

MID-NORTH RESOURCES LIMITED

FINANCIAL STATEMENTS

September 30, 2003

(Unaudited - See Notice to Reader)

NOTICE TO READER

We have compiled the balance sheet of Mid-North Resources Limited as at September 30, 2003 and the statements of loss and deficit and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Calgary, Alberta
November 26 , 2003

PROACT CHARTERED ACCOUNTANTS

MID-NORTH RESOURCES LIMITED
BALANCE SHEET
September 30, 2003
(Unaudited - See Notice to Reader)

	Sept. 30, 2003 \$	Dec. 31, 2002 \$
ASSETS		
CURRENT		
Cash (Note 3)	991	21
Sales taxes recoverable	1,610	2,912
Share subscription receivable (Note 4)	7,000	7,000
	9,601	9,933
CAPITAL ASSETS (Note 5)	4,144	5,065
MINING CLAIMS AND DEFERRED EXPENSES (Note 6)	1,347,574	1,390,124
	1,361,319	1,405,122
LIABILITIES		
CURRENT		
Bank Indebtedness	781	787
Accounts payable and accrued liabilities	56,880	80,801
Accrued interest payable	124,794	109,755
Due to related parties (Note 7)	255,549	245,040
Notes payable (Note 8)	250,660	250,660
	688,664	687,043
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	3,406,719	3,406,719
DEFICIT	(2,734,064)	(2,688,640)
	672,655	718,079
	1,361,319	1,405,122

See accompanying notes to financial statements.

MID-NORTH RESOURCES LIMITED
STATEMENT OF LOSS AND DEFICIT
FOR THE PERIOD ENDED SEPTEMBER 30, 2003
(Unaudited - See Notice to Reader)

	Three months ended September 30,		Nine months ended September 30,	
	2003 \$	2002 \$	2003 \$	2002 \$
EXPENSES				
Interest on promissory note	5,014	5,014	15,040	15,040
Professional fees	4,632	3,400	11,598	15,120
Filing and registration fees	2,889	2,097	13,284	13,557
Rent	600	1,609	1,800	4,247
Amortization	306	350	920	949
Automotive	86	3,324	319	8,637
Advertising and promotion	-	889	-	3,009
Office	-	779	2,165	1,998
Travel	-	727	298	2,004
Insurance	-	363	-	1,090
Bank charges	-	218	-	292
Consulting and other fees	-	-	-	12,000
Repairs and maintenance	-	-	-	2,450
Annual meeting	-	-	-	2,225
	<u>13,527</u>	<u>18,770</u>	<u>45,424</u>	<u>82,618</u>
NET LOSS FOR THE PERIOD	(13,527)	(18,770)	(45,424)	(82,618)
DEFICIT, Beginning of period	(2,720,537)	(2,652,494)	(2,688,640)	(2,588,646)
DEFICIT, End of period	(2,734,064)	(2,671,264)	(2,734,064)	(2,671,264)
 LOSS PER SHARE (Note 11)	 (0.001)	 (0.001)	 (0.004)	 (0.007)

See accompanying notes to financial statements.

MID-NORTH RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2003
(Unaudited - See Notice to Reader)

	Three months ended September 30,		Nine months ended September 30,	
	2003 \$	2002 \$	2003 \$	2002 \$
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Cash payments (to) from suppliers	(19,722)	(10,020)	(44,533)	(59,697)
Cash flows (used for) from operating activities	<u>(19,722)</u>	<u>(10,020)</u>	<u>(44,533)</u>	<u>(59,697)</u>
FINANCING ACTIVITIES				
Repayment of short-term financing	-	-	(6)	-
Proceeds from private placement (Note 4)	-	-	-	85,000
Cash flows (used for) from financing activities	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>85,000</u>
INVESTMENT ACTIVITIES				
Mining claims option payment received	35,000	-	35,000	-
Deferred expenses	-	(24,223)	-	(24,223)
Cash advances (to) from related parties	(14,308)	15,101	10,509	1,181
Purchase of capital asset	-	-	-	(1,582)
Cash flows from (used for) investment activities	<u>20,692</u>	<u>9,122</u>	<u>45,509</u>	<u>(24,624)</u>
NET INCREASE IN CASH DURING THE PERIOD	970	898	970	679
CASH, Beginning of period	21	684	21	903
CASH, End of period	<u>991</u>	<u>1,582</u>	<u>991</u>	<u>1,582</u>

See accompanying notes to financial statements.

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
September 30, 2003
(Unaudited - See Notice to Reader)

1. NATURE OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY

Mid-North Resources Limited ("the Company") is a TSX Venture Exchange listed public company. The Company currently has interests in mining claims situated in the Provinces of Manitoba and Saskatchewan and the State of Nevada and intends to maintain and explore its mining claims directly and through joint ventures. These unaudited financial statements for the period ended September 30, 2003 have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. The ability of the Company to continue as a going concern is dependent on it raising the required capital to proceed with its operational plans and subsequently obtain profitable operations. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2002.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the three and nine months ended September 30, 2003 may not be indicative of the results that may be expected for the full year ending December 31, 2003.

The Company follows the same accounting policies as the December 31, 2002 year ended audited financial statements. The significant accounting policies are as follows:

Financial Instruments

Financial instruments of the Company consist mainly of cash, share subscription receivable, bank indebtedness, and accounts payable and accrued liabilities, accrued interest payable and notes payable. As at September 30, 2003, there are no significant differences between the carrying values of these amounts and their estimated market values.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is recorded on the declining balance basis at rates designed to amortize the cost of the capital assets over their estimated useful lives, based on the following annual rates:

Equipment	20%
Computer equipment	30%
Furniture and fixture	20%

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

Mining Claims and Deferred Expenses

Mining claims and deferred expenses are valued at cost less option payments received.

Deferred expenses relate to exploration of mining claims and will be deferred until the properties are brought into production, at which time they will be amortized on a unit of production basis or until the properties are sold or abandoned, at which time the asset will be written off.

Administrative expenses which are considered to be wholly related to the acquisition and exploration of properties have been capitalized as part of deferred costs.

Recovery of deferred expenses is contingent upon either the Company's identifying mineral reserves in commercial quantities and bringing such reserves into profitable production or the profitable disposition of mineral leases.

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 the revenue and expenses during the reporting period. Actual results could differ from those estimated.

3. CASH

	Sept. 30, 2003 \$	Dec. 31, 2002 \$
Funds held in trust	971	-
Cash	21	21
	<u>991</u>	<u>21</u>

4. SHARE SUBSCRIPTION RECEIVABLE

On April 15, 2002 the Company closed a private placement for the issue of 920,000 unites at \$0.10 per unit for gross proceeds of \$92,000. Each unit is comprised of one common share and one common share purchase warrant. See Note 10(iii) for terms of warrant. As at September 30, 2003, \$85,000 had been received, leaving a share subscription receivable of \$7,000.

MID-NORTH RESOURCES LIMITED
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5. CAPITAL ASSETS

	September 30, 2003		Dec. 31, 2002	
	\$		\$	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	3,322	1,666	1,656	2,138
Office equipment	6,791	5,249	1,542	1,814
Furniture and fixtures	4,163	3,217	946	1,113
	<u>14,276</u>	<u>10,132</u>	<u>4,144</u>	<u>5,065</u>

6. MINING CLAIMS AND DEFERRED EXPENSES

	September 30, 2003	Dec. 31, 2002
	\$	\$
Mining claims	268,017	268,017
Mining claims option (see i below)	(35,000)	-
Deferred expenses (Schedule 1)	1,114,557	1,122,107
	<u>1,347,574</u>	<u>1,390,124</u>

i Central Manitoba Bissett (Gold Property)

The Company owns a 100% interest in 15 Central Manitoba claims and 2 Cryderman claims located approximately 160 kilometres northeast of Winnipeg, Manitoba. On July 25, 2003, the Company signed an agreement with Placer Dome (CLA) Limited ("Placer") to grant Placer the exclusive right and option to earn 75% interest in the 15 Central Manitoba claims and 2 Cryderman claims for \$150,000. The Company has received \$ 35,000 in option payment during the period. This amount is non-refundable.

The remainder of the mining claims option payments are optional and are to be made by Placer:

	\$
On or before July 25, 2004	35,000
On or before July 25, 2005	40,000
On or before July 25, 2006	40,000
	<u>115,000</u>

In order to maintain the option, Placer shall incur \$ 1,000,000 in work costs on the claims on or before July 25, 2006. During the term of the option, Placer shall have the exclusive right to enter and explore the claims, but the Company retains its right of access and retains its title to the claims. The Company will take the mining claim payments into income at the end of the term if Placer has not exercised the option to earn the 75% interest in the claims.

MID-NORTH RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
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6. MINING CLAIMS AND DEFERRED EXPENSES CONT'D

ii Beaucage Lake (Gold Property)

The Company owns 18 mineral claims situated approximately 50 kilometres southeast of Lynn Lake, Manitoba covering approximately 3,839 hectares.

iii Bomber Lake (Gold/Copper Property)

The Company owns 12 contiguous claims in the Bomber Lake area approximately 3 kilometres to the east of the Hudson Bay mining and smelting smelter in Flin Flon, Manitoba. There is currently a net smelter royalty of 2% on the claims. The Company has the option to purchase the net smelter royalty for \$100,000 for each 1% purchased.

iv Burntwood River (Nickel Property)

The Company has a 15% interest through a joint venture agreement with Falconbridge Limited in 62 mineral claims located in the Burntwood River area of Manitoba.

v Apex/Miner (Gold Property)

The Company owns a total of 28 claims (Apex - 5, Miner - 23) in the Snow Lake area of Manitoba. W. Bruce Dunlop Ltd. (a related party) and Bart Kobar hold 2 separate net smelter royalties of 1.25% with an option for the Company to buy the royalties down to 0.5% for payments of \$200,000 for each area.

vi Gunman Property (Zinc/Copper Property)

The Company entered into a joint venture agreement dated January 31, 2002 with Cypress Development Corp. to continue exploration of the Gunman property in White Pine Country, Nevada. The Company holds 27.55% (2002 - 30%) interest and the other partner holds 72.45% (2002 - 70%). During the prior quarter, \$7,550 of exploration expenditures incurred by the partner on behalf of the Company has been repaid with a reduction in the Company's interest from 30% to 27.55%.

The Gunman property consists of 240 lode claims. There is currently a net smelter royalty of 2% on the claims. The Company along with the other interest holder has an option to purchase $\frac{1}{4}$ of the net smelter royalty for US \$ 500,000 or $\frac{1}{2}$ of the royalty for US \$ 1,000,000.

vii Other Properties

Pursuant to certain agreements, the Company has the following options:

- (i) War Baby Property - Option to acquire a 10% interest in the block of claims covering an area of 17 acres located within the limits of the City of Flin Flon, Manitoba. Under the terms of the agreement, the Company may exercise its option to acquire a 10% interest in the mineral claims by paying 10% of the exploration expenditures incurred by Callinan within 90 days of the receipt of a positive feasibility study on the property.
- (ii) Fox River Sill Property - The company holds a right of first refusal to acquire a 25% interest in the property which consists of 58,700 acres in northeast Manitoba. Falconbridge Limited holds 75% of the property.

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7. RELATED PARTY TRANSACTIONS

Amounts due to related parties consist primarily of accrued consulting fees and advances from shareholders, with no interest and with no fixed terms of repayment. All parties are related to the corporation as shareholders.

8. NOTES PAYABLE

The notes payable bears interest at 8% per annum, are unsecured and the terms of repayment have not been renegotiated.

9. SHARE CAPITAL

Authorized:
 Unlimited common shares

Issued:

	Number of Shares	\$
Balance December 31, 2002 and September 30, 2003	11,700,847	3,406,719

i. Escrow Agreement

A total of 290,953 shares are subject to a performance based escrow agreement, effective December 15, 1995, between the Company, the Trustee and certain shareholders of the Company.

ii. Options

On July 14, 2003, 180,000 options issued to William Aughey expired. Each option entitled the holder to purchase one common share at \$0.15 per share.

The following options are outstanding at September 30, 2003:

	Options at \$ 0.10	Options at \$ 0.30
Robert Dunlop	-	325,000
W. Dale Dunlop	-	200,000
James Ramsay	-	75,000
Keith Engel	185,000	115,000
	185,000	715,000
Date of expiry	April 17, 2007	June 21, 2005

Each option entitles the holder to purchase one common share at the price as identified above.

iii. Warrants

At September 30, 2003, there were 920,000 warrants outstanding. Each warrant entitles the holder to purchase one common share for \$ 0.10 and expires on April 15, 2004.

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10. INCOME TAXES

The Company has incurred non-capital losses of \$1,280,339 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

	<u>\$</u>
2003	288,000
2004	313,000
2005	214,000
2006	112,990
2007	111,066
2008	95,865
2009	82,618
2010	45,424
	<u>1,280,339</u>

The potential benefit of any tax losses have not been reflected in these financial statements.

11. LOSS PER SHARE

Loss per share was calculated using the weighted average number of shares outstanding during the period. Loss per share on a fully diluted basis was not disclosed as it is anti-dilutive.

12. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

MID-NORTH RESOURCES LIMITED
DEFERRED EXPENSES - SCHEDULE 1
PERIOD ENDED SEPTEMBER 30, 2003 AND YEAR ENDED DECEMBER 31, 2002
(Unaudited - See Notice to Reader)

	Central Manitoba Bissett	Beaucage Lake	Bomber Lake	Burntwood River	Apex/ Miner	Gunman Property	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2001	285,403	19,871	11,698	547,137	12,174	370,150	1,246,433
Joint interest adjustment (See Note 6-vi)	-	-	-	-	-	(148,549)	(148,549)
Drill program	-	-	24,223	-	-	-	24,223
Balance, December 31, 2001	285,403	19,871	35,921	547,137	12,174	221,601	1,122,107
Joint interest adjustment (See Note 6 -vi)	-	-	-	-	-	(7,550)	(7,550)
Balance, September 30, 2003	285,403	19,871	35,921	547,137	12,174	214,051	1,114,557