

JONES RICHARDS & COMPANY

CERTIFIED GENERAL ACCOUNTANTS

Jack W. Lazareff
C.G.A.

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B.A. C.G.A. C.F.P.

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B.Sc. C.G.A.

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NOTICE TO READER

We have compiled the consolidated balance sheet of Expatriate Resources Ltd. as at June 30, 2000, the consolidated statement of operations and deficit, the consolidated statement of cash flows, the consolidated schedule of mineral property costs and the consolidated schedule of metal leaching and sulphur technology costs for the six month 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. Accordingly, readers are cautioned that these consolidated statements may not be appropriate for their purposes.

“JONES, RICHARDS & COMPANY”

CERTIFIED GENERAL ACCOUNTANTS

Vancouver, British Columbia
August 21, 2000

EXPATRIATE RESOURCES LTD.
CONSOLIDATED BALANCE SHEET
JUNE 30, 2000
(With comparative unaudited figures for June 30, 1999)
(UNAUDITED)
(SEE: NOTICE TO READER)

	2000	1999
<u>ASSETS</u>		
Current Assets		
Cash	\$ 381,600	\$ 1,509,643
Cash - restricted	587,750	32,400
Accounts receivable	77,073	46,970
Mineral exploration tax credit recoverable	384,400	47,400
Marketable securities	25,000	-
Prepaid expenses	5,936	4,520
	1,461,759	1,640,933
Mineral Properties, including deferred costs	16,827,177	13,201,589
Metal Leaching and Sulphur Technology, including deferred costs	1,113,597	1,019,362
Capital Assets	36,312	-
Due from Joint Venture	132,000	-
	\$ 19,570,845	\$ 15,861,884
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 717,177	\$ 149,621
Convertible Loan	500,000	-
	1,217,177	149,621
<u>SHAREHOLDERS' EQUITY</u>		
Share Capital	20,344,549	17,316,574
Special Warrants	208,356	-
Deficit	(2,199,237)	(1,604,311)
	18,353,668	15,712,263
	\$ 19,570,845	\$ 15,861,884

Approved on Behalf of the Board:

“Harlan D. Meade”

Director

“Alan R. Archer”

Director

EXPATRIATE RESOURCES LTD.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
(With comparative unaudited figures for the six month period ended June 30, 1999)
(UNAUDITED)
(SEE: NOTICE TO READER)

	2000	1999
ADMINISTRATION COSTS:		
Consulting	\$ 36,224	\$ 24,000
Filing fees	10,183	22,600
Management fees	-	2,000
Professional fees	75,546	49,287
Rent and office services	58,156	9,000
Salaries and benefits	24,882	-
Transfer agent	1,957	1,674
Travel and promotion	245,055	85,106
	452,003	193,667
Interest and miscellaneous income	(40,547)	(41,287)
	411,456	152,380
OTHER ITEMS:		
Interest on long-term debt	7,800	-
Loss on conversion of foreign currencies	29,018	9,861
Mineral property examination costs	14,149	192,403
Write-off of capitalized costs related to abandoned mineral properties	-	91,500
	50,967	293,764
LOSS FOR THE PERIOD	462,423	446,144
DEFICIT AT BEGINNING OF PERIOD	1,736,814	1,158,167
DEFICIT AT END OF PERIOD	\$ 2,199,237	\$ 1,604,311
Loss per share: based on the weighted average number of shares outstanding during the period	\$ (0.02)	\$ (0.04)

EXPATRIATE RESOURCES LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
(With comparative unaudited figures for the six month period ended June 30, 1999)
(UNAUDITED)
(SEE: NOTICE TO READER)

	2000	1999
OPERATING ACTIVITIES:		
Loss for the period	\$ (462,423)	\$ (446,144)
Adjustments:		
Membership fees paid by issuance of share capital	10,000	-
Write-off of capitalized costs related to abandoned mineral properties	-	91,500
Loss on conversion of foreign currencies	29,018	9,861
	(423,405)	(344,783)
Change in non-cash working capital items	434,637	12,620
	11,232	(332,163)
FINANCING ACTIVITIES:		
Convertible loan proceeds	500,000	-
Issue of share capital for cash	767,928	347,500
Mineral property option payment received	20,000	-
	1,287,928	347,500
INVESTING ACTIVITIES:		
Acquisition costs of mineral properties	(1,048,774)	(84,894)
Deferred exploration and development costs, net of mineral exploration tax credit	(1,254,843)	(470,109)
Deferred metal leaching and sulphur technology costs	(34,872)	(44,461)
Acquisition costs of capital assets	(36,312)	-
Due from Joint Venture	(132,000)	-
	(2,506,801)	(599,464)
Foreign exchange loss on cash held in foreign currencies	(29,018)	(9,861)
INCREASE (DECREASE) IN CASH	(1,236,659)	(593,988)
CASH AT BEGINNING OF PERIOD	2,206,009	2,136,031
CASH AT END OF PERIOD	\$ 969,350	\$ 1,542,043
 Cash consists of:		
Cash	\$ 381,600	\$ 1,509,643
Cash - restricted	587,750	32,400
	\$ 969,350	\$ 1,542,043

EXPATRIATE RESOURCES LTD.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
(With comparative unaudited figures for the six month period ended June 30, 1999)
(UNAUDITED)
(SEE: NOTICE TO READER)

	2000			1999		
	Finlayson Project	Other Properties	Total	Finlayson Project	Other Properties	Total
EXPLORATION AND DEVELOPMENT COSTS:						
Accommodation and meals	\$ 29,204	\$ 237	\$ 29,441	\$ 1,858	\$ 5,851	\$ 7,709
Assays	-	9,248	9,248	465	4,472	4,937
Consulting	103,402	140,387	243,789	20,342	128,185	148,527
Drafting	22,198	36,778	58,976	11,027	25,227	36,254
Drilling	136,466	54,409	190,875	-	-	-
Helicopter and fixed wing charters	23,867	69,540	93,407	-	1,499	1,499
Labour	171,915	162,914	334,829	53,249	177,464	230,713
Professional fees	-	37,016	37,016	-	52,314	52,314
Recording fees	17,159	58,218	75,377	14,720	52,015	66,735
Supplies and miscellaneous	43,429	37,303	80,732	5,005	49,867	54,872
Surveys	19,548	31,340	50,888	-	24,626	24,626
Travel and freight	13,719	36,066	49,785	4,018	30,308	34,326
	580,907	673,456	1,254,363	110,684	551,828	662,512
Interest expense	16,100	14,000	30,100	-	-	-
Joint Venture overhead fee	-	(15,471)	(15,471)	-	-	-
Mineral property examination costs	-	(14,149)	(14,149)	-	(192,403)	(192,403)
Mineral exploration tax credit	(112,600)	(93,800)	(206,400)	(9,700)	(37,700)	(47,400)
	484,407	564,036	1,048,443	100,984	321,725	422,709
Balance of costs, beginning of period	9,195,370	1,660,502	10,855,872	8,784,292	988,594	9,772,886
	9,679,777	2,224,538	11,904,315	8,885,276	1,310,319	10,195,595
Mineral properties abandoned	-	-	-	-	(83,900)	(83,900)
Balance of costs, end of period	9,679,777	2,224,538	11,904,315	8,885,276	1,226,419	10,111,695
ACQUISITION COSTS:						
Balance, beginning of period	759,288	2,609,800	3,369,088	697,372	203,828	901,200
Increase during period	1,003,535	595,239	1,598,774	82,500	2,113,894	2,196,394
Option payments received	-	(45,000)	(45,000)	-	-	-
Mineral property abandoned	-	-	-	-	(7,700)	(7,700)
Balance, end of period	1,762,823	3,160,039	4,922,862	779,872	2,310,022	3,089,894
TOTAL MINERAL PROPERTY COSTS	\$ 11,442,600	\$ 5,384,577	\$ 16,827,177	\$ 9,665,148	\$ 3,536,441	\$ 13,201,589

EXPATRIATE RESOURCES LTD.
CONSOLIDATED SCHEDULE OF METAL LEACHING
AND SULPHUR TECHNOLOGY COSTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
(With comparative unaudited figures for the six month period ended June 30, 1999)
(UNAUDITED)
(SEE: NOTICE TO READER)

	2000	1999
	<hr/>	<hr/>
Acquisition costs	\$ 935,000	\$ 935,000
	<hr/>	<hr/>
Deferred development costs		
Consulting	13,776	24,000
Office and miscellaneous	1,202	5,279
Patent fees	20,754	18,372
	<hr/>	<hr/>
	35,732	47,651
Interest income	(860)	(3,190)
	<hr/>	<hr/>
Total cost incurred during period	34,872	44,461
Balance of costs, beginning of period	143,725	39,901
	<hr/>	<hr/>
Balance of costs, end of period	178,597	84,362
	<hr/>	<hr/>
Total Metal Leaching and Sulphur Technology Costs	\$ 1,113,597	\$ 1,019,362
	<hr/> <hr/>	<hr/> <hr/>

Schedule B: Supplementary Information

EXPATRIATE RESOURCES LTD.
JUNE 30, 2000

Section 1

A. RELATED PARTY TRANSACTIONS FOR THE CURRENT FISCAL YEAR-TO-DATE:

- a. Exploration and development costs totalling \$505,549, rent and office services totalling \$8,000 and investor relations totalling \$35,340 have been incurred with a corporation related to the Company by a common Director.
- b. Management fees and consulting fees totalling \$80,423 have been incurred with certain directors, officers and companies related by common directors.
- c. Legal fees and disbursements totalling \$35,000 have been accrued with a law firm in which a personal law corporation controlled by an Officer of the Company is associated with the practice of law.

The aggregate amount of expenditures made to parties not at arms length from the issuer was \$664,312 during the current fiscal year to date.

Section 2

A. SECURITIES ISSUED DURING QUARTER ENDED JUNE 30, 2000:

Date	Type of Security	Type of Issue	Number of Shares Issued	Price Per Share	Total Proceeds	Type of Consideration	Commission and Expenses Paid
June 7/00	Common Shares	Private Placement	180,000	\$0.70	\$126,000	Cash	N/A
June 7/00	Common Shares	Private Placement	823,314	\$0.65	\$535,154	Cash	\$12,600
June 21/00	Common Shares	Exercise of Special Warrants	380,000	\$0.55	\$168,457	N/A	N/A
June 21/00	Common Shares	Exercise of Stock Options	40,000	\$0.48	\$ 19,200	Cash	N/A

B. OPTIONS GRANTED DURING QUARTER ENDED JUNE 30, 2000:

Date Granted	Number	Name of Optionee	Exercise Price	Expiry Date
May 25/00	40,000	B. Jang	\$0.50	May 25, 2005
May 25/00	50,000	R. Carne	\$0.50	May 25, 2005
June 15/00	80,000	R. Yeoman	\$0.50	June 15, 2005
June 15/00	60,000	T. Tucker	\$0.50	June 15, 2005
June 19/00	100,000	J. Himmelright	\$0.50	June 19, 2005

EXPATRIATE RESOURCES LTD.**JUNE 30, 2000**Section 3

A. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT JUNE 30, 2000:

Authorized share capital -100,000,000 common shares with no par value.

- 100,000,000 Class "A" preferred shares having a par value of \$1.00 per share

A total of 21,229,534 common shares have been issued for a total of \$21,344,549.

2. Options, Warrants And Convertible Securities Outstanding As At June 30, 2000:

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Options	752,000	\$0.48	Dec. 11/2002
Options	30,000	\$0.51	July 3/2003
Options	350,000	\$0.39	Oct. 20/2003
Options	100,000	\$0.61	Feb. 15/2004
Options	100,000	\$0.54	Apr. 26/2004
Options	50,000	\$0.50	June 7/2004
Options	130,000	\$0.44	Dec. 17/2004
Options	340,000	\$0.74	Mar. 3/2005
Options	90,000	\$0.50	May 25/2005
Options	140,000	\$0.50	June 15, 2005
Options	100,000	\$0.50	June 19, 2005
Warrants	200,000 *	\$0.55	July 13/2000
Warrants	100,000	\$0.65	Sept. 13/2000
Warrants	452,529 **	\$0.45 or	Dec. 31/2000
		\$0.52	Dec. 31/2001
Warrants	1,479,892 ***	\$0.45	Dec. 31/2000
Warrants	112,500	\$0.45	Jan. 24/2001
Warrants	411,657	\$0.85	June 7, 2001
Warrants	90,000	\$1.00	June 7, 2001
Warrants	769,230	\$0.65	May 10, 2002
Convertible Loan	\$ 500,000	\$0.65 or	May 2, 2002
		\$0.75 or	May 2, 2003
		\$0.85	May 2, 2004

* exercisable to acquire "flow-through" common shares or non-flow-through common shares

** fifty percent (50%) exercisable to acquire "flow-through" common shares

*** exercisable to acquire "flow-through" common shares

EXPATRIATE RESOURCES LTD.

JUNE 30, 2000

C. SHARES IN ESCROW OR SUBJECT TO POOLING AS AT JUNE 30, 2000:

Common shares in escrow - Nil

D. LIST OF DIRECTORS AS AT JUNE 30, 2000:

Dr. Harlan D. Meade	President/CEO/Director
Alan R. Archer	CFO/Director
Glenn R. Yeadon	Secretary/Director
W. Douglas Eaton	Director
Robert G. Yeoman	Director
William J. Fisher	Director
John M. Sibley	Director

EXPATRIATE RESOURCES LTD.

QUARTER ENDED JUNE 30, 2000

Events During Second Quarter Ending June 30, 2000

Finlayson Project

On May 24, 2000 the Company completed the Asset Sale Agreement with Cominco Limited to purchase a 100% interest in Cominco's Finlayson Assets as announced March 1, 2000. The Finlayson Assets include the Kudz Ze Kayah and GP4F deposits and surrounding mineral claims. The agreement provides for an initial payment of \$1 million to Cominco that was paid into escrow on May 24, 2000 and released to Cominco on June 7, 2000 upon CDN X approval of purchase. Cominco will receive a convertible debenture for \$10 million and a share purchase warrant for 2.5 million common shares at a price of \$1.00 per common share up until March 1, 2007. Upon commencement of commercial production from deposits on lands comprising the Finlayson Assets, Cominco will receive an additional \$2 million payment and an Net Smelter Return royalty of 1% for the first 4 years of production, thereafter ranging from 2% to 3.5% depending on the price of zinc.

The Asset Sale Agreement provides for a Closing at the time that all licenses and permits are assigned to Expatriate. As of July 31st, 2000 approvals of assignments were pending on the water license and surface lease. Upon Closing and assignment of the leases and licenses, Expatriate is required to replace the security bonds lodged by Cominco with governments with security bonds of its own in satisfactory form to the respective regulatory bodies. In addition, Expatriate shall provide Cominco with a \$100,000 environmental bond in respect of its activities on the properties being acquired from Cominco.

The Finlayson Assets were offered to Atna Resources Ltd., on March 1, 2000 for inclusion in the Wolverine Joint Venture, subject to their paying 40% of the acquisition costs. Atna informed Expatriate on May 5, 2000 that it did not intend to participate in the acquisition of the Finlayson Assets. Atna continues to participate as to 40% in the 2000 exploration and prefeasibility study for the Wolverine Joint Venture Property.

Fieldwork commenced on the Wolverine Joint Venture in mid May with drilling on the Wolverine deposit to provide more detailed information for planning the proposed underground development program. Seven drill holes totaling 957 metres were completed on close spacing within the Lynx Zone of the Wolverine Deposit. One hole was drilled on the Sable Zone to follow-up two narrow high-grade massive sulphide intersections obtained in 1997. Hole WV00-115 failed to intersect significant mineralization at the upper Wolverine horizon target downdip of the Sable Zone and the hole was lost prior to testing the lower target.

Drilling commenced in early June on the WOL property acquired from Cominco. The first hole WW00-01 intersected 7.4 metres grading 13.56% zinc, 1.16% lead, 0.68% copper, 152 grams per tonne silver and 0.59 grams per tonne gold approximately 100 metres downdip from the nearest massive sulphide intersection in the Wolverine Deposit on the Wolverine Joint Venture property.

Expatriate commenced field surveys on its wholly owned Finlayson Properties in June with induced polarization surveys planned for the Red Line property and geochemical surveys and geological mapping on its League and Mask properties.

EXPATRIATE RESOURCES LTD.

QUARTER ENDED JUNE 30, 2000

Work on the prefeasibility study that commenced in January on the Wolverine Deposit was expanded in scope to consider the joint development of the Wolverine and Kudz Ze Kayah deposits. The prefeasibility study is evaluating the development of Kudz Ze Kayah as a 3000 tonne per day open pit and Wolverine as a 1250 tonne per day underground operation feeding a 4250 tonne per day mill located on the Kudz Ze Kayah property. The combined project is referred to as the Finlayson Project.

Flotation and roasting testwork are complete with results confirming earlier assumptions that both zinc sulphide and zinc oxide production alternatives are viable solutions to the previously determined selenium problem. In particular, the flotation testwork has demonstrated that ores from both deposits have similar metallurgical characteristics. The blending of ores from the two deposits in the milling produces reduced levels of selenium in zinc sulphide concentrate to a level acceptable to many smelters. Alternatively, roasting of the zinc sulphide concentrate to produce zinc oxide has defined the roasting criteria and confirmed that most of the selenium is removed with the sulphur off-gas to produce a relatively selenium-free zinc oxide product that can be shipped to smelters. The production of a water-free higher grade zinc oxide product results in significant reduction in transportation costs that offset the increased capital and operating cost of the roaster. Samples of the concentrates were sent to numerous smelters in advance of a marketing trip to Asian smelters in early July. Initial response from the smelters indicates strong interest in both the zinc sulphide and oxide products.

Other Exploration

Exploration work has been conducted on two of the Company's gold projects within the Tintina Gold Belt of the central Yukon. On the Eureka Joint Venture Gold Project (50% Expatriate and 50% Nordac Resources Ltd.) south of Dawson City, the geochemical surveys conducted in June defined a large area of anomalous gold in soils associated with areas of silicified breccias. The area of anomalous soils is located up slope of several active placer gold operations.

Exploration on Expatriate's Aurex/Sinister property in the Mayo Placer Gold District commenced in June. Newmont has completed soil sampling, auger drilling and trenching. The sampling has defined a large area of anomalous gold geochemistry. Newmont has completed the first year's work requirement of \$200,000 under their option to earn up to a 80% interest in the property by undertaking all work to complete a positive feasibility study.

Expatriate's wholly owned Chilean subsidiary, Minera Latina Limitada (Latina) continued its efforts to obtain an option and joint venture agreement for the exploration of its Isleña Property near Tal Tal in northern Chile. Numerous large mining companies have expressed an interest in the gold potential of this area of high-grade small scale copper mining. Interest has been focused on a new zone of vuggy quartz mineralization that assayed up to 59 grams per tonne gold. More recently, high-grade gold values have also been obtained in the Yessica prospect in the eastern part of the property. Latina staked an additional 400 hectares of claims along the northwest side of the property to cover an area of anomalous copper soil geochemistry.

EXPATRIATE RESOURCES LTD.

QUARTER ENDED JUNE 30, 2000

Latina acquired 5700 hectares of mineral lands in the Chug Chug river area of northern Chile. These claims cover a pediment covered area immediately southeast of a new porphyry copper system discovered in 1997. Subsequent to Latina's locating the Gabriela claims, several other large mining companies have acquired claims surrounding the Gabriela discovery. The staking by the major mining companies appears related to a rumour of a discovery approximately 10 kilometres to the north of Gabriela. Several companies have expressed an interest in Latina's property.

Nitrosyl Technologies Corporation

Nitrosyl is negotiating a development agreement with a large international engineering firm interested in developing its sulphur and metal leaching technology. The agreement includes a plan to make Nitrosyl a public company in an initial public offering, and will result in the firm earning an equity interest in Nitrosyl. Expatriate would retain a significant shareholding in Nitrosyl.

Corporate Activities

The Company moved its offices to suite 701-475 Howe Street, Vancouver V6C 2B3 April 1st and Ms Beverly Jang was hired to provide administrative support to the management team. Mr. Robert Yeoman joined Expatriate on June 1, 2000 as Vice President of Corporate Development and was appointed a Director at the Annual General Meeting on June 28, 2000, replacing Mr. Killam who elected not to continue as a director. Mr. Yeoman brings considerable business and finance experience in the mining industry to the Company. Mr. Douglas Goss resigned as Vice President Business Development of the Company effective June 1, 2000. Mr. Justin Himmelright was appointed Manager of Environment on June 19, 2000 to supervise the permitting of the Finlayson Project and manage the environmental affairs of the Company. He brings considerable experience in the permitting of mining projects and in the impact assessment of mining on aquatic environments.

The Company was particularly active in the financing and promotion of the Company during the quarter. A financing trip was made to Europe in early April and the Company made a presentation to the Northeast Investment in Mining Conference in New York on May 31st. Management has met with many institutions to present its plan for financing the development of the Finlayson Project. In late June, the Company announced the selection of Newcrest Capital Inc. as its senior financial advisor to help the Company realize the value of its assets and to assist it in raising the money required for completion of the final feasibility study for the Finlayson Project. In early July, Research Capital Corporation joined the financing syndicate being led by Newcrest. Newcrest and Research Capital are preparing the Company for a major financing expected to range between \$10 and \$15 million.

The trip to Europe in April led to a convertible loan private placement for \$500,000 and equity private placements for \$315,000 in early June. Additional private placements totaling \$220,155 and an additional \$126,000 in flow-through shares were also completed in early June. This money was used for the initial payment made to Cominco for the acquisition of the Finlayson Assets.

EXPATRIATE RESOURCES LTD.

QUARTER ENDED JUNE 30, 2000

The Company's annual General Meeting was held on June 28 at 2:00 PM in the Oak Room of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, BC. All business items proposed in the Notice of Annual General Meeting dated May 24, 2000 were approved at the meeting including the adoption of Jones Richards & Company as auditors and approval of the Company's slate of nominees for directors. Mr. Robert Yeoman was elected as the new director replacing Mr. James Killam following his decision not to stand for re-election.

Subsequent Events

Hole WW00-02 on the WOL claims intersected weak zinc mineralization at the Wolverine horizon approximately 300 metres downdip from the new WW00-01 intersection. Although the hole did not intersect massive sulphide mineralization, it did confirm that the favourable strata of the Wolverine Deposit continue well downdip from the initial intersection on the WOL claims.

Two drill holes were completed on Expatriate's wholly owned Goal Net Property to test a combination of multi-element geochemical anomalies and high chargeability IP geophysical targets. The second drill hole intersected 0.73 metres of semi-massive sulphides grading 3.0 % zinc, 1.85 % lead, 0.14 % copper, 63 grams per tonne silver and 0.2 grams per tonne gold. Additional geophysical surveys are planned prior to resuming drilling on this attractive new mineralization. The favourable host strata are correlated with similar rocks hosting the GP4F deposit located 6 kilometres to the north.

Drilling was suspended on July 22, 2000 to conserve remaining cash for payment of administrative costs and continuation of engineering and environmental permitting activities. Plans are being made for resumption of exploration on the Finlayson Project in early September and if sufficient funds can be raised to continue drilling at Wolverine and Kudz Ze Kayah until late fall.

In early August, Hatch Consultants, Pincock Allen and Holt and Bruce Geotechnical Consultants were awarded the contract to integrate the results of metallurgical testwork, mine planning studies and marketing information into a prefeasibility study for completion in fourth quarter 2000 with the findings supporting the proposed major financing. The detailed engineering, metallurgical and environmental information from the feasibility study for the Kudz Ze Kayah Deposit is now being integrated with the recent engineering and testwork for the Wolverine Deposit. Preliminary terms and purchase commitments have been received from some of the smelters. The remaining smelters are expected to provide their commitment letters over the next few weeks. Initial response from the smelters has been encouraging. The concentrate contract terms are being input into the preliminary economic model for the Finlayson prefeasibility study.

Approval for transfer of Yukon Water Licence QZ97-026 for the development of the Kudz Ze Kayah deposit was approved by Yukon Territorial Water Board on August 11, 2000. This water license is the key document required for obtaining the mine development permits. A review of the permitting of the Finlayson Project indicates that additional permitting will be required for development of Wolverine and/or water license QZ97-026 will require amendment to provide for the joint development of the deposits and processing in a common mill located at Kudz Ze Kayah. Study of the existing environmental baseline studies and other environmental information is in progress in preparation for developing the permitting plan for the Finlayson Project.

EXPATRIATE RESOURCES LTD.

QUARTER ENDED JUNE 30, 2000

In July, the Company engaged Newcrest Capital Inc. to seek a major mining company partner interested in acquiring Boliden's equity interest in the Company and in participating actively thereafter in the financing and development of the Finlayson project. Boliden has not advised the Company that it wishes to sell its interest and any such acquisition, if proposed, could only be completed on terms acceptable to Boliden; any such acquisition would also require the consent of the Company under its existing shareholders' agreement with Boliden.

Latina Resources Ltd. received its first offer for the Isleña Project in August. It expects to be able to complete an option and joint venture agreement that would see this property being advanced to the drill stage.

Loeb Aron of London, UK has completed a research note on the Company in late July. The report states that "Expatriate shares are trading at discount compared to peers". This report is being distributed by Loeb Aron to its investors in Europe.

In late July, the Company completed a \$50,000 ordinary unit private placement and \$82,000 of flow-through unit private placements. The proceeds are being used for general corporate purposes and exploration on its Finlayson Project.

The Company also expects to complete additional financing prior to the transfer by Cominco of the various leases, agreements and licenses included in the Finlayson Assets, and the requirement for Expatriate to provide an aggregate \$550,000 in security bonds. The bonds in the form of letters of credit are to be given to the respective government agencies and Cominco at the time of transfer. Management expects the close of the purchase of the Finlayson Assets in the third quarter.

The Company needs to complete additional sale of equity in the third quarter to provide working capital for administrative and other expenses not eligible for use of flow-through funds. Additional fund raising is also planned in the third quarter for resumption of exploration on the Finlayson Project and elsewhere. There have been no material differences in the actual use of proceeds from the previous disclosures by the Company regarding its intended use of proceeds.