BC FORM 51-901F

QUARTERLY REPORT

Incorporated as part of: **Schedule A**

ISSUER DETAILS:

NAME OF ISSUER	ACREX VENTURES LTD.
FOR QUARTER ENDED	DECEMBER 31, 2002
DATE OF REPORT	MARCH 3, 2003
ISSUER ADDRESS	1400 - 570 GRANVILLE STREET,VANCOUVER, BRITISH COLUMBIA, V6C 3P1
ISSUER TELEPHONE NUMBER	604-675-7640
ISSUER FAX NUMBER	604-687-4212
CONTACT PERSON	MALCOLM POWELL
CONTACT'S POSITION	PRESIDENT
CONTACT TELEPHONE NUMBER	604-675-7640
CONTACT EMAIL ADDRESS	mpowell@acrexventures.com
WEB SITE ADDRESS	www.acrexventures.com

CERTIFICATE

THE SCHEDULES(S) 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. PLEASE NOTE THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

"T.J. MALCOLM POWELL"		03/03/03
NAME OF DIRECTOR	***SIGN (TYPED)***	***DATE SIGNED (YY/MM/DD)***
"CARL R. JONSSON"		03/03/03
NAME OF DIRECTOR	***SIGN (TYPED)***	***DATE SIGNED (YY/MM/DD)***

SCHEDULE A

FINANCIAL STATEMENTS

ACREX VENTURES LTD.

VANCOUVER, BRITISH COLUMBIA, CANADA

DECEMBER 31, 2002 AND 2001

BEDFORD CURRY & CO.
CHARTERED ACCOUNTANTS

MICHAEL J. BEDFORD INC.
FERNANDO J. COSTA INC.

AUDITORS' REPORT

To the Directors of ACREX Ventures Ltd.

We have audited the balance sheets of ACREX Ventures Ltd. as at December 31, 2002 and 2001 and the statements of stockholders' equity, earnings and deficit and cash flows for the years ended December 31, 2002, 2001 and 2000. 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 Canadian and United States 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 financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years ended December 31, 2002, 2001 and 2000 in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Vancouver, British Columbia, Canada
February 7, 2003

BEDFORD CURRY & CO.
CHARTERED ACCOUNTANTS

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA - U.S. REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the consolidated financial statements. Our report to the shareholders dated February 7, 2003 is expressed in accordance with Canadian reporting standards, which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

Vancouver, British Columbia, Canada
February 7, 2003

BEDFORD CURRY & CO.
CHARTERED ACCOUNTANTS

ACREX Ventures Ltd.

STATEMENTS OF EARNINGS AND DEFICIT

Years ended December 31, 2002, 2001 and 2000 *Expressed in Canadian dollars*

		2002	2001	2000
REVENUE				
Interest	**$**	**3,578**	-	-
EXPENSES				
Investor relations		**58,898**	-	-
Legal		**55,865**	49,250	24,604
Management fees		**42,000**	-	-
Office and general		**30,829**	1,112	856
Consulting		**13,905**	-	-
Accounting		**9,668**	12,383	7,075
Transfer agent fees		**8,241**	4,175	4,198
Promotion and travel		**7,982**	1,550	-
Rent		**7,200**	-	-
Filing fees		**4,095**	6,570	22,794
Insurance		**1,750**	-	-
Business investigation costs		**-**	17,208	17,000
		(240,433)	(92,248)	(76,527)
Net loss before income taxes		**(236,855)**	(92,248)	(76,527)
Income taxes (recovery)		**-**	(451)	(9,595)
NET LOSS		**(236,855)**	(91,797)	(66,932)
Deficit, beginning of year		**(2,682,209)**	(2,590,412)	(2,523,480)
DEFICIT, end of year	**$**	**(2,919,064)**	(2,682,209)	(2,590,412)
NET LOSS PER SHARE - BASIC / DILUTED	**$**	**(0.04)**	(0.03)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**6,118,716**	3,165,414	3,056,516

ACREX Ventures Ltd.

BALANCE SHEETS

December 31, 2002 and 2001 *Expressed in Canadian dollars*

		2002	2001
ASSETS			
Current			
Cash	$	**554,856**	1,679
Accounts receivable		**30,014**	484
Total current assets		**584,870**	2,163
Mineral property *[Note 3]*		**387,643**	-
Deferred share issue costs		**-**	22,375
Total assets	$	**972,513**	24,538
LIABILITIES			
Current			
Accounts payable and accrued expenses	$	**15,454**	116,142
Total liabilities		**15,454**	116,142
STOCKHOLDERS' EQUITY			
Share capital *[Note 4]*		**3,876,123**	2,590,605
Deficit		**(2,919,064)**	(2,682,209)
Total stockholders' equity		**957,059**	(91,604)
Total liabilities and stockholders' equity	$	**972,513**	24,538

APPROVED ON BEHALF OF THE BOARD:

"T.J. MALCOLM POWELL"
Director

"CARL R. JONSSON"
Director

ACREX Ventures Ltd.

STATEMENTS OF STOCKHOLDER'S EQUITY

Years ended December 31, 2002, 2001 and 2000 *Expressed in Canadian dollars*

	Common Stock Shares	Common Stock Amount	Share Subscriptions	Accumulated Deficit	**Total**
Balance, December 31, 1999	3,056,516	$ 2,515,609	$ -	$ (2,523,480)	**$ (7,871)**
2000					
Common stock issued	-	-	-	-	**-**
Shares to be issued	-	-	75,000	-	**75,000**
Net loss	-	-	-	(66,932)	**(66,932)**
Balance, December 31, 2000	3,056,516	2,515,609	75,000	(2,590,412)	**197**
2001					
Common stock issued	285,700	74,996	(75,000)	-	**(4)**
Net loss	-	-	-	(91,797)	**(91,797)**
Balance, December 31, 2001	3,342,216	2,590,605	-	(2,682,209)	**(91,604)**
2002					
Common stock issued for cash	4,613,000	1,260,518	-	-	**1,260,518**
Common stock issued for mineral property	83,400	25,000	-	-	**25,000**
Net loss	-	-	-	(236,855)	**(236,855)**
Balance, December 31, 2002	8,038,616	$ 3,876,123	$ -	$ (2,919,064)	**$ 957,059**

ACREX Ventures Ltd.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2002, 2001 and 2000 *Expressed in Canadian dollars*

		2002	2001	2000
OPERATIONS				
Net loss	**$**	**(236,855)**	(91,797)	(66,932)
Changes in non-cash working capital balances:				
Decrease (increase) in accounts receivable		**(29,530)**	875	95,041
Decrease (increase) in income taxes recoverable		**-**	9,595	(9,595)
Increase (decrease) in accounts payable		**(100,688)**	93,737	(74,136)
Decrease in income taxes payable		**-**	-	(9,595)
Cash provided by (used in) operations		**(367,073)**	12,410	(65,217)
FINANCING				
Shares issued		**1,282,893**	-	-
Deferred share issue costs		**-**	(22,375)	-
Share subscriptions received		**-**	-	75,000
Cash provided by (used in) financing		**1,282,893**	(22,375)	75,000
INVESTING				
Mineral property exploration		**(362,643)**	-	-
Cash used in investing		**(362,643)**	-	-
Increase (decrease) in cash		**553,177**	(9,965)	9,783
Cash, beginning of year		**1,679**	11,644	1,861
CASH, end of year	**$**	**554,856**	1,679	11,644

SUPPLEMENTAL CASH FLOW INFORMATION

During the year, the Company issued 83,400 common shares as a $25,000 finders' fees for the Michaud property.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

ACREX Ventures Ltd., incorporated in British Columbia, is a public company listed on the TSX Venture Exchange.

The Company's principal business activity is the sourcing, exploration and development of mineral properties. The Company is currently seeking and investigating new mineral exploration opportunities.

The Company incurred a loss of $236,855 for the year ended December 31, 2002 (2001: $91,797, 2000: $66,932) and has a deficit of $2,919,064 at December 31, 2002 (2001 : $2,682,209), which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs.

The financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities at amounts different from those reflected in these financial statements and at amounts different from those reflected in the accompanying financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Mineral Property - The Company records its interest in mining claims and properties at cost whereby all direct and indirect costs of acquiring and exploring its mineral properties are capitalized. Option payments receivable by the Company are credited against mineral property costs when received. When the mineral property is brought into production, the costs will be amortized on a unit of production basis over economically recoverable reserves. Mineral properties and deferred costs are written off when properties are abandoned or sold.

Amounts recorded for mineral properties represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves and future production.

Stock options- Effective January 1, 2002 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants on "Stock-Based Compensation and Other Stock-Based Payments". These new recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. The Company, as permitted by the new recommendations, has chosen to continue its existing policy of recording no compensation cost on the grant of stock options to employees and in accordance with the recommendations will provide certain pro forma information required by the fair value method of accounting for stock options for non-employees.

Earnings per share - Effective January 1, 2002, the Company retroactively adopted the new accounting recommendations made by the CICA for presentation and disclosure of basic and diluted earnings per share. The Company has adopted the "treasury stock method" in computing earnings per share. The retroactive impact of adopting the new recommendations had no significant impact on the Company's basic and diluted earnings per share. Basic earnings per common share are calculated on the net earnings using the weighted average number of shares outstanding during the fiscal period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For the period ended December 31, 2002, the existence of stock options and warrants affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

Deferred share issue costs - Share issue costs incurred prior to the issuance of share capital are deferred and deducted from share capital when the shares are issued.

Income taxes - The Company follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax income rates on future income tax liabilities and assets is recognized in income in the period that the change occurs.

Financial instruments - The Company's financial instruments consists of cash, accounts receivable and accounts payable and accrued expenses. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from its financial instruments and that their fair values approximate their carrying values, unless otherwise noted.

Use of estimates in the preparation of financial statements - The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reporting period. Actual results could differ from those estimates.

3. MINERAL PROPERTY

Michaud Property, Ontario, Canada

Acquisition cost	
Balance, beginning of period	$ -
Finder's fee	**25,000**
Balance, end of period	**25,000**
Exploration costs	
Balance, beginning of period	**-**
Third party exploration	**307,943**
Consulting	**48,561**
Travel	**6,139**
Balance, end of period	**362,643**
Total Mineral Property	**$ 387,643**

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

3. MINERAL PROPERTY (continued)

Michaud gold property, Ontario, Canada - On September 1, 2001, the Company agreed (the "Agreement") with Moneta Porcupine Mines Inc. ("Moneta") to acquire a 60% interest in a mineral property consisting of 76.91 mineral claims in the Michaud Township, Ontario (the "Property").

The Agreement grants to the Company the right to earn a 60% interest in the Property by:

(a) expending not less than $500,000 on work on the Property by May 15, 2004;

(b) of the work referred to in paragraph (a), not less than $300,000 will have to have been completed prior to December 31, 2002;

(c) completing additional work so that the Company will have spent at least $1,000,000 in work on the Property by May 15, 2005;

(d) committing to and completing a bankable feasibility study on the Property by May 15, 2007.

To maintain its rights beyond December 31, 2002, if the Company has satisfied the requirement in sub-clause (b) above, but has not by that date performed at least $500,000 of work on the Property, the Company must prior to December 31, 2002 give to Moneta a commitment that it will, prior to December 31, 2003, do such additional work on the Property so that it shall have prior to December 31, 2003 done not less than $500,000 of work on the Property.

4. SHARE CAPITAL

The Company has authorized share capital of 25,000,000 common voting shares without par value. The issued share capital is as follows:

	2002		2001	
	Number	**Amount**	Number	Amount
Balance, beginning of year	**3,342,216**	**$ 2,590,605**	3,056,516	$ 2,515,609
Issued for cash (a) and (b)	**4,608,000**	**1,439,975**	285,700	74,996
Finders' fee	**83,400**	**25,000**	-	-
Warrants exercised (c)	**5,000**	**1,500**	-	-
Share issue costs	**-**	**(180,957)**	-	-
Balance, end of year	**8,038,616**	**$ 3,876,123**	3,342,216	$ 2,590,605

(a) - On May 16, 2002, the Company issued 3,974,667 units for proceeds of $1,249,975 pursuant to its public prospectus offering dated February 20, 2002. The 3,974,667 units included 2,823,167 non-flow-through units at $0.30 per unit and 1,151,500 flow-through units at $0.35 per unit. Each flow-through and non-flow-through unit was comprised of one common share and one share purchase warrant. The warrants attached to the non-flow-through units entitle the holder to purchase one share at $0.35 per share until May 16, 2003 and $0.40 per share until May 19, 2004. The warrants attached to the flow-through units entitle the holder to purchase one share at $0.35 per share until May 16, 2003. Additionally, 794,933 non-transferable Agent warrants were issued which entitle the holder to purchase one share at $0.30 per share until May 16, 2003.

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

4. SHARE CAPITAL (continued)

(b) - On August 8, 2002, the Company issued 633,333 units for proceeds of $190,000 pursuant to non-brokered private placements. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one share at $0.35 per share until August 8, 2003 and $0.40 per share until August 8, 2004.

(c) - On June 13, 2002, the Company issued 5,000 shares for proceeds $1,500 pursuant to the exercise of warrants.

Escrow shares - A total of 962,561 shares (2001: Nil) are held in escrow being released semi-annually on a pro-rata basis with the final release on May 21, 2005.

Stock options - The Company has issued stock options as follows:

As at December 31, 2002:

Exercise Price	Outstanding December 31, 2001	Granted	Exercised	Outstanding December 31, 2002	Expiry date
$0.30	-	740,000	-	740,000	June 3, 2007

Warrants - The Company has issued stock warrants as follows:

As at December 31, 2002:

Exercise Price	Outstanding December 31, 2001	Issued	Exercised	Outstanding December 31, **2002**	Expiry date
$0.35	-	1,151,500	-	1,151,500	May 16, 2003
$0.30	-	794,933	(5,000)	789,933	May 16, 2003
$0.35	285,700	-	-	285,700	September 13, 2003
$0.35/$0.40	-	2,823,167	-	2,823,167	May 16, 2003/2004
$0.35/$0.40	-	633,333	-	633,333	August 8, 2003/2004
	285,700	5,402,933	(5,000)	5,683,633	

5. COMMITMENT

The Company is committed to spending flow-through share proceeds on exploration and development activities and to renouncing $403,025 of eligible Canadian Exploration Expenditures to the eligible shareholders by December 31, 2003 with an effective renunciation date of December 31, 2002.

As at December 31, 2002, the Company has spent $362,643 of the proceeds on exploration activities.

6. RELATED PARTY TRANSACTIONS

The Company incurred legal fees of $50,221 (2001: $49,450), from a law firm of which a director is a member. Accounts payable and accrued expenses includes $5,976 (2001: $72,375) due to the law firm.

The Company incurred management fees of $42,000 (2001: Nil) and equipment rental of $6,628 (2001: Nil) from a company owned by a director of the Company.

The Company incurred geologist fees of $38,094 (2001: Nil) from a company owned by a director of the Company.

Accounts payable includes $5,062 (2001: $21,968) due to a company owned by a director/shareholder.

7. INCOME TAXES

The Company has non-capital losses of $417,000 which begin to expire in 2007 and Canadian development expenses of $25,000 which are available to be applied against any future taxable income. No previous benefit of these losses has been recognized in the financial statements.

Additionally, the Company has renounced to its flow-through shareholders the benefits of $403,025 of Canadian exploration expenditures as defined in subsection 66(15) of the Canadian Income Tax Act.

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

7. INCOME TAXES (continued)

		2002		2001	2000
Income taxes based on a combined basic federal and provincial income tax rate of 39.6% (2001 44.6%,2000 45.6%)	**$**	**(95,211)**	$	(41,142)	(34,896)
Decrease in taxes resulting from:					
Losses for which an income tax benefit has not been recognized		**95,211**		41,142	25,301
Other		**-**		(451)	-
Income tax expense recovery	**$**	**-**		(451)	(9,595)

8. STOCK-BASED COMPENSATION

As described in Note 2, the Company has adopted the new recommendation of the Canadian Institute of Chartered Accountants ("CICA") with regards to stock-based compensation. Accordingly, no compensation expense has been recognized for options granted during the period. Section 3870 of the CICA Handbook requires pro forma disclosures of net loss and net loss per share, as if the fair value based method of accounting for stock options had been applied. The Company used the Black-Scholes option valuation model to value the stock options granted during the quarter. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation and the pro forma disclosures, the following assumptions were used under the Black-Scholes option pricing model:

Risk free interest rate	3.74%
Expected dividend yield	0%
Expected stock price volatility	40%
Expected life of options	3 years

The Company's net loss and loss per share on a pro forma basis would have been restated as follows:

Net loss for the the period ended December 31, 2002, as reported	(236,855)
Compensation expense related to the fair value of stock options	(69,560)
Pro forma net loss for the period ended December 31, 2002	(306,415)

Basic loss per share, as reported	$(0.04)
Pro forma basic loss per share	$(0.05)

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

9. SEGMENTED INFORMATION

The Company operates in a one business and geographical segment: Mineral exploration and development in Canada.

10. SUBSEQUENT EVENTS

Michaud gold property, Ontario, Canada - On January 21, 2003, the Company signed a letter agreement with Moneta Porcupine Mines Inc.("Moneta") amending the terms of the original agreement to earn an interest in the Michaud gold property. The principal terms of the amendment are the property will be divided into separate areas as follows:

South and Southwest zones - The Company will be able to extend the deadline for earning a 60% interest by the completion of a bankable feasibility study from May 15, 2007 to May 15, 2010 by paying the following amounts to Moneta or issuing Company shares of equivalent value:

May 15, 2007	$	50,000
May 15, 2008	$	150,000
May 15, 2009	$	250,000

Remainder of property - The Company can now complete the earning of a 50% interest by spending a total of $1,000,000 on the Property by May 15, 2004. An additional 20% can be earned by giving Moneta a notice that the Company will spend an aggregate total of $2,750,000 on the property by May 15, 2007.

Mineral property, Quebec, Canada - The Company has entered into an agreement to acquire a block of contiguous mineral claims located int the Nunavik (Ungava) region of Northern Quebec at a cost of approximately $16,000.

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

11. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") conform to those generally accepted in the United States ("US GAAP"), in all material respects, except as noted below:

		2002	2001	2000
Net loss as reported in accordance with Canadian GAAP	**$**	**(236,855)**	(91,797)	(66,932)
Adjustments:				
Mineral property costs expensed		**(428,025)**	-	-
Stock based compensation		**(69,560)**	-	-
Net loss under US GAAP	**$**	**(734,440)**	(91,797)	(66,932)
Net loss per share under US GAAP	**$**	**(0.12)**	(0.03)	(0.02)

Stock based compensation - The Company records compensation expense for U.S. GAAP purposes following the fair value method of accounting for stock issued to employees. The Company uses the Black Scholes option pricing model to value its stock options as described in Note 7.

Flow through shares - Under U.S. GAAP proceeds from the sale of flow through shares would be classified as restricted cash until the expenditure actually occurs. As of December 31, 2002, for U.S. GAAP purposes, $40,382 would be restricted.

Under U.S. GAAP the balance of the unexpended proceeds from the flow-through share issuance would also be setup as a liability.

Net earnings per share - Under U.S. GAAP performance based escrow shares are considered to be contingently issuable until the performance criteria has been satisfied and are excluded from the computation of the weighted average of shares outstanding. The Company's escrow shares are not performance based and therefore no adjustments have been made to the calculation of earnings per share.

Mineral properties - Under Canadian GAAP acquisition and exploration costs are capitalized. Under U.S. GAAP costs are expensed as incurred unless commercial feasibility is established.

Under U.S. GAAP mining properties are reviewed by management for impairment whenever circumstances change which could indicate that the carrying amount of these assets may not be recoverable. Such review has not been completed, as there are no capitalized properties for U.S. GAAP purposes.

Years ended December 31, 2002, 2001 and 2000 Expressed in Canadian dollars

11. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

		2002	2001
Total assets under Canadian GAAP	$	**972,513**	24,538
Adjustment - to U.S. GAAP		**-**	-
Total assets under U.S. GAAP	$	**972,513**	24,538
Total liabilities under Canadian GAAP	$	**15,454**	116,142
Adjustment - to U.S. GAAP		**40,382**	-
Total assets under U.S. GAAP	$	**55,836**	116,142
Total stockholders' equity (deficit) under Canadian GAAP	$	**957,059**	(91,604)
Adjustment - to U.S. GAAP		**(428,025)**	-
Total equity (deficiency) under U.S. GAAP	$	**529,034**	(91,604)
Total equity (deficiency) and liabilities under U.S. GAAP		**584,870**	24,538

Under U.S. GAAP the Company must provide a reconciliation of the numerators and the denominators of basic and diluted earnings per share:

		2002	2001	2000
Numerator				
Net earnings (loss)	$	**(734,440)**	(91,797)	(66,932)
Denominator				
Weighted average number of common shares outstanding		**6,118,716**	3,165,414	3,056,516
Basic and diluted net earnings (loss) per share		**(0.12)**	(0.03)	(0.02)

Diluted net earnings (loss) per share reflects the potential dilution of securities that could result from the exercise of dilutive options and warrants. As of December 31, 2002, the Company had 740,000 (2001: Nil, 2000: Nil) stock options outstanding and 5,683,633 (2001: Nil, 2000: Nil) warrants outstanding which have not been included in the calculation of diluted net earnings (loss) per share because their effect would have been antidilutive.

11. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Recent pronouncements:

Business combinations - In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 will have a material impact on the Company's financial position or results of operations.

Goodwill and Intangible Assets - In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized and will be tested for impairment annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. The Company does not expect SFAS 142 will have a material impact on the Company's financial position or results of operations.

Accounting for the impairment or disposal of long lived assets - In August 2001, the FASB issued SFAS No. 144 "Accounting for the impairment or disposal of long lived assets", which retains, in general, the requirements of SFAS No. 144 and addresses significant implementation issues. The provisions of SFAS No. 144 are effect for financial statements issued for fiscal years beginning after December 15, 2001 and generally, are to be applied prospectively. The Company is currently evaluating the effect that implementation of the new standard will have on its results of operations and financial position.

Reporting gains or losses from extinguishment of debt - On May 7, 2002, the FASB issued SFAS No. 145, which rescinded SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers", and SFAS No. 64, "Extinguishment of Debt Made to Satisfying Sinking-Fund Requirements", and amended SFAS No. 13, "Accounting for Leases". The provisions are effective for fiscal years beginning after May 15, 2002. The company does not expect that the implementation of these guidelines will have a material impact on its financial position or results of operations.

Accounting for costs associated with exit or disposal activities - On July 30, 2002, the FASB issued SFAS No.146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The provisions are effective for exit or disposal activities that are initiated after December 31, 2002.