

**Resource Finance &  
Investment Ltd.**  
(A Development Stage Company)  
**Consolidated  
Financial Statements**  
(Expressed in Canadian Dollars)  
December 31, 2001 and 2000

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# Auditors' Report

To the Shareholders of  
Resource Finance & Investment Ltd.  
(A Development Stage Company)

We have audited the consolidated balance sheets of Resource Finance & Investment Ltd. (a Development Stage Company) as at December 31, 2001 and 2000 and the consolidated statements of operations, deficit and cash flows for the years then ended and for the period October 16, 1978 (inception) through December 31, 2001. 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. The financial statements as of December 31, 1999 and for the period from October 16, 1978 (inception) to December 1999, were audited by other auditors who expressed an unqualified opinion in their report pertaining to such periods. Our opinion on the consolidated statements of loss and deficit and cash flows for the period from October 16, 1978 (inception) to December 31, 2001, insofar as it relates to amounts for prior periods through December 31, 1999, is based solely on the report of other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the United States of America. 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, these consolidated financial statements present fairly, in all material respects, the financial position of Resource Finance & Investment Ltd. (a Development Stage Company), as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended and for the period from October 16, 1978 (inception) through December 31, 2001 in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 1999 and for the year ended December 31, 1999 and for the period from October 16, 1978 (inception) to December 31, 1999 were audited by other auditors who expressed an opinion on those statements in their report dated June 30, 2000 which included an emphasis paragraph with respect to issues raising substantial doubt about the company's ability to continue as a going concern.

Vancouver, Canada  
March 12, 2002

Chartered Accountants

## **Comments by Auditors for United States of America Readers on Canada-United States Reporting Conflict**

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph when the consolidated financial statements are affected by conditions and events that cast doubt on the company's ability to continue as a going concern, such as those described in Note 1 ("Operations and Going Concern") to the consolidated financial statements. Our report to the shareholders dated March 12, 2002 is expressed in accordance with Canadian reporting standards, which do not permit references to such events and conditions in the auditors' report when the uncertainties are adequately disclosed in the financial statements.

Vancouver, Canada  
March 12, 2002

Chartered Accountants

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Consolidated Balance Sheets

(Expressed in Canadian Dollars)

December 31

2001

2000

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### Assets

#### Current

Cash and equivalents

\$ 9,381 \$ 16,311

Prepaid expenses

437 5,524

\$ 9,818 \$ 21,835

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### Liabilities

#### Current

Bank loan (Note 6)

\$ 111,116 \$ 518,017

Accounts payable

89,152 79,722

Accrued liabilities

26,157 3,312

226,425 601,051

### Shareholders' Deficiency

Capital stock (Note 7)

24,463 9,963

Contributed surplus

9,751,410 8,607,341

Share subscriptions (Note 7)

- 500,000

Deficit accumulated during the development stage

(9,992,480) (9,696,520)

(216,607) (579,216)

\$ 9,818 \$ 21,835

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See accompanying notes to the consolidated financial statements.

# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Consolidated Statements of Operations

(Expressed in Canadian Dollars)

	For the Year Ended December 31 2001	For the Year Ended December 31 2000	For the Year Ended December 31 1999	For the Period from October 16 1978 (Inception) to December 31 2001
Expenses				
Consulting (Note 11)	\$ 113,087	\$ 47,803	\$ 45,290	\$ 1,015,809
Depreciation and amortization	-	-	1,142	61,274
Exploration	-	-	117,390	117,390
Interest	12,877	30,622	15,425	145,823
Professional fees	11,742	17,178	23,360	587,059
Licenses, dues and taxes	23,604	26,427	-	78,057
Management fees (Note 10)	12,000	12,000	12,000	482,644
Office, stationery and sundry	10,707	4,374	-	276,056
Rent	25,598	17,636	-	139,571
Salaries and benefits	46,462	25,521	-	138,940
Shareholder, listing and public relation costs	20,918	21,976	14,973	333,880
Telephone and facsimile	990	695	-	108,032
Travel	1,836	282	-	315,017
Operating loss	279,821	204,514	229,580	3,799,552
Other expense (income)				
Interest and other	16,139	19,460	(17,660)	(170,009)
Gain on sale of marketable securities	-	-	-	(18,662)
Write-down of resource properties and deferred exploration expenses (Note 4)	-	-	-	1,891,448
Write-down of payables and accruals (Note 5)	-	(127,485)	-	(127,485)
Loss before income taxes	295,960	96,489	211,920	5,374,844
Current income taxes	-	-	-	10,000
Net loss	\$ 295,960	\$ 96,489	\$ 211,920	\$ 5,384,844
Weighted average number of common shares outstanding	20,724,409	9,962,765	9,962,765	
Loss per common share	\$ 0.01	\$ 0.01	\$ 0.02	

See accompanying notes to the consolidated financial statements.

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## Resource Finance & Investment Ltd.

(A Development Stage Company)

### Consolidated Statements of Deficit

(Expressed in Canadian Dollars)

	For the Year Ended December 31 2001	For the Year Ended December 31 2000	For the Year Ended December 31 1999	For the Period from October 16 1978 (Inception) to December 31 2001
Deficit accumulated during the development stage, beginning of period	\$ 9,696,520	\$ 9,600,031	\$ 4,780,475	\$ -
Restatement due to change in accounting policy for resource properties and deferred exploration expenses (Note 3)	<u>-</u>	<u>-</u>	<u>4,607,636</u>	<u>4,607,636</u>
As restated	9,696,520	9,600,031	9,388,111	4,607,636
Net loss for the period	<u>295,960</u>	<u>96,489</u>	<u>211,920</u>	<u>5,384,844</u>
Deficit accumulated during the development stage, end of period	<u>\$ 9,992,480</u>	<u>\$ 9,696,520</u>	<u>\$ 9,600,031</u>	<u>\$ 9,992,480</u>

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See accompanying notes to the consolidated financial statements.

# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the Year Ended December 31 2001	For the Year Ended December 31 2000	For the Year Ended December 31 1999	For the Period from October 16 1978 (Inception) to December 31 2001
Cash derived from (applied to)				
<b>Operating</b>				
Net loss	\$ (295,960)	\$ (96,489)	\$ (211,920)	\$ (5,512,329)
Depreciation and amortization	-	-	1,142	61,274
Gain on sale of marketable securities	-	-	-	(18,662)
Write-down of resource properties and deferred exploration expenses	-	-	-	1,891,448
	<u>(295,960)</u>	<u>(96,489)</u>	<u>(210,778)</u>	<u>(3,578,269)</u>
Change in non-cash operating working capital (Note 8)	37,362	(111,750)	1,502	175,885
	<u>(258,598)</u>	<u>(208,239)</u>	<u>(209,276)</u>	<u>(3,402,384)</u>
<b>Investing</b>				
Proceeds on sale of interests in resource properties	-	-	-	797,802
Proceeds on sale of marketable securities	-	-	-	98,662
Exploration expenses	-	-	-	(5,412,016)
Acquisition of resource properties	-	-	-	(1,637,385)
Acquisition of capital assets	-	-	-	(136,372)
Proceeds on sale of capital assets	-	-	-	75,098
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,214,211)</u>
<b>Financing</b>				
Issue of common shares for cash, net of issue costs	658,569	-	-	9,514,861
Bank indebtedness	(406,901)	202,525	216,213	111,116
	<u>251,668</u>	<u>202,525</u>	<u>216,213</u>	<u>9,625,977</u>
(Decrease) increase in cash	(6,930)	(5,714)	6,937	9,381
Cash and equivalents, beginning of period	<u>16,311</u>	<u>22,025</u>	<u>15,088</u>	<u>-</u>
Cash and equivalents, end of period	<u>\$ 9,381</u>	<u>\$ 16,311</u>	<u>\$ 22,025</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

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## Resource Finance & Investment Ltd.

(A Development Stage Company)

### Consolidated Statements of Cash Flows (Continued)

(Expressed in Canadian Dollars)

	For the Year Ended December 31 2001	For the Year Ended December 31 2000	For the Year Ended December 31 1999	For the Period from October 16 1978 (Inception) to December 31 2000
<b>Non-cash investing and financing transactions</b>				
Marketable securities received on the sale of interest in resource property	\$ -	\$ -	\$ -	\$ 80,000
Common shares issued in exchange for resource properties	\$ -	\$ -	\$ -	\$ 200,000
Common shares issued in payment of agents' fees	\$ -	\$ -	\$ -	\$ 71,500
Common shares issued on settlement of debt	\$ -	\$ -	\$ -	\$ 61,012

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See accompanying notes to the consolidated financial statements.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 1. Operations and going concern

Until fiscal 1999, the company was a junior resource company engaged in the business of acquiring, exploring and developing mineral resource properties in the United States and Venezuela. During 2000, management determined that the company would no longer pursue its resource business and instead switched the company's focus to that of the identification of business opportunities of a more general nature.

An extraordinary general meeting of shareholders was held on September 9, 1994, at which time shareholders of the company approved by special resolution the continuance of the company from British Columbia to Bermuda in accordance with provisions of Part XA of the Companies Act, 1981 (Bermuda), as amended and the British Columbia Company Act. On April 4, 1997 the company changed its name to Resource Finance & Investment Ltd.

The consolidated financial statements of the company have been prepared by management in accordance with Canadian generally accepted accounting principles, which as applied in these consolidated financial statements, conform in all material respects with accounting principles generally accepted in the United States except as disclosed in Note 12. The consolidated financial statements are presented in Canadian dollars.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

The company has incurred significant losses and negative cash flow from operations in each of the last three years. The company's ability to continue as a going concern is uncertain and is dependent upon obtaining additional financing and achieving a profitable level of operations. Management obtained additional financing during 2001, but will require additional funding to continue in its efforts to identify a business opportunity. To ensure this funding is obtained management plans to raise further financing in future by private share placement and by utilising the line of credit currently available.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

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### 2. Summary of significant accounting policies

#### Basis of consolidation

The consolidated financial statements include the accounts of Resource Finance & Investment Ltd. and its subsidiaries:

- ?? Oregon Resources Corporation (ORC), a wholly-owned subsidiary;
- ?? Cranberry Corporation of Oregon, a wholly-owned subsidiary of ORC;
- ?? Amalgamated Mining Corporation of Venezuela C.A. (AMC), a wholly-owned subsidiary;
- ?? Compania Minera Tierra Extrana C.A. (CMTE), a 70% owned subsidiary; and
- ?? Compania Minera Rare Earth Dos C.A. (CMRED), a 70% owned subsidiary.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 2. Summary of significant accounting policies (Continued)

#### Cash equivalents

Cash equivalents, consisting of term deposits, are carried at cost which approximates market value.

#### Future income taxes

Prior to 2000, the company followed the tax allocation method of accounting for income taxes, whereby differences between the provision for income taxes on the earnings or loss for accounting purposes and the income taxes currently payable or recoverable were shown as deferred income taxes. In 2000, the company adopted the new accounting recommendations for income taxes issued by the Canadian Institute of Chartered Accountants, whereby future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carryforwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

#### Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates.

The monetary assets and liabilities of ORC, CCO, AMC, CMTE and CMRED, integrated foreign subsidiaries financially dependent on the parent company, are translated at the rates of exchange on the balance sheet date. Other consolidated balance sheet items and revenues and expenses are translated at the rates prevailing on the respective transaction dates.

Gains and losses on foreign exchange are included in the results of operations.

#### Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The dilutive effect of options and is not reflected in loss per share for 2001, 2000 and 1999 as the effect would be anti-dilutive.

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

#### Financial instruments

The company has various financial instruments including cash and temporary investments, payables and accruals, and bank loan payable. The carrying value of these financial instruments approximates their fair value.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 2. Summary of significant accounting policies (Continued)

#### Stock option plan

The company has a stock option plan as disclosed in Note 7. No compensation expense is recognized for this plan when shares or share options are issued to employees and directors. Any consideration paid by employees and directors on exercise of share options or purchase of shares is credited to share capital. If shares or share options are repurchased from employees and directors, the excess of the consideration paid over the carrying amount of the shares or share options cancelled is charged to the deficit.

#### Earnings per common share

Basic earnings (loss) per share amounts have been computed based on the average number of common shares outstanding. Diluted earnings (loss) per share reflects the increase in average common shares outstanding that would result from the assumed exercise of outstanding options, calculated using the treasury stock method, unless they are anti-dilutive. Accordingly, the diluted earnings (loss) per share are not disclosed as they are anti-dilutive.

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### 3. Change in accounting policy for resource properties and deferred exploration expenses

In fiscal 1999, the company implemented the recommendations of CICA Handbook Accounting Guideline 11, "Enterprises in the Development Stage". Under this guideline when there has been a delay in development activity that extends beyond three years, there is a presumption that a write-down of capitalized costs and deferred development and pre-openings costs is necessary.

Prior to the adoption of the new guideline all resource property acquisition costs and exploration expenses were capitalized until such time as the project was put into commercial production, sold or abandoned. The excess of cost and accumulated deferred exploration costs relating to non-productive resource properties in which the company abandons its interest, over net realizable value, were written off to operations. Otherwise, the resource properties and deferred exploration expenses were amortized over the estimated useful life of the producing resource properties, based on a method relating recoverable reserves to production.

The write-down was treated as a change in accounting policy and applied retroactively without restatement of the financial statements of prior periods. Accordingly, the company has adjusted the opening balance of retained earnings, resource properties and deferred developments costs in 1999.

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### 4. Resource properties

	Oregon land and leases	Shawnee land and leases (Kentucky)	Other (Illinois)	Deferred Exploration Costs	Total
Balance, December 31, 1998	\$ 300,462	\$ 64,206	\$ 1	\$ 4,242,967	\$ 4,607,636
Write-down due to change in accounting policy (Note 3)	<u>(300,462)</u>	<u>(64,206)</u>	<u>(1)</u>	<u>(4,242,967)</u>	<u>(4,607,636)</u>
Balance, December 31, 1999, 2000 and 2001	\$ <u>Nil</u>	\$ <u>Nil</u>	\$ <u>Nil</u>	\$ <u>Nil</u>	\$ <u>Nil</u>

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 4. Resource properties (Continued)

#### Mineral lease commitments

The company has mineral leases in Oregon, Illinois and Kentucky. The company's Oregon and Illinois leases are not currently in good standing. The company is current on some of its lease obligations with regard to its Kentucky leases. As at December 31, 2001, the company has required annual lease payments of approximately \$ 22,176 (2000: \$25,234) should the current leases be maintained. The company does not have a legal obligation to make lease payments and the effect of non-payment is cancellation of a resource property lease. Following a recent review of both projects, it is the company's intention to bring those leases currently in arrears into good standing and attempt to renegotiate certain of the leases that have lapsed. There can be no guarantee that such negotiations will be successfully concluded.

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### 5. Write-down of payables and accruals

During 2000, the company determined that payables and accruals should be reduced by \$ 127,485 related to prior years accrued expenses that are no longer payable. The gain on the elimination of these payables has been recorded in the results of operations for the year ended December 31, 2000.

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### 6. Bank loan

The company has available a U.S. \$250,000 line of credit expiring December 31, 2002 bearing interest at 8% per annum. As at December 31, 2001, borrowings on this line of credit was \$111,116 (U.S. \$69,622) (2000: U.S. \$344,885 (Cdn. \$518,017)). The collateral provided for this facility includes the shares held in the company's subsidiaries.

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### 7. Capital stock

#### Authorized:

The authorized capital of the company consists of 50,000,000 common shares with a par value of \$0.001 per share. Subsequent to the year end, the company redesignated the company's share capital to US dollars and increased the authorized share capital from 50,000,000 to 120,000,000 common shares with a par value of US\$ 0.001.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 7. Capital stock (continued)

#### Issued:

	Common Shares		Contributed Surplus	Total
	Number	Amount		
Shares issued for cash	11,100,976	\$ 11,100	\$ 7,952,459	\$ 7,963,559
Shares issued to acquire mining claims, leases or concessions	300,000	300	199,700	200,000
Shares issued on the exercise of options	283,550	284	123,252	123,536
Shares issued on the exercise of warrants	1,250,000	1,250	1,000,750	1,002,000
Shares issued in settlement of debt	64,600	65	60,947	61,012
	12,999,126	12,999	9,337,108	9,350,107
Share issue costs	-	-	(732,803)	(732,803)
Consolidation of share capital on a 1 for 2½ basis on November 24, 1989	(3,036,361)	(3,036)	3,036	-
Balance December 31, 1998, 1999 and 2000	9,962,765	9,963	8,607,341	8,617,304
Shares issued for cash, net of issue costs of \$34,881	12,000,000	12,000	646,569	658,569
Share issued for subscriptions received in 1998	2,500,000	2,500	\$ 497,500	\$ 500,000
Balance December 31, 2001	<u>24,462,765</u>	<u>24,463</u>	<u>9,751,410</u>	<u>9,775,873</u>

#### Stock options

The company has granted stock options to directors, officers and employees as follows:

	2001	2000	1999
Balance, beginning of year	123,000	123,000	398,000
Granted	-	-	-
Exercised	-	-	-
Expired	<u>(123,000)</u>	<u>-</u>	<u>(275,000)</u>
Balance, end of year	<u>-</u>	<u>123,000</u>	<u>123,000</u>

#### Share subscriptions

On March 21, 2001, the company received cash of U.S. \$450,000 for the issuance of 12,000,000 shares.

During 1998, the company received cash in the amount of \$500,000 representing subscriptions received for the future issuance of 2,500,000 units. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at \$0.25 until October 31, 2000 or \$0.30 up to and including October 31, 2001. An agents' fee of \$25,000 for the private placement was included in common share issue costs. These shares were issued on June 6, 2001.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 7. Capital stock (Continued)

#### Cease trade order

The company was subject to a partial "cease trade order" in British Columbia. On August 15, 2001, the British Columbia Securities Commission granted orders deeming the company to have ceased to be a reporting issuer and removing the cease trade order.

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### 8. Change in non-cash operating working capital

	For the Year Ended December 31 <u>2001</u>	For the Year Ended December 31 <u>2000</u>	For the Year Ended December 31 <u>1999</u>	For the Period from October 16 1978 (Inception) to December 31 <u>2001</u>
Prepaid expenses	\$ 5,087	\$ (14)	\$ (5,089)	\$ (437)
Payables and accruals	<u>32,275</u>	<u>(111,736)</u>	<u>6,591</u>	<u>48,836</u>
	<u>\$ 37,362</u>	<u>\$ (111,750)</u>	<u>\$ 1,502</u>	<u>\$ 48,399</u>

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### 9. Income taxes

At December 31, 2001, the company has significant operating losses and other undeducted amounts for tax purposes that may be offset against future taxable income. The future income tax asset arising from these items has been reduced to \$Nil by a valuation allowance due to uncertainties regarding the utilization of the future income tax assets.

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### 10. Related party transactions

Management and consulting fees were paid or accrued to companies with directors and/or officers in common as follows:

Year ended December 31, 2001	\$ 12,000
Year ended December 31, 2000	12,000
Year ended December 31, 1999	12,000

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### 11. Consulting Fees

Additional consulting charges were incurred during the financial year in the form of legal fees relating to the review of new projects, the updating and revision of the Form 20F and resolving the outstanding filing issues with the British Columbia Securities Commission (Note 7).

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 12. Reconciliation of generally accepted accounting principles

The company prepares its consolidated financial statements in accordance with accounting principles generally accepted in Canada ("Canadian basis"). The presentation and disclosure of the company's financial statements under the Canadian basis is the same as the presentation and disclosure under accounting principles generally accepted in the United States ("U.S. basis") in all material areas.

If the company had followed the U.S. basis, there would be no effect on consolidated net loss or on net loss (basic or diluted) per common share.

#### Reporting differences

- (a) Prior to its change in accounting policy in 1999 (Note 3), the company capitalized all resource property acquisition costs and exploration expenses until such time as the project was put into commercial production, sold or abandoned. Under the U.S. basis, since the economic feasibility of the resource properties has not been demonstrated and, as a result of applying the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", amounts would be written off.
- (b) For U.S. GAAP reporting purposes, foreign exchange translation gains and/or losses would be shown as Comprehensive Income, a separate component of shareholders' equity. No such amounts are reflected in the foregoing as the amounts are not material.

There were no reporting differences that would affect the company's consolidated balance sheet, statement of operations or cash flows.

#### Recent accounting pronouncements

SFAS 141 and 142

On July 20, 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 141, Business Combinations, and SFAS 142, Goodwill and Intangible Assets. SFAS 142 is effective for fiscal years beginning after December 15, 2001; however, certain provisions of this statement apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS 142. Major provisions of these Statements and their effective dates for the company are as follows:

- ?? all business combinations initiated after June 30, 2001 must use the purchase method of accounting. The pooling of interest method of accounting is prohibited except for transactions initiated before July 1, 2001;
- ?? intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, assets or liability;
- ?? effective January 1, 2002, goodwill and intangible assets with indefinite lives will be tested for impairment annually and whenever there is an impairment indicator;
- ?? all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting.

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# Resource Finance & Investment Ltd.

(A Development Stage Company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2001

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### 12. Reconciliation of generally accepted accounting principles (continued)

SFAS 143 and 144

In July 2001, FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. This Statement applies to all entities. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of long-lived assets, except for certain obligations of lessees. This Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The provisions of the statement are effective for financial statements issued for fiscal years beginning after December 15, 2001.

Management's preliminary assessment of these Statements is that they will not have a material impact on the company's financial position and results of operations.

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