

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)

Financial Statements
April 30, 2002 and 2001

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF SKN RESOURCES LTD. (Formerly Spokane Resources Ltd.)

We have audited the balance sheets of SKN Resources Ltd. (formerly Spokane Resources Ltd.) as at April 30, 2002 and 2001 and the statements of operations 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 Canadian 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 April 30, 2002 and 2001 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe"

Chartered Accountants

Vancouver, British Columbia

June 11, 2002

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Balance Sheets (note 1)
April 30

	2002	2001
Assets		
Current		
Cash	\$1,037	\$1,593
Accounts receivable	8,382	66,071
	9,419	67,664
Portfolio Investments (note 4)	77,658	19,178
Fixed, net	0	3,994
Investment in and Expenditures on Resource Properties (notes 3 and 5)		
Mineral claims	2,096,810	2,089,314
Oil and gas lease	1	1
Reclamation deposits	10,000	34,000
Licensing Agreement (note 6)	1	1
	\$2,193,889	\$2,214,152
Liabilities		
Current		
Accounts payable and accrued liabilities	\$365,616	\$345,902
Due to private companies (note 7)	1,364,067	1,214,053
	1,729,683	1,559,955
Shareholders' Equity		
Capital Stock (note 8)	11,652,818	11,652,818
Deficit	(11,188,612)	(10,998,621)
	464,206	654,197
	\$2,193,889	\$2,214,152

Approved on behalf of the Board:

"G.A. Armstrong"
..... Director
G.A. Armstrong

"C. Brownie"
..... Director
C. Brownie

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Statements of Operations and Deficit
Years Ended April 30

	2002	2001
General and Administrative Expenses		
Interest, net	\$105,558	\$128,568
Management fees	30,000	30,000
Salary and benefits	19,028	74,442
Rent	18,661	18,000
Professional fees	12,237	15,573
Property reclamation	8,109	0
Printing and shareholder relations	8,079	7,458
Filing and transfer agent fees	4,550	3,734
Office	3,234	5,621
Foreign exchange loss	0	204
B.C. corporation capital tax (recovery)	(13,459)	0
Depreciation	0	1,712
	195,997	285,312
Write-down of Mineral Properties	0	1,097,640
Recovery of Expenditures on Mineral Property	0	(21,011)
Write-Down of Oil and Gas Property	0	18,378
Loss on Disposal of Capital Assets	3,994	0
Other Income	(10,000)	(26,667)
Net Loss for Year	189,991	1,353,652
Deficit, Beginning of Year	10,998,621	9,644,969
Deficit, End of Year	\$11,188,612	\$10,998,621
Loss Per Share	\$ 0.06	\$ 0.44
Weighted Average Number of Shares	3,211,422	3,104,573

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Statements of Cash Flows
Years Ended April 30

	2002	2001
Operating Activities		
Net loss	\$(189,991)	\$(1,353,652)
Items not involving cash		
Write-down of mineral properties	0	1,097,640
Write-down of oil and gas property	0	18,378
Recovery of expenditures on mineral property	0	(21,011)
Loss on disposal of capital assets	3,994	0
Depreciation	0	1,712
Operating Cash Flow	(185,997)	(256,933)
Changes in Non-Cash Working Capital		
Accounts receivable	(791)	(7,592)
Accounts payable and accrued liabilities	19,714	42,494
	18,923	34,902
Cash Used in Operating Activities	(167,074)	(222,031)
Investing Activities		
Investment in mineral claims (net of recoveries)	(7,496)	(22,333)
Reclamation deposits	24,000	(4,000)
Cash Provided by (Used in) Investing Activities	16,504	(26,333)
Financing Activity		
Advances from private company	150,014	247,201
Outflow of Cash	(556)	(1,163)
Cash, Beginning of Year	1,593	2,756
Cash, End of Year	\$1,037	\$1,593

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Notes to Financial Statements
Years Ended April 30, 2002 and 2001

1. GOING CONCERN

These financial statements have been prepared by management in accordance with generally accepted accounting principles on a going concern basis. This presumes funds will be available to finance on-going development, operations and capital expenditures and the realization of assets and the payment of liabilities in the normal course of operations for the foreseeable future.

The Company has minimal capital resources available to meet obligations which normally can be expected to be incurred by similar companies and has an accumulated deficit of \$11,188,612 (2001 - \$10,998,621). These factors raise substantial doubt about the Company's ability to continue as a going concern and is dependent on its ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The Company is in the development stage and has yet to generate significant revenues.

(b) Portfolio investments

Portfolio investments are carried at written down value.

(c) Investment in and expenditures on resource properties

The Company is in the exploration stage with respect to its investment in mineral claims and, accordingly, follows the practice of capitalizing all costs relating to the acquisition of, exploration for and the development of mineral claims, net of all incidental revenues received. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on estimated recoverable reserves. The aggregate costs related to abandoned mineral claims will be charged to operations at the time of abandonment.

(d) Income taxes

Income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. A valuation allowance is provided to reduce the asset to the net amount management estimates to be reasonable to carry as a future income tax asset.

SKN RESOURCES LTD.
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Notes to Financial Statements
Years Ended April 30, 2002 and 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Flow-through shares

The Company finances a portion of its exploration program with flow-through common share issues. Income tax deductions relating to these expenditures are claimable only by the investors. Proceeds from common shares issued pursuant to flow-through financing are credited to capital stock.

(f) Loss per share

Loss per share computations are based on the weighted average number of common shares outstanding during the year.

(g) Financial instruments

The Company's financial instruments consist of cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities and amounts due to private companies. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments due to the immediate or short term maturity of these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

(h) Use of estimates

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

3. REALIZATION OF ASSETS

The Company's investment in and expenditures on resource properties comprise substantially all of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful production from the properties or from the proceeds of their disposal.

SKN RESOURCES LTD.
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Notes to Financial Statements
Years Ended April 30, 2002 and 2001

4. PORTFOLIO INVESTMENTS

	2002		2001	
	Written Down Value	Market	Written Down Value	Market
International Enxco Limited, 81,779 common shares	\$8,178	4,089	\$8,178	\$3,271
Ivory Oils and Minerals Inc. 100,000 common shares	11,000	5,000	11,000	6,000
Rio Fortuna Exploration Corp. 974,667 common shares	58,480	116,960	0	0
	\$77,658	\$126,049	\$19,178	\$9,271

During the year ended April 30, 1998, the investments were written down to their fair market value.

5. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

	2002	2001
Rex Mountain Gold Property (note 5(a))		
Cost	\$699,782	\$699,782
Deferred expenditures	1,435,802	1,435,802
Write-down of mineral property	(2,135,584)	(2,135,583)
	0	1
Mac Molybdenum Property (note 5(b))		
Cost	1,500,000	1,500,000
Deferred expenditures, net of revenues	2,532,258	2,532,258
Write-down of mineral property	(2,016,128)	(2,016,128)
	2,016,130	2,016,130
Clearwater Property (note 5(c))		
Deferred expenditures	80,679	73,182
Voisey's Bay Property (note 5(d))		
Cost	11,500	11,500
Deferred expenditures	45,964	45,964
Write-down of mineral property	(57,463)	(57,463)
	1	1
Mexico Properties (note 5(e))		
Write-down of mineral property	0	1,585,508
Recovery of expenditures	0	(1,496,635)
	0	(88,873)
	0	
	\$2,096,810	\$2,089,314

SKN RESOURCES LTD.
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5. INTEREST IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Rex Mountain Gold Property

The Company was granted an option to acquire a 100% undivided interest in fifteen mineral claims and four crown grants located in the Lillooet Mining Division, British Columbia. The option would be deemed to have been exercised when another \$632,000 in royalties had been paid to the optionor. Minimum royalty payments of \$25,000 were to be paid to the optionor on September 1 of each year (paid to August 31, 1999).

The Company owned a 100% undivided interest in seventeen additional mineral claims on this property.

The option was terminated during the year ended April 30, 2002, and the claims are being returned to the optionor.

(b) Mac Molybdenum Property

During the year ended April 30, 1997, the Company acquired a 100% interest in eleven mineral claims located in the Omineca Mining Division, British Columbia from Rio Algom Exploration Inc. for the issue of 150,000 post consolidated common shares (note 8 (b)) of the Company at a price of \$10 per share of the Company. During the year ended April 30, 2000, the Company wrote down the property by 50% to management's assessed recoverable value of the property. One claim was forfeited during the year ended April 30, 2002 bringing the total number of claims to ten.

(c) Clearwater Property

During the year ended April 30, 1999, the Company acquired a 100% interest in 55 claim units in the Kamloops Mining Division, British Columbia. The claims are in good standing until November 2006.

(d) Voisey's Bay Property

The Company owns a 45% undivided interest in 100 mineral claims located at Tasiuyak in the Voisey's Bay area of Labrador, Newfoundland. During the year ended April 30, 2001, the Company wrote down the property to one dollar (\$1).

SKN RESOURCES LTD.
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Notes to Financial Statements
Years Ended April 30, 2002 and 2001

5. INTEREST IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(e) Mexico Properties

In November 1997, the Company and Rio Fortuna Exploration Corp. (formerly Sand River Resources Ltd.) ("Rio Fortuna") entered into a 50/50 Joint Venture to acquire and develop mineral properties in Mexico. During the year ended April 30, 1998, the Joint Venture signed three agreements with the Daniel Valenzuela Garcia group of Chihuahua, Mexico. The three agreements have been named Piedras Verdes, Sacramento and Minerales. By way of these agreements the Joint Venture has the right to acquire 75% of the rights to 20 mining concessions and 80% of the rights to an additional 19 mining concessions for a combination of work commitments and cash payments of \$6,005,000 U.S. of which the Joint Venture has spent approximately \$1,800,000 U.S. In addition, the Company is to issue 62,500 post consolidated common shares (note 8(b)) over a four year period of which 40,000 post consolidated common shares have been issued for a deemed value of \$50,000. During the year ended April 30, 2000, the Piedras Verdes and Minerales agreements which include the rights to acquire 75% to the rights of 20 mining concessions were terminated. During the year ended April 30, 2001, the Sacramento agreement which includes the rights to acquire 80% of the rights to 19 mining concessions was terminated.

A fourth agreement named La Fortuna was signed by the Joint Venture with Guillermo Espinosa Castillo to acquire a 100% interest in two mining lots in the State of Sonora, Mexico for a combination of work commitments and cash payments aggregating \$1,850,000 U.S. over a four year period and a net smelter royalty of 4%. The Joint Venture has spent approximately \$118,000 U.S. against these commitments. During the year ended April 30, 2000, the Company terminated this agreement.

On May 12, 1999, the Company entered into an agreement with Ernesto Poblano Fernandez whereby the Company has a right to acquire 100% of the rights to a single mining concession named San Francisco for consideration of \$210,000 U.S. over a three year period, subject to a net smelter royalty of 2% with a payout of U.S. \$500,000. During the year ended April 30, 2001, the Company terminated this agreement.

By agreement dated March 2, 2000 the Company and Rio Fortuna terminated their Joint Venture to explore the Mexican properties. Subject to regulatory approval, Rio Fortuna has agreed to settle a \$146,200 debt to the Company (for reimbursement of Rio Fortuna's share of expenditures) by issuing the Company 974,667 shares of Rio Fortuna. During the year ended April 30, 2002, the Company received the 974,667 shares. An amount of \$58,480 was recorded which represents the market value of Rio Fortuna's shares as at April 30, 2001 (note 4).

(f) Oil and gas lease

The Company's "Sunrise Prospect" consists of a 0.562% working interest in a petroleum and natural gas lease situated in Northeastern British Columbia. This lease is registered in the name of Enermark Resources Inc., Calgary, Alberta. During the year ended 2001, the Company wrote-down the property to one dollar (\$1).

(g) The Company has renounced \$1,574,284 (2001 - \$1,574,284) of its deferred exploration and development expenditures for tax purposes to the investors of flow-through common shares.

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Years Ended April 30, 2002 and 2001

6. LICENSING AGREEMENT

Pursuant to an agreement dated November 18, 1988, the Company was granted exclusive worldwide manufacturing and distribution rights (excluding Canada) for the "Firelight II" barbecue.

Pursuant to an agreement dated June 30, 1990, the Company assigned all its rights, title and interest in the Firelight II for consideration of \$225,000 in future royalties based on \$0.25 per unit sold, to a maximum of 900,000 units with a minimum annual royalty of \$12,500.

The licensing agreement was written-down to a carrying value of one dollar (\$1) during the year ended April 30, 1991. During the years ended April 30, 2002 and 2001, no royalties were received by the Company.

7. DUE TO PRIVATE COMPANIES

A private company has advanced \$1,314,757 (2001 - \$1,185,741), including accrued interest to April 30, 2002 of \$106,014 (2001 - \$129,325) to the Company. The amount bears interest at prime plus 5% (note 9(b)). The Company issued 1,000,000 post consolidated common shares (note 8(b)) at a deemed price of \$1.00 per share as a partial debt settlement during the prior year.

Included in this amount is \$49,310 (2001 - \$28,310) due to a company controlled by a director and a company with common management.

8. CAPITAL STOCK

- (a) Authorized
100,000,000 Common shares without par value
- (b) Issued and allotted

	2002		2001	
	Number of Shares	Amount	Number of Shares	Amount
Issued				
Balance, beginning of year	32,114,220	\$11,652,818	22,114,220	\$10,652,818
Issued during year				
debt settlement (note 7)	0	0	10,000,000	1,000,000
	32,114,220	11,652,818	32,114,220	11,652,818
Reverse split one for ten	(28,902,798)	0	(28,902,798)	0
Balance, end of year	3,211,422	\$11,652,818	3,211,422	\$11,652,818

On July 25, 2001, the Company consolidated its shares on the basis of one new common share issued for every ten old common shares issued and increased its authorized capital to 100,000,000 common shares. These financial statements have been retroactively restated to reflect this adjustment.

SKN RESOURCES LTD.
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Notes to Financial Statements
Years Ended April 30, 2002 and 2001

8. CAPITAL STOCK (Continued)

(c) Stock option plan

Expiry Date	Exercise Price	Number of Shares	
		2002	2001
February 28, 2002	\$ 1.00	0	80,000

The following activity occurred within the stock option plan:

	Number of Options	Weighted Average Price
Options outstanding as of April 30, 2000	1,450,000	\$ 0.11
Options cancelled or expired	(650,000)	\$ 0.16
Options outstanding as of April 30, 2001	800,000	\$ 0.10
Reverse split one for ten	(720,000)	\$ 0.00
Options expired	(80,000)	\$ 0.00
Options outstanding as of April 30, 2002	\$0	\$ 0.00

9. RELATED PARTY TRANSACTIONS

(a) Included in accounts payable are the following amounts payable to:

	2002	2001
A law firm in which an officer and director is the proprietor	\$119,140	\$119,140
A company controlled by an officer and director	114,802	87,932
An accounting firm in which a former officer and director is the proprietor	81,679	81,679
Directors for directors' fees	44,800	44,800
	\$360,421	\$333,551

(b) The amount due to private companies includes \$1,314,757 (2001 - \$1,185,741) due to a company controlled by a director of the Company (note 7). Interest of \$106,014 (2001 - \$129,325) included in the above balance was expensed by the Company.

The amount also includes \$19,392 (2001 - \$9,892) due to a company controlled by a director and \$29,918 (2001 - \$18,418) due to a law firm of which a director is the proprietor. Neither of these two amounts is subject to interest or stated terms of repayment.

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Notes to Financial Statements
Years Ended April 30, 2002 and 2001

9. RELATED PARTY TRANSACTIONS (Continued)

(c) The Company was charged the following amounts:

	2002	2001
Legal fees by a law firm in which an officer and director is the proprietor	\$1,338	\$12,908
Management fees by a company controlled by an officer and director	30,000	30,000
Office rental by a company controlled by an officer and director	18,000	18,000

(d) Other income is derived from consulting fees charged to two companies with common directors. During the year ended April 30, 2002, the Company discontinued their consulting service.

10. INCOME TAXES

The components of the future income tax assets are as follows:

	2002	2001
Future income tax assets		
Non-capital loss carry-forwards	\$2,308,900	\$2,243,400
Unused cumulative exploration and development expenses	2,821,000	2,834,000
Taxable portion of write-down of marketable securities	68,267	68,267
	5,182,207	5,145,667
Approximate tax rate	45%	45%
	2,339,175	2,315,565
Less: Valuation allowance	(2,339,175)	(2,315,565)
	\$0	\$0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

SKN RESOURCES LTD.
(Formerly Spokane Resources Ltd.)
Notes to Financial Statements
Years Ended April 30, 2002 and 2001

10. INCOME TAXES (Continued)

The non-capital losses which may be carried forward to apply against future years' income for Canadian income tax purposes will expire as follows:

2003	\$251,000
2004	409,900
2005	316,900
2006	508,000
2007	401,100
2008	236,000
2009	186,000
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	\$2,308,900
