



**Quattro Resources Ltd.**  
**Interim Consolidated Balance Sheets**

*Statement 1*

	April 30, 2000	April 30, 1999	April 30, 1998
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash	\$ 78	\$ 1,717	\$ 8,365
Accounts receivable	55	2,443	9,305
Prepaid expense	2,669	2,275	32,874
	<b>2,802</b>	6,435	50,544
<b>Capital Assets</b> (Note 3)	<b>1,784</b>	2,411	3,710
<b>Resource Properties</b> (Note 4)	<b>1</b>	1	2,323,680
	<b>\$ 4,587</b>	\$ 8,487	\$ 2,337,934
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 292,027	\$ 233,405	\$ 526,280
Notes payable - Others (Note 5)	536,000	487,122	531,295
Notes payable - Tombstone Aruba A.V.V. (Note 6)	--	--	479,721
	<b>828,027</b>	720,527	1,537,296
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Share Capital</b> (Note 7)			
Authorised: 500,000,000 (1999 - 500,000,000) common shares with no par value			
Issued: 17,914,851 (1999 - 17,914,851) common shares	<b>1,455,532</b>	1,455,532	1,455,532
<b>Deficit, Statement 2</b>	<b>(2,278,972)</b>	(2,167,212)	(614,894)
	<b>(823,440)</b>	(711,680)	840,638
	<b>\$ 4,587</b>	\$ 8,487	\$ 2,377,934

**Continuing Operations** (Note 1)

**Approved by the Board**

"John C.C. Caddy" **Director**

"Jack L. Pearl" **Director**

See accompanying notes to Interim Consolidated Financial Statements

**Quattro Resources Ltd.****Interim Consolidated Statements of Loss and Deficit***Statement 2*

	<b>For the Three months ended April 30, 2000</b>	For the Three months ended April 30, 1999	For the Three months ended April 30, 1998
<b>Administrative Expenses</b>			
Bank charges	\$ 58	\$ 32	\$ 55
Depreciation	107	201	106
Interest	10,376	11,374	8,200
Management fees	7,500	10,500	6,500
Professional fees	11	5,553	11,851
Regulatory and trust company fees	662	1,069	--
Office, rent, secretarial and administrations	(2,472)	(2,940)	2,757
Shareholder relations	393	--	12,836
Travel			135
<b>Loss for the Period</b>	<b>16,635</b>	25,789	42,440
<b>Deficit - Beginning of Period</b>	<b>2,262,337</b>	2,141,423	572,454
<b>Deficit - End of Period</b>	<b>\$ 2,278,972</b>	\$ 2,167,212	\$ 614,894

See accompanying notes to Interim Consolidated Financial Statements

**Quattro Resources Ltd.****Interim Consolidated Statements of Changes in Financial Position***Schedule 1*

	<b>For the Three months ended April 30, 2000</b>	For the Three months ended April 30, 1999	For the Three months ended April 30, 1998
<b>CASH PROVIDED BY (USED FOR)</b>			
<b>Operating Activities</b>			
Loss for the period	\$ (16,635)	\$ (25,789)	\$ (42,440)
Items not affecting cash:			
Depreciation	107	201	106
	<b>(16,528)</b>	<b>(25,588)</b>	<b>(42,334)</b>
Changes in non-cash working capital	<b>16,521</b>	<b>27,023</b>	<b>268,193</b>
	<b>(7)</b>	<b>1,435</b>	<b>225,589</b>
<b>Financing Activities</b>			
Share\ subscriptions received	--	--	(420,000)
Share capital issued	--	--	420,000
	<b>--</b>	<b>--</b>	<b>--</b>
<b>Investing Activities</b>			
Investment in resource properties	--	--	(447,635)
	<b>--</b>	<b>--</b>	<b>(447,635)</b>
<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	<b>(7)</b>	<b>1,435</b>	<b>(221,776)</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>85</b>	<b>282</b>	<b>230,141</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 78</b>	<b>\$ 1,717</b>	<b>\$ 8,365</b>

See accompanying notes to Interim Consolidated Financial Statements

## **Quattro Resources Ltd.**

### **Notes to the Interim Consolidated Financial Statements**

#### **1. Nature of Operations and Continuing Operations**

Quattro Resources Ltd. (“the Company”), which commenced operations on October 4, 1996, is engaged in the acquisition, exploration and development of precious gem and metal properties. These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. As at April 30, 2000, the Company had a working capital deficiency of \$825,225 and an accumulated deficit of \$2,278,972. The Company’s ability to continue as a going concern depends on its ability to successfully raise additional financing. If the Company is unable to obtain additional financing the Company may be forced to realize its assets at amounts significantly lower than the current carrying value.

#### **2. Significant Accounting Policies**

##### *(a) Principles of Consolidation*

These consolidated statements include the accounts of the Company, which is the accounting subsidiary, and its accounting parent, Can-Dore Diamond Mining Corporation (“Can-Dore”). These consolidated financial statements also include Can-Dore’s other wholly-owned subsidiaries as follows:

- Roraima Mining Corporation (“Roraima” - British Virgin Islands incorporation)
- Highland Minas de Venezuela (Venezuela incorporation)
- Frontier Inc. (Guyana incorporation)
- Bayman Investments A.V.V. (“Bayman” - Aruba incorporation)
- Corporacion 181818 CA (Venezuela incorporation)
- Inversiones Lileja CA (Venezuela incorporation)

Can-Dore wrote-off its investment in Roraima during the year ended January 31, 1999. In addition, during the year ended January 31, 2000, the Company relinquished its interest in Bayman (see Note 4a).

##### *(b) Resource Properties*

The Company capitalizes all acquisition, exploration and development costs by property. The carrying value of pre-production and exploration properties is reviewed periodically and either written-off when it is determined that the expenditures will not result in the discovery of economically recoverable ore reserves or transferred to producing mining property, plant and equipment when commercial development commences.

The recoverability of amounts shown for pre-production and exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to finance the development of the properties and on the future profitable production or proceeds from the disposition thereof.

##### *© Capital Assets*

Capital assets are recorded at cost. Depreciation is computed using the declining balance method at an annual rate of 30%. The Company’s capital assets consist of office and computer equipment.

**Quattro Resources Ltd.**  
**Notes to the Interim Consolidated Financial Statements**

**2. Significant Accounting Policies (Continued)**

*(d) Deferred Financing Charges*

The Company periodically raises equity to continue its business plans. Cost associated with raising equity are deferred until the funds are raised or there is a high probability that the funds will not be raised.

*(e) Foreign Exchange*

The Company uses the temporal method of translation foreign currency transactions to Canadian dollars. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Other balance sheet items, revenues and expenses are translated at the rate prevailing on the respective transaction dates. Exchange gains and losses related to current monetary items are included in income. Exchange gains and losses related to non-current monetary items are deferred and amortized over the remaining lives of the monetary items to which they relate.

*(f) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

**3. Capital Assets**

Details are as follows:	Cost	Accumulated Depreciation	Net Book Value
<b>April 30, 2000</b>			
Furniture and fixtures	\$ 4,641	\$ 3,392	\$ 1,249
Computer equipment	1,860	1,325	535
	<b>\$ 6,501</b>	<b>\$ 4,717</b>	<b>\$ 1,784</b>
<b>April 30, 1999</b>			
Furniture and fixtures	\$ 4,641	\$ 2,941	\$ 1,700
Computer equipment	1,860	1,149	711
	<b>\$ 6,501</b>	<b>\$ 4,090</b>	<b>\$ 2,411</b>
<b>April 30, 1998</b>			
Furniture and fixtures	\$ 4,641	\$ 2,087	\$ 2,554
Computer equipment	1,860	704	1,156
	<b>\$ 6,501</b>	<b>\$ 2,791</b>	<b>\$ 3,710</b>

**4. Resource Properties**

## Quattro Resources Ltd.

### Notes to the Interim Consolidated Financial Statements

Details are as follows:	April 30, 1999	April 30, 1998	January 31, 1999
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<u>Isabel and Pamina</u>			
Acquisition costs			\$ 756,314
Deferred exploration			
Legal, acquisition and permit approvals			188,868
Office expense			40,806
Travel			74,227
Housing			14,251
Wages			376,631
Project support			80,858
Camp support			120,942
Mine support			76,741
Equipment rental and maintenance			522,406
Foreign exchange loss			55,135
			<hr/>
			2,307,179
<u>Cannister Block</u>			
Acquisition	1	1	16,501
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	\$ 1	\$ 1	\$ 2,323,680

During the period ended March 31, 1997, the Company acquired 100% of the issued and outstanding shares of Roraima, a British Virgin Islands incorporated company. The Company wrote-off its investment in Roraima during the year ended January 31, 1999.

#### (a) Isabel and Pamina

In December 1995, the Company entered into a share purchase agreement with Tombstone Aruba A.V.V. ("Tombstone") wherein it acquired all the outstanding share of Bayman Investment A.V.V. ("Bayman") Bayman holds all the mining rights to the Isabel and Pamina concessions located in Bolivar State, Venezuela. The company acquired these concessions for US \$550,000 and a 5% royalty on the average appraised value of all diamonds and a 5% royalty on the net value of all other products mined from the concessions. This royalty was subject to termination by the payment of US \$500,000 prior to November 1, 1998. At the time of acquisition, Bayman had expended US \$327,00 on exploration on the properties. The US\$500,000 payment was not made and all acquisition and deferred exploration costs incurred on the Isabel and Pamina mining concessions were written-off during the year ended January 31, 1999. During the year ended January 31, 2000, 100% control of Bayman reverted back to Tombstone (see Note 6).

#### (b) Cannister Block

The Company, through its wholly-owned subsidiary, Frontier Inc. (Guyana) prospected the Cannister Block in the Parish Hill Mining District in Guyana. This block consists of 25,000 acres. Staking costs of US \$12,000 (Cdn \$16,501) were written-off during the year ended January 31, 1999.

## 5. Notes Payable - Other

## Quattro Resources Ltd.

### Notes to the Interim Consolidated Financial Statements

The amounts loaned to the Company, by way of demand notes, bear interest in a range of the Royal Bank of Canada prime rate plus 2% to 12%. Of the total of \$536,000, \$184,169 (US \$124,945) is denominated to be repaid in US dollars. At April 30, 1999, of the total of \$486,122, \$180,175 (US \$119,175) was denominated to be repaid in US dollars. At April 31, 1998, of the total of \$531,295, \$282,646 (US \$193,898) was denominated to be repaid in US dollars.

#### 6. Notes Payable - Tombstone Aruba A.V.V.

As part of the acquisition of the resource properties described in Note 4, Roraima signed a note payable to Tombstone for US \$500,000 for the purchase of all the outstanding shares of Bayman. Two of the Company's directors guaranteed the note. A total of US \$200,000 was paid. The remaining US \$300,000, originally due on August 31, 1997, was delayed to February 1, 1998 by an additional payment of US\$50,000, which payment was added to the acquisition costs of the properties. The Company did not make The payment of US\$300,000 to Tombstone on February 1, 1998, as per the agreement and the payment remained outstanding as of January 31, 1999. The parties had agreed to delay the payment from February 28, 1998, by incurring a penalty of 5% for a delay of 45 days and an additional 5% of the principal amount each 30 days thereafter until June 15, 1998. As mentioned in Notes 1 and 4, the Company wrote-off its investment in Roraima effective April 30, 1998. This write-off included all the assets and liabilities, including the debt to Tombstone, of Roraima.

On June 17, 1999, Tombstone formally acknowledged Roraima's default of the share purchase agreement and assumed 100% control of Bayman and its assets, including the Isabel and Pamina concessions and the Cannister Block. Subsequently, on June 30, 1999, Tombstone formally released the Company, its directors, officers and shareholder from any and all claims which Tombstone might have had in the past or will have in the future against the Company and or any of its subsidiary companies.

#### 7. Share Capital

(a) *Authorized Share Capital:* 500,000,000 (1998 - 500,000,000) common share with no par value.

(b) *Issued share capital*

<u>Quattro Resources Ltd.</u>	<b>2000 Shares</b>	<b>2000 Amount</b>	1999 Shares	1999 Amount
Opening balance	<b>17,914,581</b>	<b>\$ 1,455,530</b>	17,914,851	\$ 1,455,530
Closing balance	<b>17,914,581</b>	<b>\$ 1,455,530</b>	17,914,851	\$ 1,455,530

(c) *Options and Warrants Outstanding*

As at April 30, 2000 there were Nil (1999 - Nil) share purchase options outstanding. As at April 30, 2000 there were Nil (1999 - 2,000,000) share purchase warrants outstanding. Share purchase warrants outstanding at April 30, 1999 were exercisable at a price of \$0.49 per share until February 9, 2000.

#### 8. Income Taxes

## **Quattro Resources Ltd.**

### **Notes to the Interim Consolidated Financial Statements**

The Company has non-capital losses for income taxes totalling approximately \$618,000 which, under certain terms and conditions, may be carried forward and applied to reduce future taxable income. The potential benefit associated with these losses is not reflected in these consolidated financial statements.

#### **9. Related Party Transactions**

Related party transactions not disclosed elsewhere in these consolidated financial statements consist of:

- (a) management fees of \$7,500 (April 30, 1999 - \$10,500: April 30, 1998 - \$6,500) to a company controlled by an officer of the Company,
- (b) notes payable of \$106,095 (April 30, 1999 - \$95,474: April 30, 1998 - \$95,495) with companies with directors in common and \$150,130 (April 30, 1999 - \$139,250: April 30, 1998 - \$126,430) with a director of the Company,
- (c) interest charges of \$1,990 (April 31, 1998 - \$2,000: April 30, 1998 - \$2,005) were paid or credited to companies with directors in common and \$2,962 (April 30, 1999 - \$2,962: April 30, 1998 - \$2,962) were paid or, credited to a director of the Company,
- (d) accounts payable of \$118,285 (April 30, 1998 - \$69,353: April 30, 1998 - \$25,880) are due to directors and officers of the company.

#### **10. Financial Instruments**

##### *(a) Fair values*

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximates carrying values due to the short-term to maturity of the financial instruments and similarity to current market prices.

The Company estimates the fair value of its notes payable using discounted cash flows assuming a borrowing rate equal to prime rate plus 6%. The fair value is not significantly different from the fair value.

##### *(b) Financial risk*

The financial risk to the Company is the risk that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.