

SOUTHAMPTON ISLAND MEAT COMPANY LTD.

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REVIEW ENGAGEMENT REPORT

**TO THE SHAREHOLDERS
SOUTHAMPTON ISLAND MEAT COMPANY LTD.**

We have reviewed the balance sheet of **Southampton Island Meat Company Ltd. as at May 31, 2001** and the statements of income and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

BULAT & POUSTIE

Winnipeg, Manitoba
September 10, 2001

CHARTERED ACCOUNTANTS

SOUTHAMPTON ISLAND MEAT COMPANY LTD.
(Under the Companies Act, Northwest Territories)

BALANCE SHEET
AS AT MAY 31, 2001
(Unaudited)

	ASSETS		
		2001	2000
CURRENT			
Cash		\$ 47,486	\$ -
Share subscription receivable		-	5
Accounts receivable		<u>102,185</u>	<u>8,081</u>
		149,671	8,086
CAPITAL ASSETS, notes 1 and 2		2,700	-
OTHER			
Incorporation costs, at cost		<u>842</u>	<u>842</u>
		<u>\$ 153,213</u>	<u>\$ 8,928</u>
	LIABILITIES		
CURRENT			
Bank indebtedness, note 3		\$ -	\$ 3,478
Accounts payable and accruals		106,724	10,140
Corporation income taxes payable		<u>8,076</u>	-
		114,800	13,618
SHAREHOLDER'S LOAN, note 4		<u>1,951</u>	-
		<u>116,751</u>	<u>13,618</u>
	SHAREHOLDERS' EQUITY		
SHARE CAPITAL, note 5		5	5
RETAINED EARNINGS		<u>36,457</u>	(<u>4,695</u>)
		<u>36,462</u>	(<u>4,690</u>)
		<u>\$ 153,213</u>	<u>\$ 8,928</u>

Approved on behalf of the Board:



President

The accompanying notes are an integral part of the financial statements

SOUTHAMPTON ISLAND MEAT COMPANY LTD.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2001
(Unaudited)**

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 431,110	\$ 344,035
Cash paid to suppliers and employees	(454,097)	(431,920)
Interest paid	<u> -</u>	(<u>1,124</u>)
	(<u>22,987</u>)	(<u>89,009</u>)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>3,000</u>	<u> -</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in shareholder's loan	1,951	-
Funding programs	<u>75,000</u>	<u>102,316</u>
	<u>76,951</u>	<u>102,316</u>
INCREASE IN CASH FOR THE YEAR	50,964	13,307
CASH (DEFICIENCY), BEGINNING OF YEAR	(<u>3,478</u>)	(<u>16,785</u>)
CASH (DEFICIENCY), END OF YEAR	\$ <u>47,486</u>	(\$ <u>3,478</u>)

The accompanying notes are an integral part of the financial statements

SOUTHAMPTON ISLAND MEAT COMPANY LTD.

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MAY 31, 2001
(Unaudited)**

	2001	2000
SALES	<u>\$ 525,209</u>	<u>\$ 303,985</u>
EXPENSES		
Accounting and legal	4,774	4,161
Administration fees	29,721	22,826
Amortization	300	-
Camp mobilization and demobilization	-	600
Consulting	-	14,700
Food	176,435	142,529
Freight	5,395	5,966
Fuel	20,709	9,949
Inspections and permits	12,996	1,100
Interest and bank charges	499	1,124
Materials, equipment and supplies	4,516	4,948
Repairs and maintenance	3,783	-
Telephone	2,461	2,382
Vehicle	668	1,676
Wages and benefits	<u>288,724</u>	<u>186,906</u>
	<u>550,981</u>	<u>398,867</u>
LOSS FROM OPERATIONS BEFORE OTHER INCOME	(<u>25,772</u>)	(<u>94,882</u>)
OTHER INCOME		
Funding - DIAND	-	14,700
- Department of Sustainable Development	75,000	75,000
- Resource Development Fund	<u>-</u>	<u>14,000</u>
	<u>75,000</u>	<u>103,700</u>
INCOME BEFORE PROVISION OF CORPORATION INCOME TAX	49,228	8,818
Provision for corporation income tax	<u>8,076</u>	<u>-</u>
NET INCOME FOR THE YEAR	41,152	8,818
DEFICIT, BEGINNING OF YEAR	(<u>4,695</u>)	(<u>13,513</u>)
RETAINED EARNINGS (DEFICIT), END OF YEAR	<u>\$ 36,457</u>	<u>(\$ 4,695)</u>

The accompanying notes are an integral part of the financial statements