

Financial Statements of

Maple Minerals Corp.

For the year ended September 30, 2002 and 2001

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FELDMAN & ASSOCIATES, LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Maple Minerals Corp. as at September 30, 2002 and 2001 and the statements of operations and deficit and cash flows for the years then ended. 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.

We conducted our audits in accordance with Canadian generally accepted auditing standards. 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Toronto, Canada
January 27, 2003**

"Feldman & Associates, LLP"
Chartered Accountants

MAPLE MINERALS CORP.**Balance Sheets****As at September 30,**

	<u>2002</u>	<u>2001</u>
Assets		
Current		
Cash	\$ 1,064	\$ 1,874
Marketable securities - (market value \$3,450; 2001 - \$14,375)	1	2,300
	<u>1,065</u>	4,174
Mineral properties and related expenditures (note 4)	<u>595,886</u>	598,990
	<u>\$ 596,951</u>	<u>\$ 603,164</u>

Liabilities and Shareholders' Equity

Current		
Accounts payable and accrued liabilities	\$ 7,721	\$ 10,260
Advances from affiliated company (note 5)	63,822	281,764
	<u>71,543</u>	<u>292,024</u>
Shareholders' equity		
Capital stock (note 6)	9,511,723	9,227,460
Contributed surplus (note 6 (c))	6,900	-
Deficit	<u>(8,993,215)</u>	<u>(8,916,320)</u>
	<u>525,408</u>	311,140
	<u>\$ 596,951</u>	<u>\$ 603,164</u>

On behalf of the Board:

"Luigi M. Falzone" Director"Sheldon Inwentash" Director

See accompanying notes to the financial statements

MAPLE MINERALS CORP.
Statements of Operations
For the years ended September 30,

	<u>2002</u>	<u>2001</u>
Revenue		
Interest income	\$ -	\$ 256
Other income	-	163,893
	<u>-</u>	<u>164,149</u>
Expenses		
Operating, general and administrative	46,050	74,551
Write-down of marketable securities	2,299	-
Write-off of mineral properties and related expenditures	28,546	416,979
	<u>76,895</u>	<u>491,530</u>
Net loss	<u>\$ (76,895)</u>	<u>\$ (327,381)</u>
Loss per common share		
Basic and diluted	<u>\$ (0.014)</u>	<u>\$ (0.085)</u>
Weighted average number of common shares outstanding		
Basic	5,449,059	3,842,685
Diluted	5,738,740	3,842,685

See accompanying notes to the financial statements

MAPLE MINERALS CORP.
Statements of Deficit
For the years ended September 31,

	<u>2002</u>	<u>2001</u>
Deficit, beginning of year	\$ (8,916,320)	\$ (8,588,939)
Net loss	<u>(76,895)</u>	<u>(327,381)</u>
Deficit, end of year	\$ (8,993,215)	\$ (8,916,320)

See accompanying notes to the financial statements

MAPLE MINERALS CORP.
Statements of Cash Flows
For the years ended September 30,

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities		
Net loss	\$ (76,895)	\$ (327,381)
Items not affecting cash		
Write down of mineral properties and related expenditures	28,546	416,979
Write down of marketable securities	2,299	-
	<u>(46,050)</u>	89,598
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	<u>(2,539)</u>	(198,909)
	<u>(48,589)</u>	(109,311)
Cash flows from investing activities		
Net expenditures on mineral properties and related exploration	<u>(25,442)</u>	(1,351)
	<u>(25,442)</u>	(1,351)
Cash flows from financing activities		
Issuance of common shares for mineral properties	2,500	5,000
Issuance of common shares for debt	281,763	-
Compensation expense of issuance of stock options	6,900	-
Advances received from affiliated companies	<u>(217,942)</u>	99,268
	<u>73,221</u>	104,268
Decrease in cash	\$ (810)	\$ (6,394)
Cash, beginning of year	<u>1,874</u>	8,268
Cash, end of year	\$ 1,064	\$ 1,874
Supplemental Cash Flows Information		
Cash paid for income taxes	<u>\$ -</u>	\$ -
Cash paid for interest	<u>\$ 5,670</u>	\$ 18,516

Maple Minerals Corp.

Notes to the Financial Statements

September 30, 2002 and 2001

1. Basis of preparation:

Maple Minerals Corp. ("Maple" or the "Company") is in the process of exploring its mineral properties and has not as yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon: the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development; and upon future profitable production or proceeds from disposition of such properties.

The financial statements have been prepared on the basis of a going concern, which contemplates the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon obtaining sufficient financing to meet its obligation with respect to operating expenditures and with respect to expenditures required on its mineral properties.

Although the resolution of the above uncertainties is not assured, management is sufficiently confident that additional financing will be obtained, including option agreements with co-ventures, to meet the Company's requirements as to warrant presentation of these financial statements on a basis that assumes the Company will continue in operation.

2. Significant accounting policies:

(a) Mineral properties:

The cost of mineral properties and their related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse, or abandoned.

Cost includes the cash consideration and the fair market value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are included in the cost of the related property and any excess is applied to income.

(b) Marketable securities:

Marketable securities are carried at the lower of cost and market value with market value determined on the basis of the closing market price at the fiscal year end.

(c) Share capital:

Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the agreement to issue the shares was entered into as determined by the Board of Directors of the Company, based on the trading price of the shares.

(d) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimated.

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

2. Significant accounting policies (continued):

(e) Fair value of financial instruments:

The carrying values of cash, marketable securities, accounts payable and accrued liabilities, and advances from affiliated companies, approximate their fair values due to the short term to maturity for these instruments.

(f) Earnings per share:

Earnings per share (EPS) has been determined by dividing net income for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share assumes outstanding dilutive securities including options and share purchase warrants were exercised at the beginning of the period and the funds derived there from were used to purchase common shares of the Company at the average market price per share during the period. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted EPS computation. Anti-diluted shares are not included in the computation.

(g) Income taxes:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. Under The Canadian Institute of Chartered Accountants' Handbook section 3465, "Accounting for Income Taxes", the effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

3. Change in accounting policy:

Effective October 1, 2001, the Company adopted CICA 3870 Stock-based Compensation and Other Stock-based payments. As permitted by CICA 3870 the Company has applied this change prospectively for new awards granted on or after October 1, 2001. Under this new standard, companies that do not follow the fair value method of accounting for stock-based awards granted to employees are required to provide pro forma disclosure in each quarterly report of net income and earnings per share under the fair value method. However, stock options granted to non-employees and consultants have been accounted for in accordance with the fair value method of accounting for stock-based compensation.

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

4. Mineral properties and related expenditures:

Year ended September 30, 2002	Opening Balance	Additions	Reductions	Closing Balance
Major claim group:				
Quebec (Casa Berardi Area)				
Acquisition	\$ -	\$ -	\$ -	\$ -
Exploration	79,691	-	28,546	51,145
Ontario (Timmins and Thunder Bay area)				
Acquisition	171,684	29,373	3,931	197,126
Exploration	347,615	-	-	347,615
	\$ 598,990	\$ 29,373	\$ 32,477	\$ 595,886

Year ended September 30, 2001	Opening Balance	Additions	Reductions	Closing Balance
Major claim group:				
Quebec (Casa Berardi Area)				
Acquisition	\$ -	\$ -	\$ -	\$ -
Exploration	231,364	-	151,673	79,691
Ontario (Timmins and Thunder Bay area)				
Acquisition	259,327	-	87,643	171,684
Exploration	523,927	11,731	188,043	347,615
	\$ 1,014,618	\$ 11,731	\$ 427,359	\$ 598,990

The Company enters into exploration agreements with other companies whereby the parties to the agreement may earn an interest in certain mineral properties by issuing common shares and/or making option payments and/or incurring expenditures in varying amounts by varying dates. Failure by a party to meet such requirements in certain circumstances can result in reduction of ownership interest.

5. Advances from affiliated company:

These advances are interest bearing at Royal Bank Prime plus 1% per annum, due on demand. Included in the statements of operations is interest expense in the amount of \$5,667 (2001 - \$18,516) related to these advances. At September 30, 2002, these advances were from Brownstone Resources Inc. (a reporting issuer and shareholder of the Company).

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

6. Capital stock:

Share capital consist of the following:

Authorized: Unlimited number of common shares

Issued and outstanding (a):

	2002		2001	
	#	Amount	#	Amount
Balance, beginning of year	3,842,685	\$ 9,227,460	3,834,350	\$ 9,222,460
Issued for mineral properties	4,166	2,500	8,333	5,000
Issued for consolidation of shareholders registers	—	—	2	—
For settlement of debt (note 7(c))	2,167,413	281,763	—	—
Balance, end of year	6,014,264	\$ 9,511,723	3,842,685	\$ 9,227,460

(a) Share capital issued:

Effective on November 9, 2001, the Company consolidated its shares on a 3:1 basis and as a result, total shares issued and outstanding upon consolidation was 3,842,685. Prior periods' basic and diluted number of shares has been adjusted to reflect the consolidation of shares.

(b) Stock option plans:

The Company has 1998, 2000, and 2002 stock option plans for directors, officers, key employees and consultants to enable them to purchase common shares of the Company, as administered by the Board of Directors. The Company has also granted options to employees and consultants outside the plans pursuant to securities act provisions.

The number of shares which were authorized to be issued under the plans were 333,333 for each of the 1998 and 2000 plans and 500,000 for the 2002 plan.

The exercise prices for purchasing shares pursuant to options cannot be less than the market price of the common shares on the last day on which the common shares traded prior to the date of the granted option. All stock options under the plans have a maximum term of 5 years with no vesting period.

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

6. Capital stock (continued):

A summary of the status of the Company's four stock option plans as at September 30, 2002 and 2001 and changes during the years ended on those dates is presented below:

Stock Options	2002		2001(a)	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, at beginning of year	316,667	\$ 0.11	366,667	\$ 0.11
Granted	514,999	0.13	—	—
Exercised	—	—	—	—
Forfeited	(16,666)	0.11	(50,000)	0.11
Outstanding, at end of year	815,000	\$ 0.12	316,667	\$ 0.11
Exercisable, at end of year	815,000	\$ 0.12	316,667	\$ 0.11

The following table summarizes information about stock options outstanding as at September 30, 2002:

Options outstanding and exercisable			
Range of exercise prices	Number of options	Weighted average exercise price	Weighted average remaining life (years)
\$0.10 to \$0.15	650,000	\$ 0.11	3.74
\$0.16 to \$0.20	165,000	0.20	4.47
	815,000	\$ 0.12	3.89

(c) Stock option pro forma information:

As per CICA Handbook Section 3870, pro forma information regarding net loss and basic loss per share is required and has been determined as if the Company had accounted for its employee stock options granted after September 30, 2001 under the fair value method. The fair value of these options was estimated at the date of granting using a Black-Scholes option pricing model with the following assumptions for 2002: expected volatility of 55%; a 4.5% risk-free discount rate; expected lives of three and a half years and no annual dividends. For purposes of pro forma disclosures, the estimated fair value of the options is amortized in the current year since the options' vesting period is 0. The fair value of stock options granted during the year was \$0.05 per option for options exercisable at \$0.10 and \$0.11 and \$0.06 per option for options exercisable at \$0.20. For the year ended September 30, 2002, the Company's pro forma net loss would be increased by \$20,000 and basic and diluted loss per share figures would be increased by \$0.004.

During the year ended September 30, 2002, the Company had compensation expense of \$6,900 for stock options granted to non-employees and consultants that have been accounted for in accordance with the fair value method of accounting for stock-based compensation with the above assumptions.

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

7. Related party transactions:

- (a) During the year, the Company paid nil in consulting fees to directors and officers of the Company (2001 - \$8,200 to a director and officer).
- (b) During the year, the Company paid nil (2001 - \$9,000) to Brownstone Resources Inc. for office facilities and amenities.
- (c) On January 3, 2002, the Company issued 2,167,413 common shares at a deemed price of \$0.13 per share to settle \$281,764 of its advances from Brownstone Resources Inc.

8. Income taxes:

- (a) Income tax expense attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 38.62% (2001 – 42.12%) pre-tax income as a result of the following:

	2002	2001
Income (loss) before income taxes	\$ (76,895)	\$ (327,381)
Computed "expected" income tax expense	(29,697)	(137,893)
Permanent and other differences	29,697	137,893
Provision for income taxes	\$ —	\$ —

- (b) Significant components of the provision for income taxes are as follows:

	2002	2001
Current tax expense	\$ —	\$ —
Future income tax benefit relating to origination and reversal of temporary differences	—	—
Provision for income taxes	\$ —	\$ —

Maple Minerals Corp.
Notes to the Financial Statements
September 30, 2002 and 2001

8. Income taxes (continued):

- (c) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at September 30, 2002 and 2001 are presented below:

	2002	2001
Resource tax pool carried forward	\$ 6,281,968	\$ 6,205,073
Capital losses carried forward	124,313	124,313
Total gross future tax assets	6,406,281	6,329,386
Less: valuation allowance	6,406,281	6,329,386
Net future tax assets	\$ —	\$ —

9. Comparative financial statements:

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the September 30, 2002 financial statements.

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