
GREATER LENORA RESOURCES CORP.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999 & 1998

AUDITORS' REPORT

To the Shareholders of Greater Lenora Resources Corp.

We have audited the consolidated balance sheets of Greater Lenora Resources Corp. as at December 31, 1999 and 1998 and the consolidated statements of loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Ross, Pope & Company.

Kirkland Lake, Ontario
March 31, 2000

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS

GREATER LENORA RESOURCES CORP.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31

(in Canadian Dollars)

	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and term deposit	\$ 516,042	\$ 277,041
Restricted cash (Note 3)	-	42,620
Accounts receivable	13,087	4,943
	529,129	324,604
INVESTMENT (Note 4)	158,780	158,780
DUE FROM SHAREHOLDER (Notes 5 and 12)	120,750	120,750
CAPITAL ASSETS (Notes 2 and 6)	93,498	132,787
MINERAL PROPERTIES AND RELATED EXPENDITURES (Notes 2 and 7)	8,738,540	9,098,019
	\$ 9,640,697	\$ 9,834,940
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	\$ 151,981	\$ 82,135
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	29,019,016	28,993,166
CONTRIBUTED SURPLUS	120,001	120,001
DEFICIT	(19,650,301)	(19,360,362)
	9,488,716	9,752,805
	\$ 9,640,697	\$ 9,834,940

Approved on Behalf of the Board:



Director

William Whitehead



Director

Bob Kasner

See accompanying notes.

GREATER LENORA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
YEARS ENDED DECEMBER 31
(in Canadian Dollars)

	1999	1998
REVENUE		
Gain on sale of mineral property	\$ 107,715	\$ -
Interest and dividend income	33,750	18,416
Other income	4,851	97
	146,316	18,513
EXPENSES		
Administrative	93,555	152,674
Write down of investment	-	50,000
Loss on sale of capital assets	14,655	-
Write down of mineral properties	328,045	6,104,313
	436,255	6,306,987
LOSS	(289,939)	(6,288,474)
DEFICIT, beginning of year	(19,360,362)	(13,071,888)
DEFICIT, end of year	\$(19,650,301)	\$(19,360,362)
LOSS PER SHARE (Note 9)	\$ (0.03)	\$ (0.60)

See accompanying notes.

GREATER LENORA RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

(in Canadian Dollars)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
LOSS	\$ (289,939)	\$ (6,288,474)
ADD (DEDUCT) ITEMS NOT REQUIRING A CASH OUTLAY:		
Write down of mineral properties	328,045	6,104,313
Write down of investment	-	50,000
Amortization - administrative	9,261	13,223
Amortization - exploration	15,374	21,996
Gain on sale of mineral property	(107,715)	-
Loss on sale of capital assets	14,655	-
DECREASE (INCREASE) IN:		
Accounts receivable	(8,144)	73,103
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	69,846	17,544
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	31,383	(8,295)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on mineral properties	(867,453)	(873,139)
Recovery of expenditure on mineral properties	6,601	3,691
Sale of mineral property	1,000,000	-
Purchase of capital assets	-	(13,491)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	139,148	(882,939)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	25,850	292
CASH FLOWS FROM FINANCING ACTIVITIES	25,850	292
CHANGE IN CASH	196,381	(890,942)
CASH, beginning of year	319,661	1,210,603
CASH, end of year	\$ 516,042	\$ 319,661
CASH CONSISTS OF:		
Cash	\$ 516,042	\$ 277,041
Restricted cash	-	42,620
	\$ 516,042	\$ 319,661

See accompanying notes.

GREATER LENORA RESOURCES CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1999 & 1998

(in Canadian Dollars)

1. NATURE OF OPERATIONS

The Company is in the process of exploring its mineral properties and has not as yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of its wholly owned subsidiary company, 1375695 Ontario Ltd. Mineral properties that are less than wholly owned are included in the financial statements using the proportionate consolidation method.

(b) INVESTMENT

The investment is recorded at cost and is written down when there has been a loss in value that is other than temporary.

(c) MINERAL PROPERTIES AND RELATED EXPENDITURES

Mineral properties are capital assets represented by the capitalized costs of acquired mineral rights and the costs associated with exploration for and development of mineral reserves less related recoveries, partial sales and option payments received. If the net carrying amount of mineral properties and related expenditures, less accumulated provision for future removal and site restoration costs exceeds the net recoverable amount, the excess is charged to income. The net carrying value of mineral properties is reviewed annually. For properties which have quantified reserves, the current and/or future discounted cash flows net of environmental or other liabilities is used to determine the net recoverable amount. For properties with no quantified reserves, the net recoverable amount is determined on an appraised value approach using the cost of past exploration and the cost of warranted future exploration, or by the market approach based on recent arms-length transactions for comparable, local properties. The carrying value will be amortized against income if the properties are brought into commercial production.

(d) CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. Amortization of capital assets is provided on the diminishing balance basis, the rates varying from 10% to 30% per year. In the year of acquisition, one-half of these rates apply.

(e) FOREIGN CURRENCY TRANSLATION

Transactions of the Company denominated in foreign currencies are recorded in Canadian dollars at the average exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income of the year.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results could differ from the estimates.

GREATER LENORA RESOURCES CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 1999 & 1998

(in Canadian Dollars)

3. RESTRICTED CASH

The restricted cash in 1998 represents an amount pledged as security for a letter of credit in favour of the Government of Saskatchewan for assessment work which was applied during the year.

4. INVESTMENT

The investment represents 835,121 shares, or 5.25% of RJK Explorations Ltd. (1998 - 835,121 shares, or 5.77%). The market value at December 31, 1999 was \$225,483 (1998 - \$108,566).

5. DUE FROM SHAREHOLDER

The amount due from a shareholder is non-interest bearing and is repayable upon the earlier of October 30, 2002 or within sixty days of the termination of the shareholder as a consultant, employee or officer of the Company.

6. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	1999	NET 1998
Leasehold improvements	\$ 18,203	\$ 18,203	\$ -	\$ 1,820
Exploration equipment	287,733	210,497	77,236	90,111
Furniture and equipment	129,881	113,619	16,262	40,856
	\$ 435,817	\$ 342,319	\$ 93,498	\$ 132,787

7. MINERAL PROPERTIES AND RELATED EXPENDITURES

The Company enters into exploration agreements with other companies whereby the parties to the agreement may earn an interest in certain mineral properties by issuing Class A voting common shares and/or making option payments and/or incurring expenditures in varying amounts by varying dates. Failure by a party to meet such requirements in certain circumstances can result in a reduction of ownership interest.

In order to maintain its options in good standing, the Company is required to make the following cash payments and issue the following number of Class A voting common shares:

	CASH	SHARES
2000	\$ 26,250	22,500
2001	\$ 15,000	32,500
2002	\$ 25,000	42,500

8. SHARE CAPITAL

(a) AUTHORIZED

an unlimited number of Class A voting common shares

an unlimited number of Class B preference shares, issuable in series, subject to Articles of Amendment, with rights, privileges, restrictions and conditions designated by the directors. The Class B preference shares are voting, unless the directors otherwise determine in the Articles of Amendment, and are convertible into common shares at such rate as the directors may determine.

GREATER LENORA RESOURCES CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 1999 & 1998

(in Canadian Dollars)

8. SHARE CAPITAL (CONT'D)

(b) ISSUED

	NUMBER OF CLASS A VOTING COMMON SHARES	CONSIDERATION
BALANCE, December 31, 1997	10,851,856	\$ 28,992,874
ISSUED DURING 1998		
Warrants	-	292
BALANCE, December 31, 1998	10,851,856	\$ 28,993,166
ISSUED DURING 1999		
For mineral properties	72,500	25,850
BALANCE, December 31, 1999	10,924,356	\$ 29,019,016

(c) WARRANTS

As at December 31, 1999 there are an aggregate of 291,667 common share purchase warrants outstanding exercisable at \$.65, expiring February 28, 2000.

(d) STOCK OPTIONS

The following director and employee stock options are outstanding:

NUMBER OF CLASS A SHARES	EXERCISE PRICE	EXPIRY DATE
100,000	\$.50	April 17, 2000
25,000	\$.50	January 22, 2001
25,000	\$.50	January 25, 2001
275,000	\$.50	May 31, 2001
300,000	\$.50	October 23, 2001
200,000	\$.50	May 27, 2002
20,000	\$.30	July 26, 2004
50,000	\$.50	July 26, 2004
300,000	\$.30	August 16, 2004
275,000	\$.50	August 16, 2004

9. LOSS PER SHARE

Per share information is calculated on the basis of weighted average number of Class A voting common shares outstanding during the year ended December 31, 1999 of 10,888,106 (1998 - 10,851,856). The calculation of weighted average number of shares excludes the potential conversion of the outstanding stock options and warrants as this would decrease the loss per share.

GREATER LENORA RESOURCES CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 1999 & 1998

(in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

MANAGEMENT

The Company has retained the services of R.J. Kasner Co. Ltd. ("Kasco") as the Company's exploration manager pursuant to an agreement dated January 1, 1995. Kasco is to receive a base fee of \$150,000 per annum commencing January 1, 1996, with annual increases to be mutually agreed upon. The agreement terminates December 31, 2000. Robert J. Kasner, the President and a Director of the Company is the sole beneficial shareholder of Kasco. Robert J. Kasner is also a Director of RJK Explorations Ltd ("RJK").

Transactions with related parties are as follows:

	1999	1998
TRANSACTIONS DURING YEAR		
Management fees to Kasco	\$ 150,000	\$ 150,000
BALANCES AT DECEMBER 31		
Accounts payable - Kasco	\$ 139,000	\$ 69,000

11. INCOME TAXES

The Company has capitalized the following expenses which are available to be applied against future income for tax purposes.

	1999	1998
Exploration expenses	\$14,866,000	\$14,232,000
Development expenses	\$ 437,000	\$ 1,186,000
Earned depletion allowance	\$ 235,000	\$ 235,000
Foreign exploration and development expenses	\$ 660,000	\$ 626,000

12. FINANCIAL INSTRUMENTS

The carrying amount of cash and term deposit, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments. The Company's carrying cost and market value of its investment are disclosed in Note 4. The carrying value and fair value of the due from shareholder amount at December 31, 1999 was \$120,750 (1998 - \$120,750) and \$95,850 (1998 - \$88,750) respectively. Fair values of the due from shareholder amount are determined by discounting the contractual cash flow using market interest rates.

13. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.