

SKN RESOURCES LTD.
(Formerly - Spokane Resources Ltd.)
Interim Financial Statements
January 31, 2002
(Unaudited)

SKN RESOURCES LTD.
(Formerly - Spokane Resources Ltd.)
Balance Sheet
(Unaudited)

	January 31, 2002	April 30 2001
ASSETS		
Current assets		
Cash	\$ 6,378	\$ 1,593
Accounts receivable	<u>8,285</u>	<u>66,071</u>
	14,663	67,664
Marketable securities (note 4)	77,658	19,178
Interest in and Expenditures on Resource Properties (notes 3 and 5)		
Mineral claims	2,096,811	2,089,314
Oil and gas lease	1	1
Reclamation deposits	10,000	34,000
Licensing agreement (note 6)	1	1
Capital assets, net	<u>-</u>	<u>3,994</u>
	\$ 2,199,134	\$ 2,214,152
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 351,750	\$ 345,902
Due to private companies (note 7)	<u>1,340,830</u>	<u>1,214,053</u>
	<u>1,692,580</u>	<u>1,559,955</u>
SHAREHOLDERS' EQUITY		
Share capital (note 8)	11,652,818	11,652,818
Deficit	<u>(11,146,264)</u>	<u>(10,998,621)</u>
	<u>506,554</u>	<u>654,197</u>
	\$ 2,199,134	\$ 2,214,152

Approved by the Board:

" G. A. ARMSTRONG "
 Director

" C. BROWNIE "
 Director

SKN RESOURCES LTD.
(Formerly - Spokane Resources Ltd.)
Statement of Loss and Deficit
(Unaudited)

	Three months ended		Nine months ended	
	January 31		January 31	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
General and Administrative Expenses				
Amortization	\$ -	\$ 428	\$ -	\$ 1,284
Printing and shareholder information	575	587	7,534	6,942
Bank charges and interest, net	27,319	41,861	83,481	99,877
Foreign exchange loss (gain)	-	534	-	204
Property reclamation	-	-	8,108	-
Management fees	7,500	7,500	22,500	22,500
Rent	4,665	4,500	13,996	13,776
Office and miscellaneous	817	1,591	3,068	4,331
Professional fees	300	1,647	6,938	15,273
Filing and transfer agent fees	35	1,535	2,500	3,734
Salary and benefits	-	14,713	18,983	59,454
B.C. corporation capital tax (recovery)	(13,459)	-	(13,459)	-
	<u>27,752</u>	<u>74,896</u>	<u>153,649</u>	<u>227,375</u>
Write-down of mineral properties	-	1,037,436	-	1,135,108
Loss on disposal of capital assets	-	-	3,994	-
Other income	-	(10,000)	(10,000)	(16,667)
Net loss	<u>27,752</u>	<u>1,102,332</u>	<u>147,643</u>	<u>1,345,816</u>
Deficit - beginning of period	<u>11,118,512</u>	<u>9,888,453</u>	<u>10,998,621</u>	<u>9,644,969</u>
Deficit - end of period	<u>\$ 11,146,264</u>	<u>\$ 10,990,785</u>	<u>\$ 11,146,264</u>	<u>\$ 10,990,785</u>
Loss per share	<u>\$ (0.01)</u>	<u>\$ (0.34)</u>	<u>\$ (0.04)</u>	<u>\$ (0.42)</u>
Weighted Average Number of Shares	<u>3,211,422</u>	<u>3,211,422</u>	<u>3,211,422</u>	<u>3,211,422</u>

SKN RESOURCES LTD.
(Formerly - Spokane Resources Ltd.)
Statement of Cash Flows
(Unaudited)

	Three months ended		Nine months ended	
	January 31		January 31	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Cash flows from operating activities				
Net loss	\$ (27,752)	\$ (1,102,332)	\$ (147,643)	\$ (1,345,816)
Adjustments non-cash items:				
Amortization	-	428	-	1,284
Loss on disposal of capital assets	-	-	3,994	-
Write-down of mineral properties	-	1,037,436	-	1,135,108
	<u>(27,752)</u>	<u>(64,468)</u>	<u>(143,649)</u>	<u>(209,424)</u>
Changes in non-cash working capital				
Accounts receivable	1,018	(7,387)	57,786	(8,771)
Accounts payable	<u>(12,193)</u>	<u>7,400</u>	<u>5,848</u>	<u>43,033</u>
	<u>(38,927)</u>	<u>(64,455)</u>	<u>(80,015)</u>	<u>(175,162)</u>
Cash flows from investing activities				
Expenditures on resource properties	-	29,029	(7,497)	(22,337)
Reclamation deposits	-	(4,000)	24,000	(4,000)
Purchase of marketable securities	-	-	(58,480)	-
	<u>-</u>	<u>25,029</u>	<u>(41,977)</u>	<u>(26,337)</u>
Cash flows from financing activities				
Issuance of shares, debt settlement	-	-	-	1,000,000
Advances from private companies	<u>27,304</u>	<u>51,122</u>	<u>126,777</u>	<u>(787,205)</u>
	<u>27,304</u>	<u>51,122</u>	<u>126,777</u>	<u>212,795</u>
Net increase (decrease) in cash	(11,623)	11,696	4,785	11,296
Cash - beginning of period	<u>18,001</u>	<u>2,356</u>	<u>1,593</u>	<u>2,756</u>
Cash - end of period	<u><u>\$ 6,378</u></u>	<u><u>\$ 14,052</u></u>	<u><u>\$ 6,378</u></u>	<u><u>\$ 14,052</u></u>
Supplemental Disclosure of Cash Flow Information				
Interest paid	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SKN RESOURCES LTD.
(Formerly - Spokane Resources Ltd.)
Notes to the Financial Statements
(Unaudited)

For the nine months ended January 31,

2002

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 \$11,146,264 (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 amount 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) Interim financial statements

The interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements for the year ended April 30, 2001. However, they may not include all of the information and disclosures required by the annual financial statements. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for the interim periods are not necessarily indicative of the results for the entire year. The information contained in the interim financial statements should be read in conjunction with the Company's latest annual financial statements and the notes thereto.

(b) General

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

(c) Portfolio investments

Portfolio investments are carried at written down value.

(d) Interest 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.

SKN RESOURCES LTD.
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(Unaudited)

For the nine months ended January 31,

2002

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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 investors. Proceeds from common shares issued pursuant to flow-through financing are credited to capital stock.

(f) Financial instruments

The Company's financial instruments consist of cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities and amount 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 approximate their carrying values.

(g) 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 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.

(h) Loss per share

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

(i) 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.

The Company has adopted the new requirements of the Canadian Institute of Chartered Accountants with respect to the accounting for future income taxes. The change has been applied retroactively without restatement of prior period financial statements.

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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.

4. Portfolio Investments

	<u>January 31, 2002</u>		<u>April 30, 2001</u>	
	<u>Written</u>		<u>Written</u>	
	<u>Down Value</u>	<u>Market</u>	<u>Down Value</u>	<u>Market</u>
81,779 common shares of International Enxco Limited	\$ 8,178	\$ 3,271	\$ 8,178	\$ 3,271
974,667 common shares of Rio Fortuna Exploration Corp.	58,480	48,733	-	-
100,000 common shares of Ivory Oils and Minerals Inc.	<u>11,000</u>	<u>5,000</u>	<u>11,000</u>	<u>6,000</u>
	<u>\$ 77,658</u>	<u>\$ 57,004</u>	<u>\$ 19,178</u>	<u>\$ 9,271</u>

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

5. Interest in and Expenditures on Resource Properties

Mineral claims consist of:

	<u>January 31,</u> <u>2002</u>	<u>April 30,</u> <u>2001</u>
Rex Mountain Gold Property (note 5(a))		
Cost	\$ 699,782	\$ 699,782
Deferred expenditures	1,435,802	1,435,802
Writeoff of mineral property	<u>(2,135,584)</u>	<u>(2,135,583)</u>
	<u>-</u>	<u>1</u>
Mac Molybdenum Property (note 5(b))		
Cost	1,500,000	1,500,000
Deferred expenditures, net of revenues	2,532,258	2,532,258
Writedown of mineral property	<u>(2,016,128)</u>	<u>(2,016,128)</u>
	<u>2,016,130</u>	<u>2,016,130</u>
Clearwater Property (note 5(c))		
Deferred expenditures	<u>80,680</u>	<u>73,182</u>
Voisey's Bay Property (note 5(d))		
Cost	11,500	11,500
Deferred expenditures	45,964	45,964
Writedown of mineral property	<u>(57,463)</u>	<u>(57,463)</u>
	<u>1</u>	<u>1</u>

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5. Interest in and Expenditures on Resource Properties (Continued)

(a) 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 \$632,000 in royalties had been paid to the optionor. Minimum royalty payments of \$25,000 must be paid to the optionor on September 1 of each year. The option was terminated during the year and the claims are being returned to the optionor. The Company owned 100% undivided interest in seventeen additional mineral claims on this property. During the year these claims expired. All reclamation work on these properties has been completed and all capitalized expenditures related to these properties have been written off.

(b) 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 1,500,000 shares of the Company at a price of \$1.00 per share of the Company. During the year ended April 30, 2000, the Company wrote down the property by 50% based on management assessed recoverable value of the property.

(c) During the year ended April 30, 1999, the Company acquired a 100% interest in 55 claim units in Kamloops Mining Division. The claims are in good standing until November 2004.

(d) The Company owns a 45% undivided interest in 100 mineral claims located at Tasiuyak in Voisey's Bay area of Labrador, Newfoundland. During the prior year the Company wrote down the property to one dollar (\$1.00).

(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.

(g) The Company has renounced \$1,574,284 (1999 - \$1,574,284) of its deferred exploration and development expenditures for tax purposes to the investors of flow-through common shares.

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 \$1 during the year ended April 30, 1991. No royalties have been received by the Company.

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For the nine months ended January 31, 2002 2001

7. Due to Private Companies

A private company has advanced \$1,292,519 (2001 - \$1,179,642) including accrued interest to January 31, 2002 of \$83,777 (2001 - \$99,915) to the Company. The amount bears interest at prime plus 5% (see note 9(b)). The Company issued 10,000,000 shares at a deemed price of \$0.10 per share as a partial debt settlement during the prior year.

Included in this amount is \$18,392 (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.

8. Capital Stock

(a) Authorized

100,000,000 Common shares without par value

(b) Issued and allotted

	January 31		April 30	
	<u>2002</u>		<u>2001</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	<u>of Shares</u>		<u>of Shares</u>	
Balance, Beginning of Year	32,114,220	\$ 11,652,818	22,114,220	\$ 10,652,818
Issued During Year				
Debt settlement (note 7)	-	-	<u>10,000,000</u>	<u>1,000,000</u>
	32,114,220	11,652,818	32,114,220	11,652,818
Reverse split one for ten	<u>(28,902,798)</u>	-	<u>(28,902,798)</u>	-
Balance, End of period	<u>3,211,422</u>	<u>\$ 11,652,818</u>	<u>3,211,422</u>	<u>\$ 11,652,818</u>

On July 25, 2001, the Company consolidated its shares on the basis of one new share being issued for every ten old shares

(c) Share option plan

		January 31,	April 30,
		<u>2002</u>	<u>2001</u>
Expiry Date	Exercise Price	Number of Shares	
February 28, 2002	\$0.10	-	800,000
February 28, 2002	\$1.00	80,000	-

During the period, the following activity occurred within the stock option plan:

	Number	Weighted
	<u>of Options</u>	<u>Average Price</u>
Options outstanding as of April 30, 2001	800,000	\$ 0.10
Reverse split one for ten	<u>(720,000)</u>	-
Options outstanding as of January 31, 2002	<u>80,000</u>	<u>\$ 1.00</u>

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Notes to the Financial Statements
(Unaudited)

For the nine months ended January 31, **2002** 2001

9. Related Party Transactions

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

	January 31, <u>2002</u>	April 30, <u>2001</u>
A law firm in which an officer and director is the proprietor	119,140	119,140
A company controller by an officer and director	105,921	87,932
An accounting firm in which a former officer and director is the proprietor	81,679	81,679
Directors for directors' fees	<u>44,800</u>	<u>44,800</u>
	<u><u>351,540</u></u>	<u><u>333,551</u></u>

(b) The amount due to private companies includes \$1,292,519 due to a company controlled by a director of the Company (note 7). Interest of \$83,777 (2001 - \$99,915) included in the above balance was expensed by the Company.

The amount also includes \$18,392 (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 are subject to interest or stated terms of repayment.

(c) The Company was charged the following amounts:

	January 31, <u>2002</u>	April 30 <u>2001</u>
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	22,500	30,000
Office rental and accounting by a company controlled by an officer and director	14,400	18,000

SKN RESOURCES LTD.
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(Unaudited)

For the nine months ended January 31, **2002** **2001**

10. Income Taxes

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

	January 31, <u>2002</u>	April 30, <u>2001</u>
Future Income Assets		
Non-capital loss carry-forwards	\$ 2,243,400	\$ 2,243,400
Unused cumulative exploration and development expenses	2,834,000	2,834,000
Taxable portion of write-down of marketable securities	<u>68,267</u>	<u>68,267</u>
	5,145,667	5,145,667
Approximate tax rate	45%	45%
	2,315,550	2,315,550
Less: Valuation allowance	<u>(2,315,550)</u>	<u>(2,315,550)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

2002	\$ 100,400
2003	251,300
2004	409,900
2005	316,900
2006	508,000
2007	400,000
2008	<u>256,900</u>
	<u>\$ 2,243,400</u>

The tax effects for the above capital losses have not been recorded in these financial statements.