTINUED)

Agents acted on behalf of the Company with respect to the Company's offerings received compensation warrants to purchase 30,608 common shares at a price of \$0.49 expiring September 3, 2005. In addition, the Company granted compensation warrants to acquire 204,408 units. Each unit consists of one common share and one-half of a common share purchase warrant at a price of \$0.42 expiring August 20, 2005. One whole purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.60, also expiring on August 20, 2005. The Company also granted 159,051 compensation warrants to acquire 159,051 common shares of the Company at a price \$0.49 expiring on August 20, 2005.

For purposes of the 204,408 (3 months) and 204,408 (9 months) units granted, the fair value of each unit was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 10%, risk-free interest rate of 4.75% and an expected life of 2 years. Accordingly, \$9,403 was recorded as contributed surplus and charged against cost of issue.

Agents were given compensation warrants for assisting in the above mentioned private placements. The Company applies the fair value method of accounting for warrants and accordingly, \$167,385 (3 months) and \$182,385 (9 months) was recorded as warrants and charged against capital stock, for the 2,570,609 (3 months) and 10,070,609 (9 months) warrants granted during the period.

For purposes of the 2,570,609 (3 months) and 10,070,609 (9 months) warrants granted, the fair value of each warrant was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 10%, risk-free interest rate of 4.75% and an expected life of 2 years.

There were also 1,057,500 warrants outstanding that are exercisable for \$0.25 per share until May 22, 2004 and \$0.30 per share until May 22, 2005.

A summary of the outstanding warrants and units as of September 30, 2003 are as follows:

Warrants

Value (\$)	Number of Warrants	Exercise Price (\$)	Expiry Date
15,000	7,500,000	0.20	June 4, 2005
-	1,057,500	0.25	May 22, 2004 or
		0.30	May 22, 2005
157,143	2,380,950	0.60	August 20, 2005
8,589	159,051	0.49	August 20, 2005
1,653	30,608	0.49	September 3, 2005
182,385	11,128,109		

Units

Value (\$)	Number of Units	Exercise Price (\$)	Expiry Date
9,403	204,408 *	0.42	August 20, 2005

\* If the units in aggregate are exercised, the unitholders will be entitled to 102,204 warrants that expire August 20, 2005.

CROWFLIGHT MINERALS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Nine Months Ended September 30, 2003  
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3. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share. Stock options and warrants were not included in the fully diluted loss per share calculation since the calculation would have been ant-dilutive.

The following table sets out the computation for basic and diluted loss per share:

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	2003	2002
Numerator:		
Loss for the period	\$ (440,054)	\$ (82,829)
Denominator:		
Average number of common shares outstanding	28,328,044	22,608,283
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)

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4. INCOME TAXES

The estimated taxable income for the period is nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time, if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by a valuation allowance. The estimated valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion of or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the December 31, 2002 audited consolidated financial statements. The benefit of these losses and the estimated loss for the nine months ended September 30, 2003 have not been recognized in these unaudited consolidated financial statements.

**CROWFLIGHT MINERALS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Nine Months Ended September 30, 2003**  
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**5. STOCK OPTIONS**

The following are the stock option transactions during the year:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	2,000,000	\$ 0.20
Granted during the period	3,500,000	0.25
Exercised during the period	(1,475,000)	0.20
Cancelled during the period	(550,000)	0.20
Outstanding at the end of the period	3,475,000	\$ 0.25

As of September 30, 2003, the following stock options were outstanding:

- (i) 150,000 stock options that can be exercised for \$0.60 and expire September 18, 2006
- (ii) 2,600,000 stock options that can be exercised for \$0.20 and expire June 5, 2008
- (iii) 350,000 stock options that can be exercised for \$0.35 and expire June 5, 2008
- (iv) 375,000 stock options that can be exercised for \$0.35 and expire July 18, 2008

The Company applies the intrinsic value based method of accounting for stock-based compensation awards to employees and accordingly no compensation cost is recognized. Had stock-based compensation for 3,025,000 options granted to employees under the Plan since September 1, 2002 been determined on the basis of fair value at the date of grant in accordance with the fair value method of accounting for stock-based compensation, the Company's pro forma net loss and loss per share for the nine months ended September 30, 2003 would have been as follows:

	Loss	Loss Per Share
As reported	\$ (440,054)	\$ (0.02)
Pro forma	\$ (577,854)	\$ (0.02)

The Company also applied the fair value method of accounting for stock based compensation awards to non-employees, and accordingly \$45,400 was recorded as consulting expense and contributed surplus for the 475,000 options granted to non-employees during the nine months ended September 30, 2003.

For purposes of calculating the the fair-value method of accounting for stock options (as mentioned above) , the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used: dividend yield of 0%, expected volatility of 10%, a risk-free interest rate of 4.75% and an expected life of 5 years.

As of September 30, 2003, the total contributed surplus amounted to \$54,803, consisting of \$45,400 in stock option compensation and \$9,403 in unit compensation mentioned in Note 2.

**6. RELATED PARTY TRANSACTIONS**

The Company was charged \$50,000 by officers and companies with common directors and shareholders.

**CROWFLIGHT MINERALS INC.**  
**SUPPLEMENT TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Nine Months Ended September 30, 2003**  
**(Prepared by Management - Unaudited)**

As of October 28, 2003, the following items were outstanding:

i) 42,541,706 common shares

ii) Stock Options

	Number of Stock Options	Weighted Average Exercise Price	Expiry Date
	2,600,000	\$ 0.20	June 5, 2008
	350,000	0.35	June 5, 2008
	375,000	0.35	July 18, 2008
	150,000	0.60	September 18, 2006
	100,000	0.55	October 21, 2008
	1,200,000	0.50	October 28, 2008
	4,775,000		

iii) Warrants

	Number of Warrants	Exercise Price (\$)	Expiry Date
	7,325,000	0.20	June 4, 2005
	1,057,500	0.25	May 22, 2004 or
		0.30	May 22, 2005
	2,380,950	0.60	August 20, 2005
	159,051	0.49	August 20, 2005
	30,608	0.49	September 3, 2005
	10,953,109		

iv) Units

	Number of Units	Exercise Price (\$)	Expiry Date
	204,408 *	0.42	August 20, 2005

\* If the units in aggregate are exercised, the unitholders will be entitled to 102,204 warrants that expire August 20, 2005.