Forest Gate Resources Inc.

Interim Financial Statements

March 31, 2003

(Unaudited)

Contents

Forest Gate Resources Inc.

Balance Sheet (Unaudited)

	March 31, 2003 $	December 31, 2002 $
Assets		
Current assets		
Cash and cash equivalents	**585,253**	6,709
Sundry receivables	**2,734**	-
Prepaid expenses	**9,216**	-
	597,203	6,709
Deferred financing costs	**-**	74,927
Mining properties and deferred exploration costs *[note 3]*	**579,507**	579,507
Leasehold improvements (net of accumulated amortization of $548 (2002 - $487)	**426**	487
	1,177,136	661,630
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**149,713**	237,128
Due to an affiliated company	**10,873**	50,873
Due to a director	**-**	18,055
	160,586	306,056
Shareholders' equity		
Capital stock *[note 4]*	**1,444,733**	754,075
Deficit	**(428,183)**	(398,501)
	1,016,550	355,574
	1,177,136	661,630

Approved on behalf of the board:

(signed) "Michael Judson" *Director*

(signed) "John Mavridis" *Director*

Forest Gate Resources Inc.

Statement of Earnings and Deficit (Unaudited)

Period ended	**3 months ended March 31, 2003 $**	3 months ended March 31, 2002 $
Revenue		
Interest	**488**	-
Expenses		
Management fees, salaries and levies	**10,253**	5,153
Professional and consulting fees	**6,336**	6,085
Rent	**4,759**	4,121
Office expenses	**2,240**	4,424
Taxes, licenses and registration fees	**3,652**	169
Telephone	**365**	362
Travel and business development	**2,427**	4,224
Bank charges and interest *[note 5]*	**77**	73
Amortization of leasehold improvements	**61**	61
	30,170	24,672
Net loss	**29,682**	24,672
Deficit at the beginning of period	**398,501**	209,476
Deficit at the end of period	**428,183**	234,148
Basic loss per share and diluted loss per share *[note 7]*	**$0.00351**	$0.00396

Forest Gate Resources Inc.

Statement of Cash Flows (Unaudited)

Period ended	**3 months ended March 31, 2003 $**	3 months ended March 31, 2002 $
Cash flows from (used for):		
Operating activities		
Net loss	**(29,682)**	(24,672)
Non-cash items:		
Amortization of leasehold improvements	**61**	61
Net changes in non-cash components of operating working capital *[note 5]*	**(99,365)**	(11,049)
	(128,986)	(35,660)
Financing activities		
Net proceeds from the issue of special warrants *[note 4]*	**-**	11,000
Net proceeds from the issue of share capital	**814,816**	-
Share issue costs and other professional fees	**(124,158)**	
Deferred financing costs	**74,927**	-
Due to a director	**(18,055)**	-
Due to an affiliated company	**(40,000)**	37,273
	707,530	48,273
Investing activities		
Mining properties and deferred exploration costs	**-**	(3,000)
Net increase in cash and cash equivalents	**578,544**	9,613
Cash and cash equivalents - beginning of period	**6,709**	1,423
Cash and cash equivalents - end of period	**585,253**	11,036
Represented by:		
Cash with bank, net of outstanding cheques in excess of cash	**(14,747)**	11,036
Redeemable term deposit	**600,000**	-
	585,253	11,036

Forest Gate Resources Inc.

Notes to the Financial Statements (Unaudited)

March 31, 2003

1. Description of operations

The Corporation's operations consist in the exploration of mineral properties, directly or through joint ventures. It is in the process of determining whether its properties contain economically recoverable reserves. Recovery of deferred exploration costs and mining properties depend on the existence of economically recoverable ore reserves, the Corporation's ability to obtain financing for its operations and future profitable commercial production.

2. Summary of significant accounting policies

The interim financial statements of the company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized in the most recent annual audited financial statements.

These interim unaudited financial statements follow the same accounting policies and methods that were used in and disclosed in the most recent audited annual financial statements. These statements should be read in conjunction with the most recent audited annual financial statements.

3. Mining properties and deferred exploration costs

	Cost of claims $	**Deferred exploration costs $**	**Write-off of abandoned property $**	**March 31, 2003 Net $**	December 31, 2002 Net $
Saskatchewan					
East Side	**113,558**	**14,921**	**-**	**128,479**	128,479
New Brunswick					
Canoe Landing Lake	**177,497**	**83,144**	**-**	**260,641**	260,641
California Lake	**141,256**	**49,131**	**-**	**190,387**	190,387
Rio Road	**66,527**	**18,308**	**84,835**	**-**	-
	498,838	**165,504**	**84,835**	**579,507**	579,507

No amortization has been calculated on the mining properties and deferred exploration costs.

4. Capital stock

The company is incorporated under the Canada Business Corporations Act.

Authorized

An unlimited number of common shares with no par value

Issued	**March 31, 2003 $**	December 31, 2002 $
13,730,034 common shares (December 31, 2002 - 6,226,753)	**1,444,733**	676,625
Special warrants	**-**	77,450
	1,444,733	754,075

a) Share purchase warrants

The company has, as at March 31, 2003, share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Number of shares	Exercise price $	Expiry date
18,750	0.40	August 1, 2003
6,799,191	0.15	March 3, 2005
704,090	0.15	March 17, 2005
1,693,167	0.15	May 2, 2005
9,215,198		

b) Stock options

As at March 31, 2003, the company had stock options outstanding to directors and shareholders for the purchase of common shares as follows:

Number of shares	Exercise price $	Expiry date
1,900,000	0.15	March 17, 2008

c) During the period, the following capital transactions have occurred:

i) the special share purchase warrants have been exchanged for 704,090 units. Each unit is identical to those described below in note 4 c) ii).

…continued

4. Capital stock (continued)

ii) public financing

The company completed an initial public offering on March 3, 2003 of units pursuant to a prospectus filed with the British Columbia, Alberta, Quebec and Ontario Securities Commissions to issue a maximum of 10,000,000 units for gross proceeds of $1,500,000. Each unit, at an exercise price of $0.15, consists of one common share and one transferable purchase warrant entitling the holder to acquire one additional common share at $0.15 per share for a period of two years. A total of 6,799,191 units were issued, generating gross proceeds of $1,019,879 and net proceeds of $814,816, after payment of commissions and other issue related costs. The net proceeds were credited to share capital after an additional charge of $124,158 for legal, accounting and other related issue costs, for a net increase to share capital of $690,658.

The agent was issued a total amount of 1,693,167 non-transferable share purchase warrants to acquire shares at $0.15 per share for a period of two years. The company has also granted the agent an option, exercisable within 60 days of the closing of the offering, to acquire additional units up to an amount equal to 15% of units at a price of $0.15 per unit.

5. Supplemental disclosures of expenses and of cash flow information:

i) Net change in non-cash components of operating working capital

	March 31, 2003 $	March 31, 2002 $
(Increase) in:		
Sundry receivables	**(2,734)**	(1,731)
Prepaid expenses	**(9,216)**	(16,329)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(87,415)**	7,011
	(99,365)	(11,049)

ii) No interest was paid during the period (2002 - $1,490).

6. Income taxes

As at December 31, 2002, the Corporation has exploration costs of approximately $33,000 and losses of $379,000 which are being carried forward and which can reduce future taxable income. The related potential future tax reduction is not recorded in these financial statements. The losses expire as follows:

	$
2006	**5,000**
2007	**37,000**
2008	**157,000**
2009	**180,000**
	379,000

7. Loss per share

Due to a loss for the fiscal year, no incremental shares are included in calculating the dilutive loss per share because the effect would be anti-dilutive.