

JONES RICHARDS & COMPANY
CERTIFIED GENERAL ACCOUNTANTS

Jack W. Lazareff
C.G.A.*

Keon J. Kwan
B.A., C.G.A.*, C.F.P.

Deborah E. Graystone
B.Sc., C.G.A.*, T.E.P.

Jindra Casperson
C.G.A.*

NOTICE TO READER

We have compiled the consolidated balance sheet of Expatriate Resources Ltd. as at June 30, 2001, 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 7, 2001

EXPATRIATE RESOURCES LTD.
CONSOLIDATED BALANCE SHEET
JUNE 30, 2001
(UNAUDITED)
(SEE: NOTICE TO READER)
(With comparative audited figures for December 31, 2000)

	June 30 2001	December 31, 2000
ASSETS		
Current Assets		
Cash	\$ 18,363	\$ 7,592
Cash – restricted (Note 3)	836,540	1,631,723
Accounts receivable	42,515	56,118
Mineral exploration tax credit recoverable	581,390	478,108
Marketable securities	-	4,607
	1,478,808	2,178,148
Capital Assets (Note 4)	32,781	37,255
Mineral Properties, including deferred costs (Note 5)	18,172,238	17,771,340
Metal Leaching and Sulphur Technology, including deferred costs	1,138,927	1,134,141
Due from Joint Venture	22,699	22,400
Deposit	4,811	4,795
	\$ 20,850,264	\$ 21,148,079
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 296,713	\$ 362,272
Convertible Loan (Note 6)	500,000	500,000
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	21,659,121	21,027,230
Share Subscription Advances	-	446,466
Special Warrants (Note 8)	1,366,850	1,403,916
Deficit	(2,972,420)	(2,591,805)
	20,053,551	20,285,807
	\$ 20,850,264	\$ 21,148,079

Approved on Behalf of the Board:

“Harlan D. Meade”

Director

“Robert Yeoman”

Director

EXPATRIATE RESOURCES LTD.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
FOR THE PERIODS ENDED JUNE 30, 2001
(UNAUDITED)

(SEE: NOTICE TO READER)

(With comparative unaudited figures for the periods ended June 30, 2000)

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
ADMINISTRATION COSTS:				
Accounting fees (recovery)	\$ (6,130)	\$ 11,607	\$ 17,104	\$ 14,715
Amortization	2,237	-	4,474	-
Consulting	15,772	26,723	22,531	36,224
Filing fees	8,855	6,065	11,795	10,183
Investor relations and financing	27,976	132,284	87,237	245,055
Legal fees	57,236	47,846	57,996	60,831
Rent and office services	29,113	36,205	56,587	58,156
Salaries and benefits	37,485	24,882	65,009	24,882
Transfer agent	1,649	1,957	2,563	1,957
	174,193	287,569	325,296	452,003
Interest and miscellaneous income	(11,717)	(23,069)	(24,239)	(40,547)
	162,476	264,500	301,057	411,456
OTHER ITEMS:				
Interest on long-term debt	15,278	7,800	29,167	7,800
Loss (Gain) on conversion of foreign currencies	111	10,808	(867)	29,018
Gain on disposal of marketable securities	(416)	-	(46)	-
Mineral property examination costs	5,554	8,694	5,554	14,149
Write-off of capitalized costs related to abandoned mineral properties	43,250	-	43,250	-
	63,777	27,302	77,058	50,967
LOSS FOR THE PERIOD	226,253	291,802	378,115	462,423
DEFICIT AT BEGINNING OF PERIOD	2,746,167	1,907,435	2,591,805	1,736,814
SHARE ISSUE COSTS	-	-	2,500	-
DEFICIT AT END OF PERIOD	\$ 2,972,420	\$ 2,199,237	\$ 2,972,420	\$ 2,199,237
Loss per share: based on the weighted average number of shares outstanding during the period	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)

EXPATRIATE RESOURCES LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2001
(UNAUDITED)

(SEE: NOTICE TO READER)

(With comparative unaudited figures for the periods ended June 30, 2000)

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
OPERATING ACTIVITIES:				
Loss for the period	\$ (226,253)	\$ (291,802)	\$ (378,115)	\$ (462,423)
Adjustments:				
Amortization	2,237	-	4,474	-
Loss (Gain) on conversion of foreign currencies	111	10,808	(867)	29,018
Gain on disposal of marketable securities	(416)	-	(46)	-
Write-off of capitalized costs related to abandoned mineral properties	43,250	-	43,250	-
Membership fees paid by issuance of share capital	-	-	-	10,000
	(181,071)	(280,994)	(331,304)	(423,405)
Change in non-cash working capital items	58,508	361,653	(73,456)	434,637
	(122,563)	80,659	(404,760)	11,232
FINANCING ACTIVITIES:				
Convertible loan proceeds	-	500,000	-	500,000
Special warrant issue costs	(15,566)	-	(15,566)	-
Issue of share capital for cash	182,925	667,753	182,925	767,928
Finders fees	1,500	-	-	-
Mineral property option payment received	-	-	-	20,000
	168,859	1,167,753	167,359	1,287,928
INVESTING ACTIVITIES:				
Proceeds on disposal of marketable securities	416	-	4,653	-
Acquisition costs of mineral properties	-	(1,048,774)	-	(1,048,774)
Deferred exploration and development costs, net of mineral exploration tax credit	(292,245)	(889,646)	(547,430)	(1,254,843)
Deferred metal leaching and sulphur technology costs	(3,120)	(11,332)	(4,786)	(34,872)
Acquisition costs of capital assets	-	(24,646)	-	(36,312)
Deposit	(16)	-	(16)	-
Due from Joint Venture	(34,279)	(97,377)	(299)	(132,000)
	(329,244)	(2,071,775)	(547,878)	(2,506,801)
Gain (Loss) on conversion of foreign currencies	(111)	(10,808)	867	(29,018)
INCREASE (DECREASE) IN CASH	(283,059)	(834,171)	(784,412)	(1,236,659)
CASH AT BEGINNING OF PERIOD	1,137,962	1,803,521	1,639,315	2,206,009
CASH AT END OF PERIOD	\$ 854,903	\$ 969,350	\$ 854,903	\$ 969,350
Cash consists of:				
Cash	\$ 18,363	\$ 381,600	\$ 18,363	\$ 381,600
Cash – restricted	836,540	587,750	836,540	587,750
	\$ 854,903	\$ 969,350	\$ 854,903	\$ 969,350

EXPATRIATE RESOURCES LTD.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2001
(UNAUDITED)

(SEE: NOTICE TO READER)

(With comparative unaudited consolidated figures for the six month period ended June 30, 2000)

	2001				2000			
	Finlayson Project	Wolverine Joint Venture	Other Properties	Total	Finlayson Project	Wolverine Joint Venture	Other Properties	Total
EXPLORATION AND DEVELOPMENT COSTS:								
Accommodation and meals	\$ 6,525	\$ -	\$ -	\$ 6,525	\$ 29,204	\$ -	\$ 237	\$ 29,441
Assays	1,046	2,686	9	3,741	-	756	8,492	9,248
Consulting	147,973	16,345	5,671	169,989	103,402	106,129	34,258	243,789
Drafting	1,343	293	876	2,512	22,198	3,194	33,584	58,976
Drilling	-	-	-	-	136,466	54,409	-	190,875
Engineering	16,154	9,227	-	25,381	-	-	-	-
Environmental	60,380	129,486	-	189,866	-	-	-	-
Helicopter and fixed wing charters	22,736	478	-	23,214	23,867	68,245	1,295	93,407
Labour	7,379	-	537	7,916	171,915	89,524	73,390	334,829
Professional fees	-	-	7,400	7,400	-	-	37,016	37,016
Recording fees	24,975	7,294	11,174	43,443	17,159	7,225	50,993	75,377
Supplies and miscellaneous	18,069	1,097	1,079	20,245	43,429	24,508	12,795	80,732
Surveys	-	-	-	-	19,548	9,980	21,360	50,888
Travel and freight	1,719	1,258	583	3,560	13,719	22,921	13,145	49,785
	308,299	168,164	27,329	503,792	580,907	386,891	286,565	1,254,363
Interest expense	52,173	-	-	52,173	16,100	10,600	3,400	30,100
Joint Venture overhead fee	-	-	-	-	-	(15,471)	-	(15,471)
Expense recoveries	(2,336)	(584)	(61)	(2,981)	-	-	-	-
Mineral property examination costs	-	-	(5,554)	(5,554)	-	-	(14,149)	(14,149)
Mineral exploration tax credit	(66,411)	(36,298)	(573)	(103,282)	(112,600)	(68,400)	(25,400)	(206,400)
	291,725	131,282	21,141	444,148	484,407	313,620	250,416	1,048,443
Balance of costs, beginning of period	10,340,406	613,843	1,900,059	12,854,308	9,195,370	90,895	1,569,607	10,855,872
Balance of costs, end of period	\$ 10,632,131	\$ 745,125	\$ 1,921,200	\$ 13,298,456	\$ 9,679,777	\$ 404,515	\$ 1,820,023	\$ 11,904,315

The accompanying notes are an integral part of these financial statements.

**EXPATRIATE RESOURCES LTD.
CONSOLIDATED SCHEDULE OF METAL LEACHING
AND SULPHUR TECHNOLOGY COSTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2001
(UNAUDITED)
(SEE: NOTICE TO READER)**

(With comparative unaudited figures for the six month period ended June 30, 2000)

	2001	2000
Acquisition costs	\$ 935,000	\$ 935,000
Deferred development costs		
Consulting	1,200	13,776
Office and miscellaneous	2,433	1,202
Patent fees	1,153	20,754
	4,786	35,732
Interest income	-	(860)
Total cost incurred during period	4,786	34,872
Balance of costs, beginning of period	199,141	143,725
Balance of costs, end of period	203,927	178,597
 Total Metal Leaching and Sulphur Technology Costs	 \$ 1,138,927	 \$ 1,113,597

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of Expatriate Resources Ltd. (the “Company”) have been prepared in accordance with the same accounting policies and methods of their application as the most recent audited consolidated financial statements for the year ended December 31, 2000. It is suggested that the interim consolidated financial statements be read in conjunction with the annual consolidated financial statements.

2. PRINCIPALS OF CONSOLIDATION

The consolidated financial statements include the accounts of the following subsidiaries:

	Incorporation	Percentage of Ownership
Latina Resources Ltd.	British Columbia	100%
Nitrosyl Technologies Corporation	British Columbia	100%
Nitrox Metals Corporation	British Columbia	50%
Catalytic Sulphur Corporation	British Columbia	75%
Minera Latina, S.A.	Argentina	100%
Compañía Minera Latina Limitada	Chile	100%
Minera Latina S.A. de C.V.	Mexico	100%

3. CASH - RESTRICTED

The Company entered into Flow-through Share Subscription Agreements whereby it is committed to incur and renounce to the subscribers, a total of \$2,423,523 of qualifying Canadian Exploration Expenses as described in the Income Tax Act of Canada. To June 30, 2001, the Company has incurred \$753,293 of qualifying exploration expenses. The Company has a commitment to incur an additional \$1,670,230 of qualifying exploration expenses of which \$836,540 has been restricted for this purpose.

4. CAPITAL ASSETS

	June 30, 2001			December 31, 2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 24,754	\$ 4,703	\$ 20,051	\$ 22,279
Computer equipment	17,619	4,889	12,730	14,976
	<u>\$ 42,373</u>	<u>\$ 9,592</u>	<u>\$ 32,781</u>	<u>\$ 37,255</u>

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES

	June 30, 2001			
	Acquisition Costs (Net of Recoveries)	Deferred Exploration and Development Costs	Write-off Of Capitalized Costs	Total
Canalask Property	\$ 17,686	\$ 571,875	\$ -	\$ 589,561
Aurex-Sinister Property	24,965	116,011	-	140,976
Finlayson Project	1,765,892	10,632,131	-	12,398,023
Donjek Properties	11,317	94,073	-	105,390
Selwyn Basin Properties	125,452	460,059	-	585,511
Wolverine Joint Venture Properties	2,557,500	745,125	-	3,302,625
Eureka Joint Venture Properties	64,894	91,758	-	156,652
Tillex and Cook Properties	184,432	-	-	184,432
Hyland Gold Joint Venture	49,000	75,717	-	124,717
Black and Fisher Properties	29,494	8,907	-	38,401
Isleña Project	75,950	498,300	(43,250)	531,000
Gabriella Property	7,600	2,100	-	9,700
Lucy Property	2,850	2,400	-	5,250
	<u>\$ 4,917,032</u>	<u>\$ 13,298,456</u>	<u>\$ (43,250)</u>	<u>\$ 18,172,238</u>

	December 31, 2000			
	Acquisition Costs (Net of Recoveries)	Deferred Exploration And Development Costs	Write-off of Capitalized Costs	Total
Canalask Property	\$ 17,686	\$ 571,735	\$ -	\$ 589,421
Aurex-Sinister Property	24,965	115,874	-	140,839
Finlayson Project	1,765,892	10,340,406	-	12,106,298
Donjek Properties	11,317	94,073	-	105,390
JD Property	-	-	-	-
Selwyn Basin Properties	125,452	460,062	-	585,514
Wolverine Joint Venture Properties	2,557,500	613,843	-	3,171,343
Eureka Joint Venture Properties	64,894	88,466	-	153,360
Tillex and Cook Properties	184,432	-	-	184,432
Hyland Gold Joint Venture	49,000	75,642	-	124,642
Black and Fisher Properties	29,494	8,907	-	38,401
Isleña Project	75,950	483,800	-	559,750
Gabriella Property	7,600	600	-	8,200
Lucy Property	2,850	900	-	3,750
	<u>\$ 4,917,032</u>	<u>\$ 12,854,308</u>	<u>\$ -</u>	<u>\$ 17,771,340</u>

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES (CONT'D)

Only those properties for which there have been changes to the acquisition terms are described below.

Aurex-Sinister Property

- i. By a Letter Agreement dated June 30, 1993, the Company acquired a 100% interest in thirty-six (36) mineral claims located in the Mayo Mining District, Yukon Territory.
- ii. The Company has acquired by staking a 100% interest in one-hundred and sixteen (116) additional mineral claims located in the same area as the claims described above.
- iii. By an Agreement dated January 12, 1999 (subsequently amended August 20, 2001), the Company acquired a 100% interest (subject to an aggregate 4.5% net smelter return royalty which may be purchased at any time for a total of \$2,000,000) in two hundred (200) mineral claims known as the Aurex Property located in the Mayo Mining District, Yukon Territory, for consideration of:
 - Cash payments totalling \$80,000 (of which \$40,000 was paid to June 30, 2001);
 - Prior exploration and development expenditures totalling approximately \$180,000 (incurred); and
 - 600,000 shares of the Company's capital stock.
- iv. By a Letter of Intent dated November 1, 1999, the Company had agreed to grant Newmont Mining Corporation ("Newmont") of Denver, Colorado, an option to acquire a 51% interest in this property for a consideration of:
 - \$100,000 cash from Newmont over the term of the option (including an initial payment of \$20,000 (received));
 - fulfilling all of the underlying obligations of the January 12, 1999 Agreement regarding the Aurex Property; and
 - making exploration and development expenditures aggregating \$3,500,000 over a five (5) year period.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES (CONT'D)

Upon vesting of a 51% interest, Newmont could have acquired an additional 9% interest in the property by incurring an additional \$2,500,000 on exploration and development expenditures on the property over a three year period, after which it may have increased its interest to 80% by completing a positive feasibility study on the property and making a production decision.

Effective August 1, 2001 Newmont terminated this option agreement.

Finlayson Project

- i. The Company has acquired by staking a 100% interest in approximately 4,125 mineral claims of which 4,085 claims are located in the Watson Lake Mining District, Yukon Territory and 40 are located in the Whitehorse Mining District, Yukon Territory. (Total staking costs to date are \$707,792).

The Company acquired one hundred and fifty-five (155) of the above mineral claims by an Agreement dated March 3, 1999 for a consideration of 100,000 common shares of the Company's capital stock (issued at a price of \$0.55 per common share. See Note 11e).

During the year ended December 31, 1996, a finders fee consisting of 5,000 shares issued at a price of \$0.62 per share was paid in relation to this property.

- ii. Through various Agreements, the Company had granted Boliden Westmin (Canada) Limited (formerly Westmin Resources Limited) of Vancouver, British Columbia ("Boliden") an option to acquire a 50% interest in the Puck mineral property within the Finlayson Project.

During the year ended December 31, 1999, the Company received notice from Boliden that it does not intend to fulfill its obligations under the Agreements and accordingly the Agreements were terminated and the Company retains a 100% interest in the Puck mineral property.

- iii. By a Memorandum of Understanding dated February 29, 2000 (effective May 24, 2000) with Cominco Ltd. of Vancouver, British Columbia ("Cominco"), the Company acquired a right to purchase a 100% interest in two thousand eight hundred and twenty-nine (2,829) mineral claims (the "Property") located in the Finlayson Lake area, Watson Lake Mining District, Yukon Territory. In addition to these claims the Company would acquire Type A and B water licenses, and access road surface rights lease (the "Other Assets"). The initial purchase price is \$11,000,000 consisting of a \$1,000,000 payable on signing of the formal agreement (the "Purchase Agreement") (paid) and a Convertible Debenture of \$10,000,000.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES (CONT'D)

The Debenture is to be repaid over a four (4) year term with \$1,000,000 payable on each of the first, second, and third anniversaries of the Purchase Agreement, and the balance on the fourth anniversary of the Purchase Agreement. The Debenture will be repayable at any time and shall bear interest after the second anniversary of the Purchase Agreement at a rate of 8% per annum. The Company may extend the final payment an additional 180 days at an interest rate of 12% per annum. The Debenture provides that Cominco may at its election, at any time after the second anniversary of the Purchase Agreement, convert up to 70% of any outstanding indebtedness thereunder into common shares of the Company. The conversion price shall be 115% of the average closing price of the Company's share capital in the 10 days prior to the notice to convert. The Debenture remains in escrow to be issued on closing of this transaction.

Cominco will also receive an additional \$2,000,000 on commencement of production from the Property and a Net Smelter Return Royalty (the "NSR royalty") on all production therefrom. The NSR royalty shall be 1% during the first four years of production. After the four years of production, the NSR royalty shall range from 2% to 3.5% based on the price of zinc. The Company has the right of first offer to purchase the NSR royalty should Cominco sell all or any part of it.

Cominco also receives a right of first offer to purchase all or part of the products from the Property or any processing facility built thereon or any processing facility treating ores from the Property.

The Company has also granted Cominco a warrant to purchase up to 2,500,000 common shares of its capital stock at a price of \$1.00 per common share on or before March 1, 2007. The warrant will be issued on closing of this transaction.

The Company will replace Cominco's letter of credit for security bonds related to surface rights lease and water licence, estimated at \$450,000. In addition, the Company will provide Cominco with an environmental bond related to its activities on the Property totalling approximately \$80,000.

This acquisition is subject to regulatory acceptance.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES (CONT'D)

Donjek Properties

By an Option Agreement dated February 20, 2001, the Company granted Nordac Resources Ltd. ("Nordac") of Vancouver, British Columbia, an option to acquire a 50% interest in ninety-eight (98) mineral claims (the Donjek properties) located in the Whitehorse Mining District, Yukon for consideration of:

- payment of assessment fees totalling \$5,670 (paid);
- exploration expenditures totalling \$30,000 on or before December 31, 2001; and
- granting an area of interest extending three (3) km from the boundary of the property within which any claims subsequently acquired by Nordac will become subject to the agreement.

Isleña Project

By three (3) Agreements dated July 1, 1999, the Company acquired an option to earn a 100% interest in three (3) contiguous mineral properties, known as the Isleña project, located in the Taltal area of Chile. The mineral properties were subject to a 2% net smelter return royalty which may have been purchased for an aggregate of US\$2,600,000. The Company made payments of US\$15,600 (Can\$22,600) on signing in June 1999 and payments of US\$25,600 (Can\$38,350) in June 2000. Two (2) of the agreements were terminated in June 2001. As a result of the termination of these two (2) agreements acquisition costs totalling US\$29,200 (Can\$43,250) have been written-off. Payments remaining under the Mina Union Agreement are as follows:

US \$	6,000	on or before June 28, 2001(subsequently paid)
US \$	15,000	on or before June 28, 2002
US \$	25,000	on or before June 28, 2003
US \$	<u>602,000</u>	on or before June 28, 2004
US \$	<u>648,000</u>	

The Mina Union Agreement is subject to a 2% Net Smelter Return Royalty that may be purchased for an aggregate of US\$660,000.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

5. MINERAL PROPERTIES (CONT'D)

By a fourth Agreement dated May 26, 2000 (amended May 2001), the Company acquired an option to earn a 100% interest in a fourth mineral property, contiguous to the above mineral properties, located in the Taltal area of Chile. The mineral properties are subject to a 2% net smelter return royalty which may be purchased in increments for an aggregate of approximately US\$3,200,000. The Company's consideration for this agreement are US\$ equivalent cash payments totalling approximately US\$115,175 as follows:

US \$	10,000 on signing of Agreement (paid {Can\$15,000})
US \$	2,800 on or before May 26, 2001
US \$	1,275 on or before May 26, 2002
US \$	4,050 on or before May 26, 2003
US \$	4,050 on or before May 26, 2004
US \$	12,100 on or before May 26, 2005
US \$	<u>80,900 on or before May 26, 2006</u>
US \$	<u>115,175</u>

6. CONVERTIBLE LOAN

	June 30, 2001	December 31, 2000
Maturing May 10, 2004, secured by Convertible Note and bearing an effective interest rate of 11.11% per annum, payable quarterly.	<u>\$ 500,000</u>	<u>\$ 500,000</u>

All or part of the principal amount of the loan is convertible at the option of the lender into common shares of the Company at a price of \$0.65 per common share on or before May 10, 2002; at a price of \$0.75 per common share on or before May 10, 2003; or at a price of \$0.85 per common share on or before May 10, 2004.

The Company has the right to prepay all or any portion of the convertible loan outstanding.

As additional consideration for the loan, the Company issued share purchase warrants to the lender, entitling it to subscribe for up to 769,230 common shares of the Company at a price of \$0.65 per common share on or before May 10, 2002.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001

7. SHARE CAPITAL

The authorized share capital of the Company consists of 100,000,000 common shares without par value and 100,000,000 Class “A” Preferred shares having a par value of \$1.00 per share.

The Company has issued common shares of its capital stock as follows:

	June 30, 2001		December 31, 2000	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Balance, beginning of period/year	22,856,266	\$ 21,027,230	17,668,701	\$ 18,461,384
Issued during the period/year for:				
Cash	619,000	184,425	3,785,825	1,837,389
Mineral properties	-	-	1,000,000	550,000
Special Warrants	-	-	380,000	168,457
Services	-	-	21,740	10,000
Share subscription advances	1,116,166	444,966	-	-
Finders fees	6,250	2,500	-	-
Balance, end of period/year	24,597,682	\$ 21,659,121	22,856,266	\$ 21,027,230

**Transactions for the Issue of Share Capital
During the Period Ended June 30, 2001:**

- a. The Company completed a Private Placement financing consisting of 500,000 flow-through common shares at a price of \$0.40 per common share for a total consideration of \$200,000, which was received prior to December 31, 2000.

The Company completed a Private Placement financing consisting of 616,166 flow-through common shares at a price of \$0.40 per common share for a net consideration of \$244,966 after payment of finders fees totalling \$1,500, which was received prior to December 31, 2000.

In addition, the Company issued 6,250 common shares at a price of \$0.40 per common share as a finders fee for this transaction.

- c. The Company completed a Private Placement financing consisting of 619,000 units at a price of \$0.30 per unit for a net consideration of \$184,425 after payment of finders fees totalling \$1,275. Each unit consists of one (1) common share and one-half (1/2) of a share purchase warrant. Each full share purchase warrant is exercisable to acquire one (1) additional common share at a price of \$0.45 per share on or before April 30, 2002.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. SHARE CAPITAL (CONT'D)

Stock Options:

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 4,919,000. Options granted under the Plan will have a maximum term of ten (10) years. The exercise price of options granted under the Plan will not be less than the market price of the common shares (defined as the average closing market price of the Company's common shares for the ten (10) trading days immediately preceding the day on which the Canadian Venture Exchange receives notice regarding the granting of such options), or such other price as may be agreed to by the Company and accepted by the Canadian Venture Exchange.

A summary of the status of the Company's stock option plan as of June 30, 2001 and December 31, 2000 and changes during the period/year then ended is as follows:

	June 30, 2001		December 31, 2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of period/year	2,302,000	\$ 0.50	1,625,000	\$ 0.47
Granted	100,000	0.40	1,015,000	0.55
Exercised	-	-	(40,000)	(0.48)
Forfeited/cancelled	(72,500)	(0.57)	(298,000)	(0.49)
Options outstanding, end of period/year	2,329,500	\$ 0.49	2,302,000	\$ 0.50

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. SHARE CAPITAL (CONT'D)

Warrants:

At June 30, 2001, the Company had outstanding share purchase warrants exercisable to acquire 2,515,416 common shares as follows:

Number	Exercise Price	Expiry Date
112,500	\$0.55	December 27, 2001
452,529*	\$0.52	December 31, 2001
309,500	\$0.45	April 30, 2002
769,230	\$0.65	May 10, 2002
76,884**	\$0.85	June 7, 2002
334,773**	\$0.45	June 7, 2002
160,000	\$0.45	June 7, 2002
50,000**	\$0.70	June 7, 2002
250,000	\$0.40	June 29, 2002
<u>2,515,416</u>		

* Fifty percent (50%) exercisable to acquire “flow-through” common shares

** Exercisable to acquire flow-through common shares or ordinary common shares

8. SPECIAL WARRANTS

a. During the year ended December 31, 1999, the Company completed a Private Placement financing consisting of 850,000 Special Warrants at a price of \$0.55 per Special Warrant for a total consideration of \$340,827 after payment of finder’s fees and expenses of \$126,673. Each Special Warrant is convertible, at no additional cost, into one (1) common share of the Company’s capital stock. The Special Warrants expire the earlier of:

- September 30, 2001; and
- The fifth business day following the date on which a receipt is issued by the required regulatory authorities for a Prospectus of the Company related to the distribution of these shares.

EXPATRIATE RESOURCES LTD.
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8. SPECIAL WARRANTS (CONT'D)

A preliminary prospect has been filed with the appropriate regulatory authorities and the Company is currently awaiting regulatory approval.

During the year ended December 31, 2000, 380,000 Special Warrants were converted into common shares.

- b. During the year ended December 31, 2000, the Company completed a Private Placement financing consisting of 24,000 Special Warrants at a price of \$0.50 per Special Warrant for a total consideration of \$12,000. Each Special Warrant is convertible, at no additional cost, into one (1) "flow-through" common share and one-half (1/2) of a share purchase warrant. Each full share purchase warrant is exercisable to acquire one (1) additional common share at a price of \$0.70 per common share on or before June 7, 2002. These Special Warrants expire the earlier of:
- September 30, 2001; and
 - The fifth business day following the date on which a receipt is issued by the required regulatory authorities for a Prospectus of the Company related to the distribution of these shares.
- c. During the year ended December 31, 2000, the Company completed a Private Placement financing consisting of 542,222 Special Warrants at a price of \$0.45 per Special Warrant for a total consideration of \$232,480 after payment of finders fees of \$15,520. Each Special Warrant is convertible, at no additional cost, into one (1) "flow-through" common share. These Special Warrants expire the earlier of:
- December 27, 2001; and
 - The fifth business day following the date on which a receipt is issued by the required regulatory authorities for a Prospectus of the Company related to the distribution of these shares.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. SPECIAL WARRANTS (CONT'D)

d. During the year ended December 31, 2000, the Company completed a Private Placement financing consisting of 2,500,000 Special Warrants issued at a price of \$0.40 per Special Warrant for a total consideration of \$950,000 after payment of a commission of \$50,000. Each Special Warrant is convertible, at no additional cost, into one (1) "flow-through" common share. These Special Warrants expire the earlier of:

- December 29, 2001; and
- The fifth business day following the date on which a receipt is issued by the required regulatory authorities for a Prospectus of the Company related to the distribution of these shares.

In addition, the Company issued non-transferable share purchase warrants exercisable to acquire two hundred and fifty thousand (250,000) common shares at a price of \$0.40 per common share on or before June 29, 2002.

9. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2001, the Company was involved in the following related party transactions:

- a. Exploration and development costs totalling \$32,946 and office services totalling \$2,224 have been incurred with a corporation related to the Company by common Directors.
- b. Management fees, consulting fees and salaries totalling \$104,968 have been incurred with certain directors, officers and corporations related by common Directors. Of this amount \$53,845 was capitalized to deferred costs.
- c. Legal fees and disbursements totalling \$54,500 have been incurred with a law firm in which a personal law corporation controlled by an Officer of the Company was a partner and now is an associate in the practice of law.

The transactions above have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. SEGMENTED INFORMATION

The Company has operations in Canada, Chile, Argentina and Mexico. The Company's subsidiary in Argentina is currently inactive. The Company's subsidiary in Mexico has been inactive since incorporation.

The Company's activities are all in the one (1) industry segment of mineral property exploration and development.

Financial information by geographical segments is as follows:

	<u>Canada</u>	<u>Chile</u>	<u>Argentina</u>	<u>Total</u>
June 30, 2001				
Amortization	<u>\$ 4,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,474</u>
Interest expense	<u>\$ 29,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,167</u>
Net loss for the period	<u>\$ 335,118</u>	<u>\$ 42,997</u>	<u>\$ -</u>	<u>\$ 378,115</u>
Total assets	<u>\$ 20,284,914</u>	<u>\$ 341,750</u>	<u>\$ 223,600</u>	<u>\$ 20,850,264</u>
December 31, 2000				
Amortization	<u>\$ 5,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,118</u>
Interest expense	<u>\$ 35,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,800</u>
Net (income) loss for the year	<u>\$ 864,271</u>	<u>\$ (8,350)</u>	<u>\$ (930)</u>	<u>\$ 854,991</u>
Total assets	<u>\$ 20,574,079</u>	<u>\$ 350,400</u>	<u>\$ 223,600</u>	<u>\$ 21,148,079</u>

EXPATRIATE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. JOINT VENTURE OPERATIONS

The consolidated financial statements include the Company's proportionate interest in its joint ventures as follows:

	June 20, 2001	December 31, 2000
Cash	\$ -	\$ -
Cash – restricted	30,954	10,880
Accounts receivable	3,741	6,553
Mineral exploration tax credit recoverable	197,492	160,864
	<u>232,187</u>	<u>178,297</u>
Mineral Properties, including deferred costs	899,868	765,801
	<u>\$ 1,132,055</u>	<u>\$ 944,098</u>
Accounts payable and accrued liabilities	\$ 21,709	\$ 36,702
Deficit	14,123	13,090
	<u>\$ 35,832</u>	<u>\$ 49,792</u>
Net investment in joint ventures	<u>\$ 1,096,223</u>	<u>\$ 894,306</u>
Net Loss for Period/Year	<u>\$ 1,033</u>	<u>\$ 2,287</u>
Cash flows from operating activities	<u>\$ (13,214)</u>	<u>\$ 12,659</u>
Cash flows from financing activities	<u>\$ -</u>	<u>\$ -</u>
Cash flows from investing activities	<u>\$ (97,439)</u>	<u>\$ (564,625)</u>

EXPATRIATE RESOURCES LTD.
JUNE 30, 2001

Section 1**A. ANALYSIS OF EXPENSES AND DEFERRED COST:**

See the accompanying consolidated financial statements.

Section 2**A. RELATED PARTY TRANSACTIONS FOR THE CURRENT FISCAL YEAR-TO-DATE:**

Refer to Note 9 in the accompanying consolidated financial statements.

The aggregate amount of expenditures made to parties not at arms length from the Company were \$194,638 during the current fiscal year to date.

Section 3**A. SECURITIES ISSUED DURING PERIOD ENDED JUNE 30, 2001:**

Date of Issue	Type of Security	Type of Issue	Number of Shares Issued	Price Per Share	Total Proceeds	Type of Consideration	Commissions and Expenses Paid
Jan. 8/01	Common Shares	Private Placement	500,000	\$0.40	\$ 200,000	Cash	N/A
Jan. 11/01	Common Shares	Private Placement	616,166	\$0.40	\$ 246,466	Cash	\$ 1,500
Jan. 11/01	Common Shares	Finders Fee	6,250	\$0.40	\$ 2,500	N/A	N/A
Apr. 30/01	Common Shares	Unit Offering	619,000	\$0.30	\$ 185,700	Cash	\$1,275
Apr. 30/01	Warrants	Unit Offering	309,500				

B. OPTIONS GRANTED DURING PERIOD ENDED JUNE 30, 2001:

Date Granted	Name of Optionee	Number of Options	Exercise Price	Expiry Date
Feb. 8/01	Walter Segsworth	100,000	\$0.40	Feb. 8, 2006

EXPATRIATE RESOURCES LTD.
JUNE 30, 2001

Section 4**A. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT JUNE 30, 2001:**

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 24,597,682 common shares have been issued for a total of \$21,659,121.

B. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES OUTSTANDING AS AT JUNE 30, 2001:

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Options	652,000	\$0.48	Dec. 11, 2002
Options	30,000	\$0.51	July 3, 2003
Options	250,000	\$0.39	Oct. 20, 2003
Options	52,500	\$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	290,000	\$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
Options	345,000	\$0.40	Dec. 29, 2005
Options	100,000	\$0.40	Feb. 8, 2006
Warrants	112,500	\$0.55	Dec. 27, 2001
Warrants	452,529*	\$0.52	Dec. 31, 2001
Warrants	309,500	\$0.45	April 30, 2002
Warrants	769,230	\$0.65	May 10, 2002
Warrants	76,884**	\$0.85	June 7, 2002
Warrants	160,000	\$0.45	June 7, 2002
Warrants	50,000**	\$0.70	June 7, 2002
Warrants	334,773**	\$0.45	June 7, 2002
Warrants	250,000	\$0.40	June 29, 2002
Convertible Loan	\$ 500,000	\$0.65 or \$0.75 or \$0.85	May 2, 2002 May 2, 2003 May 2, 2004

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

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

**EXPATRIATE RESOURCES LTD.
JUNE 30, 2001**

C. SHARES IN ESCROW OR SUBJECT TO POOLING AS AT JUNE 30, 2001:

Common shares in escrow - Nil

Section 5

A. LIST OF DIRECTORS AND OFFICERS AS AT AUGUST 7, 2001:

Dr. Harlan D. Meade	President/CEO/Director
Robert G. Yeoman	CFO/Director
P. Bradley Marchant	Vice-President Mining and Development/Director
Kjell Larsson	Director
Walter Segsworth	Director
John M. Sibley	Director
Carol E. Ellis	Vice-President Investor Relations
Glenn R. Yeadon	Secretary

**EXPATRIATE RESOURCES LTD.
JUNE 30, 2001**

Events During Second Quarter Ended June 30, 2001

Description of Business

Expatriate is in the business of exploration and development of mineral deposits in Canada and South America. Expatriate, through its subsidiary Nitrosyl Technologies Corporation, also has interests in metal leaching and sulphur technologies that may provide strategic benefit to the development of its mineral properties.

Discussion of Operations

Finlayson Project

During the second quarter, Expatriate continued evaluation of the Finlayson Project, Yukon, and advancement of its permit application for the combined development of the Kudz Ze Kayah and Wolverine deposits. It also commenced its 2001 exploration program with geophysical, geological and geochemical surveys in preparation for the diamond drilling program which started in July (see June 26, 2001 news release).

Acquisition of Mineral Properties From Cominco Ltd.

Expatriate did not make the \$1 million payment due to Cominco Ltd. on May 24, 2001. The payment is the first anniversary payment under the debenture that is to be granted to Cominco Ltd. under the Asset Sale Agreement for the purchase of the Kudz Ze Kayah properties (see March 1, 2000 news release). The failure to make this payment resulted from the withdrawal of the convertible development loan being negotiated with Resource Capital Fund II L.P (see May 1, 2001 and May 22, 2001 news releases).

The debenture remains in escrow pending transfer by Cominco Ltd. of all licenses and permits to Expatriate on closing. The closing and assignment of the leases and licenses have been delayed pending completion of financing by Expatriate sufficient to make the payment due to Cominco and to replace the security bonds lodged by Cominco Ltd. with governments, with security bonds of its own in satisfactory form to the respective regulatory bodies. These bonds total \$450,000. In addition, Expatriate is required to provide Cominco Ltd. with an \$85,000 environmental bond to cover its activities on the Kudz Ze Kayah properties.

On June 5, 2001 Expatriate announced that Cominco Ltd. had granted Expatriate an extension until September 5, 2001 to make the \$1 million payment under the debenture (see June 5, 2001 news release). Failure to make the required payment to Cominco would result in default under the Asset Sale Agreement and Cominco Ltd. would have the right to terminate that agreement. Upon termination, Expatriate would cease to have any interest or right to the Kudz Ze Kayah properties but would retain its 60% interest in the Wolverine Joint Venture and its wholly owned claims in the Finlayson District.

Expatriate is endeavouring to renegotiate the terms of the acquisition agreement for the Kudz Ze Kayah property from Cominco.

EXPATRIATE RESOURCES LTD.
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Other Projects

Expatriate entered into an agreement with True North Gems Inc. (see June 14, 2001 news release) granting True North an option to earn a 50% interest in Expatriate's Regal Ridge emerald property in the Finlayson District in southeast Yukon. True North may earn the interest by making aggregate exploration and development expenditures totaling \$1.1 million over five years and cash payments of \$50,000. The agreement provides for expenditures of \$100,000 during the first year. Upon True North vesting its interest, the parties will enter into a joint venture to continue exploration and development of the property.

Uravan Minerals Inc. undertook geophysical surveys in June on Expatriate's Canalask property in the Kluane District in southwest Yukon. Uravan is required to make exploration expenditures of \$300,000 by October 14, 2001 to maintain its option to earn a 50% interest in the property.

Latina Resources Ltd.

Expatriate continued to search for a joint venture partner for its Isleña, Gabriela and Lucy projects in northern Chile. These projects are owned by or under option to Expatriate's wholly owned Chilean subsidiary, Compañía Minera Latina Limitada. During the period, Minera Latina did not make the option payment due on June 25, 2001 in respect of the Celebracion claims that comprise part of the Isleña property. The option on the Celebracion claims has been allowed to lapse.

Nitrosyl Technologies Corporation

Discussions with potential strategic partners to participate in the development of Nitrosyl's sulphur and metal leaching technologies continued during the period.

Financing Activities

The withdrawal of the US\$5 million convertible development loan being negotiated with Resource Capital Fund II L.P (see May 22, 2001 news release) was a major setback in the financing plans of Expatriate. The loan was intended to provide the approximately \$1.5 million it required for the \$1million payment due to Cominco Ltd. on May 24, 2001 and the \$535,000 required for environmental bonding of the Kudz Ze Kayah property. With completion of this loan Expatriate planned to raise additional money to carry out the proposed \$3 million exploration program and permitting planned for the Finlayson Project in 2001. Current working capital is being used to fund the exploration activities commenced during the quarter.

Expatriate completed a private placement in April totaling \$185,700 through the sale of 619,000 units consisting of one common share and one-half warrant during the period (see news release of May 2, 2001).

Working capital at end of the second quarter was \$1,182,095 dollars of which \$836,540 is restricted cash for use in exploration and permitting on its Finlayson Project and its other projects. Unrestricted capital available for administrative and related costs remains tight at the end of the quarter.

EXPATRIATE RESOURCES LTD.
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Expatriate has entered into discussions with numerous groups to secure the necessary financing to provide for the current Cominco payment, environmental bonding and subsequent payments under the Asset Purchase Agreement for Kudz Ze Kayah. In addition, it is planning private placement equity sales during the third quarter to replace cash used in exploration and to provide working capital for corporate and administrative expenditures.

Corporate Activities

Management focused much of its efforts on financing the Finlayson Project. Numerous financing proposals were considered and the aforementioned US\$5 million convertible development loan was negotiated with Resource Capital Fund II L.P (see news release of May 22, 2001).

Expatriate filed its Annual Information Form dated May 22, 2001 with the BC and Alberta Securities Commissions.

Expatriate received approval from the Canadian Venture Exchange to reprice and/or extend the exercise period for 633,657 share purchase warrants that were to expire on June 7, 2001 and July 31, 2001. All the warrants were extended to June 7, 2002 and the exercise price for 494,773 share purchase warrants was repriced to \$0.45.

The Preliminary Prospectus was filed with the Ontario Securities Commission on April 9 and progress is being made to finalize the Prospectus. The **Annual General Meeting** of Expatriate was held Tuesday June 5, 2001. Expatriate's nominees for the Board, Messrs. Larsson, Meade, Segsworth, Sibley and Yeoman, and Mr. Marchant, a nominee from the floor, were elected at the meeting. Messrs. Douglas Eaton and William Fisher did not stand for re-election. The Company thanks them for their service during the past year.

With the changes to the Board, the Audit and Compensation committees were amended. The Audit Committee consists of Messrs. Walter Segsworth, Kjell Larsson and Robert Yeoman, and the Compensation Committee consists of Messrs. Segsworth and Sibley.

Expatriate continues to engage Gateway Communications of Osoyoos, British Columbia to provide investor services of communicating new releases to investors and potential investors. For these services, Gateway received \$3,000 during the period.

Dr. Harlan Meade, President, participated in mining workshops in Seoul, Korea and Tokyo, Japan. The workshops were organized by Natural Resources Canada and the Canadian Embassy to inform participants on mining developments in Canada with particular emphasis on northern Canada. Expatriate presented its Finlayson Project as an advanced exploration and development project. Expatriate also met with officials of several of the smelter companies in Seoul and Tokyo that have expressed interest in receiving concentrates from the Finlayson Project.

EXPATRIATE RESOURCES LTD.
JUNE 30, 2001

Management has been in discussion with numerous financial institutions interested in providing services to it in financing the Finlayson Project to production and/or securing a strategic partner for Expatriate with the technical and financial strength to secure the project financing.

Liquidity and Solvency

Expatriate has sufficient funds to cover approximately half of the \$3 million exploration and permitting program originally proposed for the Finlayson Project during 2001. The size of the 2001 program is now dependent upon securing sufficient capital to make the payments due Cominco and the bonding for Kudz Ze Kayah to allow exploration on the Kudz Ze Kayah properties. Exploration on the Kudz Ze Kayah properties was to have been a major part of the 2001 program. Expatriate intends to sell additional flow-through shares in the latter part of the year once financing for the Cominco payment and bonding are secured. Expenditures on its other exploration properties are expected to be small during 2001 with the focus on the Finlayson Project.

Expatriate needs to raise a minimum \$1,535,000 to maintain its agreement with Cominco Ltd. for the purchase of the Kudz Ze Kayah properties and to keep the Finlayson Project together. To this end, Expatriate is seeking to renegotiate the terms of the acquisition agreement for the Kudz Ze Kayah property with Cominco. It also needs to raise additional unrestricted capital to meet its administrative and other expenses not eligible for Canadian Exploration Expense.

Expatriate is planning a financing to remedy the shortfall.

Subsequent Events

Expatriate commenced diamond drilling on its Finlayson Project on July 12, 2001. The initial drill hole was collared on Expatriate's wholly owned Puck property. The hole is testing for extension of the Sable Zone mineralization to the southeast across the claim boundary of Wolverine Joint Venture claims.

True North Gems has notified Expatriate of its intent to enter into the option and has made the initial option payment of \$10,000. Newmont Mining Corporation informed Expatriate on July 30, 2001 that it has terminated the agreement for its option of Expatriate's Aurex gold property in the Keno Hill District of the Yukon. On August 16, 2001, Expatriate acquired 100% interest the Aurex property, subject to a 4.5% royalty interest by issuing 600,000 share to Gtech International Resources Limited.

Expatriate's claim for the Yukon Exploration rebate has been accepted and, subsequent to June 30, 2001, the Company received a payment of \$485,000 in respect of eligible exploration expenditures made in the Yukon during 2000.