

EAST WEST RESOURCE CORPORATION

FINANCIAL STATEMENTS

OCTOBER 31, 2001

DE VISSER GRAY

CHARTERED ACCOUNTANTS

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NOTICE TO READER

We have compiled the balance sheet of East West Resource Corporation as at October 31, 2001 and the statements of operations and deficit, cash flows and mineral property costs for the six month period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

"De Visser Gray"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
December 13, 2001

EAST WEST RESOURCE CORPORATION

Balance Sheets

As at

(Unaudited - see Notice to Reader)

	October 31, 2001	April 30, 2001
	\$	(Audited) \$
A S S E T S		
Current		
Cash	22,243	214,673
Accounts receivable	93,294	69,486
Prepaid expense	-	4,507
	<u>115,537</u>	<u>288,666</u>
Capital assets	6,187	7,014
Mineral properties	1,791,795	1,528,807
	<u>1,913,519</u>	<u>1,824,487</u>
L I A B I L I T I E S		
Current		
Accounts payable and accrued liabilities	74,756	101,746
Due to related parties	83,652	84,534
	<u>158,408</u>	<u>186,280</u>
S H A R E H O L D E R S ' E Q U I T Y		
Share capital	8,314,123	8,241,223
Obligation to issue shares (note 5(a))	75,000	-
Special warrants (note 4)	800,000	800,000
Deficit	(7,434,012)	(7,403,016)
	<u>1,755,111</u>	<u>1,638,207</u>
	<u>1,913,519</u>	<u>1,824,487</u>

See notes to the financial statements

EAST WEST RESOURCE CORPORATION

Statements of Operations and Deficit

(Unaudited - see Notice to Reader)

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2001	2000	2001	2000
		\$	\$	\$
Income				
Exploration management fees	61,682	-	61,682	-
Gain on sale of equipment	-	447	-	447
Interest	219	693	1,395	1,073
	<u>61,901</u>	<u>1,140</u>	<u>63,077</u>	<u>1,520</u>
Expenses				
Advertising	-	11,120	-	16,700
Amortization	414	487	827	974
Automobile	4,910	6,121	13,890	8,659
Bank charges and interest	112	182	432	591
Consulting	800	-	3,835	6,718
General exploration	1,724	24,482	2,713	28,625
Legal, accounting and audit	20,064	18,011	20,064	18,011
Management fees	7,500	14,250	15,000	27,750
Office, postage and printing	8,645	10,788	9,402	16,776
Rent	-	3,487	-	5,253
Shareholder communication	820	-	3,966	-
Telephone	757	3,091	2,513	5,514
Travel and field supervision	1,766	11,037	3,718	21,200
Trust and filing	14,707	12,196	17,713	16,572
	<u>62,219</u>	<u>115,252</u>	<u>94,073</u>	<u>173,343</u>
Net loss for the period	(318)	(114,112)	(30,996)	(171,823)
Deficit - beginning of period	<u>(7,433,694)</u>	<u>(6,496,613)</u>	<u>(7,403,016)</u>	<u>(6,438,902)</u>
Deficit - end of period	<u><u>(7,434,012)</u></u>	<u><u>(6,610,725)</u></u>	<u><u>(7,434,012)</u></u>	<u><u>(6,610,725)</u></u>
Loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>

See notes to the financial statements

EAST WEST RESOURCE CORPORATION

Statements of Cash Flows

(Unaudited - see Notice to Reader)

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2001	2000	2001	2000
	\$	\$	\$	\$
Cash Provided by (Used For):				
Operating Activities				
Net loss for the period	(318)	(114,112)	(30,996)	(171,823)
Adjustment for items not involving cash:				
Amortization	414	487	827	974
Gain on sale of capital assets	-	(447)	-	(447)
	<u>96</u>	<u>(114,072)</u>	<u>(30,169)</u>	<u>(171,296)</u>
Net changes in non-cash working capital items:				
Prepaid expenses	4,507	-	4,507	3,731
Accounts receivable	(52,262)	(21,876)	(23,808)	(20,536)
Accounts payable	14,634	(14,156)	(26,990)	(40,053)
Due from/to related parties	1,264	2,180	(882)	(16,536)
	<u>(31,761)</u>	<u>(147,924)</u>	<u>(77,342)</u>	<u>(244,690)</u>
Investing Activities				
Purchase of capital assets	-	800	-	(1,148)
Mineral property expenditures	(135,619)	(153,468)	(273,038)	(358,096)
Option payments received	-	-	32,950	18,500
	<u>(135,619)</u>	<u>(152,668)</u>	<u>(240,088)</u>	<u>(340,744)</u>
Financing Activity				
Obligation to issue shares	75,000	(20,000)	75,000	-
Cash received for common shares	50,000	335,000	50,000	530,175
	<u>125,000</u>	<u>315,000</u>	<u>125,000</u>	<u>530,175</u>
Net cash (used) provided during the period	(42,380)	14,408	(192,430)	(55,259)
Cash-beginning of the period	64,623	1,975	214,673	71,642
Cash-end of the period	<u>22,243</u>	<u>16,383</u>	<u>22,243</u>	<u>16,383</u>

Supplementary disclosure of non-cash investing and financing activities:

- a) *During the current year, the Company issued 135,000 common shares at a value of \$22,900 for the acquisition of mineral property interests.*
- b) *During the comparative year, the Company issued 347,500 common shares at a value of \$64,400 for the acquisition of mineral property costs.*

See notes to the financial statements

EAST WEST RESOURCE CORPORATION

Statement of Mineral Property Costs

(Unaudited - see Notice to Reader)

	Net		October 31,	October 31,
	April 30,	Expenditures/ (Recoveries)	2001	2000
	2001	-	-	-
	\$	\$	\$	\$
ONTARIO				
Seagull and Disraeli				
Acquisition	51,749	4,751	56,500	54,014
Assay	15,224	7,278	22,502	16,253
Camp accommodations and Travel	13,468	1,612	15,080	5,105
Drilling	259,925	46,945	306,870	207,096
Geological and Geophysical	98,312	5,940	104,252	47,549
Field office expenses	10,390	3,156	13,546	330
	<u>449,068</u>	<u>69,682</u>	<u>518,750</u>	<u>330,347</u>
Nighthawk Joint Venture				
Acquisition	144,930	294	145,224	141,432
Assay	7,253	2	7,255	7,239
Camp accommodations and Travel	7,117	36	7,153	6,955
Drilling	27,117	-	27,117	27,117
Geological and Geophysical	86,486	701	87,187	84,502
Field office expenses	22,565	(452)	22,113	19,810
	<u>295,468</u>	<u>581</u>	<u>296,049</u>	<u>287,055</u>
Havoc				
Acquisition	47,191	(12,900)	34,291	62,091
Assay	42,035	-	42,035	42,036
Camp accommodations and Travel	1,845	162	2,007	1,681
Geological and Geophysical	66,859	13,475	80,334	43,819
Field office expenses	3,227	4,303	7,530	814
	<u>161,157</u>	<u>5,040</u>	<u>166,197</u>	<u>150,441</u>
Hele				
Acquisition	26,403	(7,500)	18,903	25,672
Assay	1,273	48	1,321	1,088
Camp accommodations and Travel	137	342	479	273
Drilling	14,767	-	14,767	14,006
Geological and Geophysical	5,722	5,625	11,347	3,889
Field office expenses	75	10	85	50
	<u>48,377</u>	<u>(1,475)</u>	<u>46,902</u>	<u>44,978</u>
Hepburn				
Acquisition	41,420	-	41,420	40,060
Geological and Geophysical	179,687	-	179,687	179,687
Field office expenses	45	-	45	45
	<u>221,152</u>	<u>-</u>	<u>221,152</u>	<u>219,792</u>
Steele and Bonis-Scapa				
Acquisition	7,842	3,575	11,417	4,016
Camp accommodations and Travel	8,551	-	8,551	8,551
Geological and Geophysical	120,264	-	120,264	120,264
Field office expenses	151	15	166	45
	<u>136,808</u>	<u>3,590</u>	<u>140,398</u>	<u>132,876</u>
Rift				
Acquisition	-	16,930	16,930	-
Assay	-	3,741	3,741	-
Camp accommodations and Travel	-	3,094	3,094	-
Geological and Geophysical	364	87,860	88,224	-
Field office expenses	-	292	292	-
	<u>364</u>	<u>111,917</u>	<u>112,281</u>	<u>-</u>

See notes to the financial statements

EAST WEST RESOURCE CORPORATION

Statement of Mineral Property Costs *(continued)*

(Unaudited - see Notice to Reader)

	April 30, 2001	Expend itures/ (Recoveries)	October 31, 2001	October 31, 2000
	\$	\$	\$	\$
ONTARIO <i>(continued)</i>				
Reaume				
Acquisition	8,815	-	8,815	18,815
Assay	16,314	-	16,314	16,314
Geological and Geophysical	14,161	-	14,161	14,161
	<u>39,290</u>	<u>-</u>	<u>39,290</u>	<u>49,290</u>
Little Sturge				
Acquisition	27,746	13,825	41,571	26,897
Camp accommodations and Travel	-	59	59	195
Geological and Geophysical	301	(49)	252	5,779
Field office expenses	-	3	3	-
	<u>28,047</u>	<u>13,838</u>	<u>41,885</u>	<u>32,871</u>
Williamson & Rogers				
Acquisition	19,760	(200)	19,560	16,400
Assay	54	-	54	-
Camp accommodations and Travel	293	-	293	-
	<u>20,107</u>	<u>(200)</u>	<u>19,907</u>	<u>16,400</u>
Norton Lake				
Acquisition	-	45,872	45,872	-
Assay	-	791	791	-
Camp accommodations and Travel	-	702	702	-
Geological and Geophysical	-	1,525	1,525	-
Field office expenses	-	26	26	-
	<u>-</u>	<u>48,916</u>	<u>48,916</u>	<u>-</u>
Edwards				
Acquisition	-	-	-	38,125
Geological and Geophysical	-	-	-	105,548
	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,673</u>
Timmins				
Acquisition	-	-	-	1,626
Camp accommodations and Travel	-	-	-	2,855
Geological and Geophysical	-	-	-	82,580
	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,061</u>
QUEBEC				
Casa Berardi				
Acquisition	-	-	-	184,652
Assay	-	-	-	3,723
Camp accommodations and Travel	-	-	-	4,133
Drilling	-	-	-	37,017
Geological and Geophysical	-	-	-	135,687
Field office expenses	-	-	-	4,929
	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,141</u>
OTHER				
Acquisition	104,245	10,339	114,584	96,833
Assay	2,592	92	2,684	1,546
Camp accommodations and Travel	5,281	488	5,769	932
Geological and Geophysical	14,392	(417)	13,975	10,065
Field office expenses	2,459	597	3,056	680
	<u>128,969</u>	<u>11,099</u>	<u>140,068</u>	<u>110,056</u>
Total Mineral Property Costs	<u>1,528,807</u>	<u>262,988</u>	<u>1,791,795</u>	<u>1,974,981</u>

See notes to the financial statements

EAST WEST RESOURCE CORPORATION

Notes to the Financial Statements

October 31, 2001

1. NATURE OF OPERATIONS

The Company's major activity is the acquisition and exploration of mineral properties. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's interim financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

2. ACCOUNTING PRINCIPLES AND USE OF ESTIMATES

The accompanying unaudited interim financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements dated April 30, 2001. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the six months ended October 31, 2001 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

3. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The year end balances referred to above are non-interest bearing, unsecured, receivable or payable on demand and have arisen from the provision of services, expense reimbursements or advances described.

The Company owes a law firm of which the President is a partner \$47,585 for legal services.

The Company's exploration manager was paid \$30,765 for management services and for certain other expenses incurred on behalf of the Company and was owed \$36,067 at October 31, 2001.

4. SPECIAL WARRANTS

The Company had previously issued 1,333,334 flow-through special warrants at \$0.60 per special warrant, which are convertible into 1.1 flow-through common shares of the Company and 1.1 share purchase warrants.

The warrants were originally convertible at the earlier of the date of prospectus receipt in British Columbia and one year from their issue. This latter date has been extended to February 1, 2002.

5. SUBSEQUENT EVENTS

- a) The Company issued 300,000 shares at \$0.10 per share under a flow-through share private placement.
- b) The Company issued 12,500 shares at \$0.24 per share for mineral property acquisition.