

MID-NORTH RESOURCES LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

(Unaudited - Internally Prepared)

MID-NORTH RESOURCES LIMITED
BALANCE SHEET
SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

	Sept. 30, 2001 \$	Dec. 31, 2000 \$
ASSETS		
CURRENT		
Cash	-	4,423
Sales taxes recoverable	1,330	5,396
Prepaid expenses	403	2,217
	1,733	12,036
CAPITAL ASSETS (Note 2)	5,201	6,191
MINING CLAIMS AND DEFERRED EXPENSES (Note 3)	1,449,517	1,427,518
	1,456,451	1,445,745
LIABILITIES		
CURRENT		
Bank indebtedness	7,293	-
Accrued interest payable	84,689	69,649
Accounts payable and accrued liabilities	135,022	140,497
Due to related parties	225,232	163,001
Note payable	30,060	30,060
	482,296	403,207
SHAREHOLDERS' EQUITY		
CONVERTIBLE NOTES (Note 4)	220,600	220,600
SHARE CAPITAL (Note 5)	3,314,719	3,314,719
DEFICIT	(2,561,164)	(2,492,781)
	974,155	1,042,538
	1,456,451	1,445,745

MID-NORTH RESOURCES LIMITED
STATEMENT OF LOSS AND DEFICIT
FOR THE PERIOD ENDED SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

	Three months ended September 30,		Nine months ended September 30,	
	2001 \$	2000 \$	2001 \$	2000 \$
EXPENSES				
Professional fees	8,294	13,069	19,859	30,505
Automotive	1,609	3,551	8,262	8,766
Filing and registration fees	2,097	5,627	5,703	11,684
Rent	1,572	2,303	3,941	4,231
Consulting and other fees	3,875	-	3,875	-
Office	1,125	605	2,929	4,277
Travel	81	625	2,359	625
Insurance	1,209	-	1,814	1,676
Interest on promissory note	602	600	1,804	1,799
Advertising and promotion	811	993	1,677	2,048
Annual meeting	-	1,069	1,574	1,069
Amortization	311	292	990	880
Bank charges	270	254	359	564
	<u>21,856</u>	<u>28,988</u>	<u>55,146</u>	<u>68,124</u>
NET LOSS FOR THE PERIOD	(21,856)	(28,988)	(55,146)	(68,124)
DEFICIT, Beginning of period	(2,534,896)	(2,429,653)	(2,492,782)	(2,381,717)
INTEREST ON CONVERTIBLE NOTES	(4,412)	(4,400)	(13,236)	(13,200)
DEFICIT, End of period	<u>(2,561,164)</u>	<u>(2,463,041)</u>	<u>(2,561,164)</u>	<u>(2,463,041)</u>
LOSS PER SHARE (Note 8)	<u>(0.002)</u>	<u>(0.003)</u>	<u>(0,005)</u>	<u>(0.007)</u>

MID-NORTH RESOURCES LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

	Three months ended September 30,		Nine months ended September 30,	
	2001 \$	2000 \$	2001 \$	2000 \$
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net loss for the period	(21,856)	(28,988)	(55,146)	(68,124)
Add non-cash items:				
Amortization	311	292	990	880
	<u>(21,545)</u>	<u>(28,696)</u>	<u>(54,156)</u>	<u>(67,244)</u>
Changes in other working capital elements				
Accounts receivable				-
Sales taxes recoverable	1,366	4,038	4,066	2,435
Accrued interest payable	5,014	5,000	15,040	15,000
Prepaid expense	605	-	1,813	-
Accounts payable and accrued liabilities	(7,653)	43,633	(5,475)	22,691
Due to related parties	28,472	25,629	62,231	39,030
Cash flows provided by operating activities	<u>27,804</u>	<u>78,300</u>	<u>77,675</u>	<u>79,156</u>
FINANCING ACTIVITIES				
Issuance of shares	-	11,250	-	126,350
Interest on convertible notes	(4,412)	(4,400)	(13,236)	(13,200)
Cash flows (used for) provided by financing activities	<u>(4,412)</u>	<u>6,850</u>	<u>(13,236)</u>	<u>113,150</u>
INVESTMENT ACTIVITIES				
Purchase of capital asset	-	-	-	(1,740)
Increase in deferred expenses	(9,698)	(64,367)	(21,999)	(119,367)
Cash flows used for investment activities	<u>(9,698)</u>	<u>(64,367)</u>	<u>(21,999)</u>	<u>(121,107)</u>
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD	<u>(7,851)</u>	<u>(7,913)</u>	<u>(11,716)</u>	<u>3,955</u>
CASH, Beginning of period	<u>558</u>	<u>12,196</u>	<u>4,423</u>	<u>328</u>
(CASH DEFICIENCY) CASH, End of period	<u><u>(7,293)</u></u>	<u><u>4,283</u></u>	<u><u>(7,293)</u></u>	<u><u>4,283</u></u>

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

1. ACCOUNTING POLICES

The management of Mid-North Resources Limited (the Company) have prepared these unaudited financial statements for the third quarter ended September 30, 2001 in accordance with generally accepted accounting principles in Canada. These financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2000.

The Company follows the same accounting policies as the December 31, 2000 year ended audited financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the nine months ended September 30, 2001 may not be indicative of the results that may be expected for the full year ending December 31, 2001.

2. CAPITAL ASSETS

	September 30, 2001 \$		December 31, 2000 \$	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Office equipment	6,791	4,361	2,430	2,834
Computer equipment	1,740	2,672	1,491	1,618
Display equipment	4,164	4,60	1,280	1,739
	12,694	7,493	5,201	6,191

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

3. MINING CLAIMS AND DEFERRED EXPENSES

	Sept. 30, 2001 \$	Dec. 31, 2000 \$
Mining claims	268,017	268,017
Deferred expenses (Schedule 1)	1,181,500	1,159,501
	1,449,517	1,427,518

Beaucage Lake

The Company owns 18 mineral claims situated approximately 50 kilometres southeast of Lynn Lake, Manitoba covering approximately 3,839 hectares.

Burntwood River

The Company has a 15% interest through a joint venture agreement in 52 mineral claims located in the Burntwood River area of Manitoba.

Apex/Miner

The Company owns a total of 28 claims (Apex - 5, Miner - 23) in the Snow Lake area of Manitoba. Bruce Dunlop Ltd. (a related party) and Bart Kobar hold 3 separate net smelter royalties of 1.25% with an option for the Company to buy the royalties down to 0.5% for payments of \$ 200,000 for each area.

Bomber Lake

The Company owns 12 contiguous claims in the Bomber Lake area in Saskatchewan. There is currently a net smelter royalty of 2% on the claims. The Company has the option to purchase the net smelter royalty for \$ 100,000 for each 1% purchased.

Gunman

There is currently a net smelter royalty of 2% on the claims. The Company along with the other 50% interest holder has an option to purchase **3** of the net smelter royalty for US\$ 500,000 or **2** of the royalty for US\$ 1,000,000.

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
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4. **CONVERTIBLE NOTES**

	2001	2000
	\$	\$
1. Maturing December 1, 1998	120,600	120,600
ii Maturing October 15, 1999	100,000	100,000
	<u>220,600</u>	<u>220,600</u>

1. These notes bear interest at 8% per annum and are convertible to units prior to maturity at a price of \$ 0.52 per unit. Each unit entitles the holder to receive one common share and one common share purchase warrant to subscribe for one additional common share at \$ 0.65 until December 1, 1998. These notes have not been converted and the Company and the note holders have agreed to a continuation of the existing terms until such time as a new agreement can be worked out.
2. These notes bear interest at 8% per annum and are convertible into common shares prior to maturity at \$ 0.28 per share. These notes have not been converted the Company and the note holders have agreed to a continuation of the existing terms until such time as a new agreement can be worked out.

The Convertible notes take on characteristics of equity and, accordingly, have been classified as such.

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Unaudited - Internally Prepared)

5. SHARE CAPITAL

Authorized
 Unlimited common shares

	Number of Shares	\$
Issued:		
Balance December 31, 1999	8,545,347	2,971,394
Shares issued for mining claims	200,000	38,000
Private placements	1,550,500	232,575
Options exercised	485,000	72,750
Balance December 31, 2000 and September 30, 2001	10,780,847	3,314,719

i. Escrow Agreement

A total of 290,953 shares are subject to a performance based escrow agreement, effective December 15, 1995, between the Company, the Trustee and certain shareholders of the Company.

ii. Options

The following options are outstanding at September 30, 2001:

	Options at \$ 0.15	Options at \$ 0.30
William Aughey	180,000	-
Robert Dunlop	-	325,000
W. Dale Dunlop	-	200,000
James Ramsay	-	75,000
Keith Engel	-	115,000
	180,000	715,000

Each option entitles the holder to purchase one common share at the price as identified above. The \$ 0.15 options expire on July 14, 2003. The \$ 0.30 options expire on June 21, 2005.

iii. Warrants

At September 30, 2001 there were 1,550,500 warrants outstanding. Each warrant entitles the holder to purchase one common share for \$ 0.25. Of the 1,550,500 warrants 998,500 expire on November 14, 2002 and the remaining 552,000 expire on May 4, 2002.

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NOTES TO FINANCIAL STATEMENTS
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6. INCOME TAXES

Estimated taxable income for the period ended is nil. Based upon the history of losses it cannot be reasonably estimated at this time that it is more likely than not the Company will realize the benefits from future income tax assets.

Consequently, the future recovery arising from differences in tax values and accounting values has not been recognized.

The estimated taxable temporary difference valuation will be adjusted in the period that is determined that it is more likely than not that some portion or all of the future tax assets will be realized.

For further information on the Company's actual losses for tax purposes, please refer to the December 31, 2000 audited financial statements. The benefit of these losses and the loss for the period ended have not been recognized in these financial statements.

7. GUNMAN PROPERTY

On May 2, 2001, the Company's partner on the Gunman project in Nevada, filed a motion in the Supreme Court of British Columbia seeking an order forfeiting the Company's interest in the Gunman property. This order was granted by a Master of the Supreme Court.

On July 12, 2001, the Company won an appeal of the May 2, 2001 order and retained its 50% ownership in the property. The Company is currently in negotiations with its partner to see how they can best advance the project.

8. LOSS PER SHARE

Loss per share was calculated using the weighted average number of shares outstanding during the year. Loss per share on a fully diluted basis was not disclosed as it is anti-dilutive.

**MID-NORTH RESOURCES LIMITED
DEFERRED EXPENSES - SCHEDULE 1
NINE MONTHS ENDED SEPTEMBER 30, 2001**

	Central Manitoba Bisset \$	Beaucage Lake \$	Bomber Lake \$	Burntwood River \$	Snow Lake \$	Gunman Project \$	Total \$
Balance, December 31, 2000	285,403	19,871	11,698	547,137	12,174	283,218	1,159,501
Drill program	-	-	-	-	-	21,999	21,999
Balance, September 30, 2001	285,403	19,871	11,698	547,137	12,174	305,217	1,181,500

**MID-NORTH RESOURCES LIMITED
DEFERRED EXPENSES - SCHEDULE 1
YEAR ENDED DECEMBER 31, 2000**

	Central Manitoba Bisset \$	Beaucage Lake \$	Bomber Lake \$	Burntwood River \$	Snow Lake \$	Gunman Project \$	Total \$
Balance, December 31, 1999	285,403	19,871	11,698	547,137	12,174	-	876,283
Drill program	-	-	-	-	-	283,218	283,218
Balance, December 31, 2000	285,403	19,871	11,698	547,137	12,174	283,218	1,159,501