

FORM 51-901F

QUARTERLY REPORT

Incorporated as part of:  X  Schedule A  
 X  Schedules B & C

**ISSUER DETAILS:**

Name of Issuer EXPATRIATE RESOURCES LTD.

Issuer Address #701 - 475 Howe Street, Vancouver, B.C. V6C 2B3

Issuer Telephone Number (604) 682-5474

Contact Person Harlan D. Meade

Contact Position President

Contact Email Address info@expatriateresources.com

Web Site Address www.expatriateresources.com

Contact Telephone Number (604) 682-5474

For Quarter Ended September 30, 2001

Date of Report (yy/mm/dd) 01/11/28

CERTIFICATE

The schedule(s) required to complete this quarterly report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this quarterly report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule A and Schedules B & C.

"Harlan D. Meade" 01/11/29  
NAME OF DIRECTOR DATE SIGNED (YY/MM/DD)

"Robert G. Yeoman" 01/11/29  
NAME OF DIRECTOR DATE SIGNED (YY/MM/DD)

**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 September 30, 2001, the consolidated statement of operations and deficit, the consolidated statement of cash flows, the consolidated schedule of deferred exploration and development costs, and the consolidated schedule of metal leaching and sulphur technology costs for the nine 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  
November 28, 2001

**EXPATRIATE RESOURCES LTD.  
CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2001  
(UNAUDITED)  
(SEE: NOTICE TO READER)**

**(With comparative audited consolidated figures for December 31, 2000)**

	September 30, 2001	December 31, 2000
<b>ASSETS</b>		
Current Assets		
Cash	\$ 6,061	\$ 7,592
Cash – restricted (Note 3)	307,807	1,631,723
Accounts receivable	74,398	56,118
Mineral exploration tax credit recoverable	308,905	478,108
Marketable securities	-	4,607
	697,171	2,178,148
Capital Assets (Note 4)	30,543	37,255
Mineral Properties, including deferred costs (Note 5)	17,935,395	17,771,340
Metal Leaching and Sulphur Technology, including deferred costs	1,143,845	1,134,141
Due from Joint Venture	22,699	22,400
Deposit	4,811	4,795
	\$ 19,834,464	\$ 21,148,079
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 237,398	\$ 362,272
Convertible Loan (Note 6)	500,000	500,000
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 7)	21,796,277	21,027,230
Share Subscription Advances	-	446,466
Special Warrants (Note 8)	1,346,850	1,403,916
Deficit	(4,046,061)	(2,591,805)
	19,097,066	20,285,807
	\$ 19,834,464	\$ 21,148,079

Approved on Behalf of the Board:

*“Harlan D. Meade”*

Director

*“Robert G. Yeoman”*

Director

**EXPATRIATE RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2001**  
**(UNAUDITED)**  
**(SEE: NOTICE TO READER)**

**(With comparative unaudited consolidated figures for the periods ended September 30, 2000)**

	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
<b>ADMINISTRATION COSTS:</b>				
Accounting fees	\$ 10,654	\$ 3,682	\$ 27,758	\$ 18,397
Amortization	2,238	8,399	6,712	8,399
Consulting	1,124	50,000	23,655	86,224
Filing fees	2,047	1,904	13,842	12,087
Investor relations and financing	56,759	69,216	143,996	314,271
Legal fees	19,000	56,130	76,996	116,961
Rent and office services	14,856	24,405	71,443	82,561
Salaries and benefits (recovery)	(31,235)	75,170	33,774	100,052
Transfer agent	323	229	2,886	2,186
	75,766	289,135	401,062	741,138
Interest and miscellaneous income	(16,702)	(11,309)	(40,941)	(51,856)
	59,064	277,826	360,121	689,282
<b>OTHER ITEMS:</b>				
Interest on long-term debt	15,277	14,000	44,444	21,800
Loss (Gain) on conversion of foreign currencies	(700)	6,785	(1,567)	35,803
Loss (Gain) on disposal of marketable securities	-	1,505	(46)	1,505
Mineral property examination costs	-	1,650	5,554	15,799
Write-off of capitalized costs related to abandoned mineral properties	1,000,000	-	1,043,250	-
	1,014,577	23,940	1,091,635	74,907
<b>LOSS FOR THE PERIOD</b>	1,073,641	301,766	1,451,756	764,189
<b>DEFICIT AT BEGINNING OF PERIOD</b>	2,972,420	2,199,237	2,591,805	1,736,814
<b>SHARE ISSUE COSTS</b>	-	-	2,500	-
<b>DEFICIT AT END OF PERIOD</b>	\$ 4,046,061	\$ 2,501,003	\$ 4,046,061	\$ 2,501,003
Loss per share: based on the weighted average number of shares outstanding during the period	\$ (0.04)	\$ (0.01)	\$ (0.06)	\$ (0.04)

**EXPATRIATE RESOURCES LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2001**  
**(UNAUDITED)**  
**(SEE: NOTICE TO READER)**

**(With comparative unaudited consolidated figures for the periods ended September 30, 2000)**

	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
<b>OPERATING ACTIVITIES:</b>				
Loss for the period	\$ (1,073,641)	\$ (301,766)	\$ (1,451,756)	\$ (764,189)
Adjustments:				
Amortization	2,238	8,399	6,712	8,399
Loss (Gain) on conversion of foreign currencies	(700)	6,785	(1,567)	35,803
Loss (Gain) on disposal of marketable securities	-	1,505	(46)	1,505
Write-off of capitalized costs related to abandoned mineral properties	1,000,000	-	1,043,250	-
Membership fees paid by issuance of share capital	-	-	-	10,000
	(72,103)	(285,077)	(403,407)	(708,482)
Change in non-cash working capital items	421,146	(59,102)	347,690	375,535
	349,043	(344,179)	(55,717)	(332,947)
<b>FINANCING ACTIVITIES:</b>				
Convertible loan proceeds	-	-	-	500,000
Issue of special warrants for cash	-	12,000	-	12,000
Special warrant issue costs	(1,080)	-	(16,646)	-
Issue of share capital for cash	-	120,000	182,925	887,928
Mineral property option payment received	10,000	25,000	10,000	45,000
Share subscription advances	-	591,530	-	591,530
	8,920	748,530	176,279	2,036,458
<b>INVESTING ACTIVITIES:</b>				
Proceeds on disposal of marketable securities	-	1,995	4,653	1,995
Acquisition costs of mineral properties	(13,936)	1,230	(13,936)	(1,047,544)
Deferred exploration and development costs, net of mineral exploration tax credit	(880,844)	(628,766)	(1,428,274)	(1,883,609)
Deferred metal leaching and sulphur technology costs	(4,918)	(15,662)	(9,704)	(50,534)
Acquisition costs of capital assets	-	(5,198)	-	(41,510)
Deposit	-	-	(16)	-
Due from Joint Venture	-	132,000	(299)	-
	(899,698)	(514,401)	(1,447,576)	(3,021,202)
Gain (Loss) on conversion of foreign currencies	700	(6,785)	1,567	(35,803)
<b>DECREASE IN CASH</b>	(541,035)	(116,835)	(1,325,447)	(1,353,494)
<b>CASH AT BEGINNING OF PERIOD</b>	854,903	969,350	1,639,315	2,206,009
<b>CASH AT END OF PERIOD</b>	<b>\$ 313,868</b>	<b>\$ 852,515</b>	<b>\$ 313,868</b>	<b>\$ 852,515</b>
Cash consists of:				
Cash	\$ 6,061	\$ 129,615	\$ 6,061	\$ 129,615
Cash – restricted	307,807	722,900	307,807	722,900
	<b>\$ 313,868</b>	<b>\$ 852,515</b>	<b>\$ 313,868</b>	<b>\$ 852,515</b>

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

**EXPATRIATE RESOURCES LTD.**  
**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2001**  
**(UNAUDITED)**

**(SEE: NOTICE TO READER)**

**(With comparative unaudited consolidated figures for the nine month period ended September 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	\$ 50,616	\$ -	\$ -	\$ 50,616	\$ 47,593	\$ -	\$ -	\$ 47,593
Assays	35,887	2,686	-	38,573	12,516	3,166	15,784	31,466
Consulting	257,135	16,345	5,671	279,151	161,232	195,456	47,058	403,746
Drafting	2,792	293	1,239	4,324	24,977	4,524	34,420	63,921
Drilling	184,054	-	-	184,054	178,574	80,336	-	258,910
Engineering	30,536	9,227	-	39,763	-	-	-	-
Environmental	93,024	166,676	1,039	260,739	-	-	-	-
Field Office	49,054	2,494	2,049	53,597	32,323	2,811	9,851	44,985
Helicopter and fixed wing charters	296,811	21,060	1,262	319,133	43,335	90,032	1,297	134,664
Labour	40,112	-	5,457	45,569	290,253	141,333	90,226	521,812
Professional fees	-	-	7,400	7,400	-	-	44,416	44,416
Recording fees	24,974	6,954	30,270	62,198	17,619	7,225	70,093	94,937
Supplies and miscellaneous	2,519	351	-	2,870	27,361	29,158	3,603	60,122
Surveys	16,943	-	-	16,943	66,568	10,138	20,460	97,166
Travel and freight	13,622	1,439	738	15,799	30,536	34,178	15,566	80,280
	1,098,079	227,525	55,125	1,380,729	932,887	598,357	352,774	1,884,018
Interest expense	65,859	-	-	65,859	28,540	18,100	4,500	51,140
Joint Venture overhead fee	-	-	-	-	-	(35,750)	-	(35,750)
Expense recoveries	(11,697)	(943)	(120)	(12,760)	-	-	-	-
Mineral property examination costs	-	-	(5,554)	(5,554)	-	-	(15,799)	(15,799)
Mineral exploration tax credit	(256,587)	(50,158)	(2,160)	(308,905)	(183,600)	(100,200)	(30,800)	(314,600)
	895,654	176,424	47,291	1,119,369	777,827	480,507	310,675	1,569,009
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	\$ 11,236,060	\$ 790,267	\$ 1,947,350	\$ 13,973,677	\$ 9,973,197	\$ 571,402	\$ 1,880,282	\$ 12,424,881

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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2001**  
**(UNAUDITED)**  
**(SEE: NOTICE TO READER)**

(With comparative unaudited consolidated figures for the nine month period ended September 30, 2000)

	2001	2000
ACQUISITION COSTS	\$ 935,000	\$ 935,000
DEFERRED DEVELOPMENT COSTS:		
Consulting	1,200	13,776
Office and miscellaneous	-	1,202
Patent fees	8,504	20,754
	9,704	35,732
Interest income	-	(860)
TOTAL COSTS INCURRED DURING PERIOD	9,704	34,872
BALANCE OF COSTS, BEGINNING OF PERIOD	199,141	143,725
BALANCE OF COSTS, END OF PERIOD	208,845	178,597
 TOTAL METAL LEACHING AND SULPHUR TECHNOLOGY COSTS	 \$ 1,143,845	 \$ 1,113,597

**EXPATRIATE RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 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, except that they do not include all note disclosures required for annual financial statements. 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%
Compañia 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 September 30, 2001, the Company has incurred \$1,161,275 of qualifying exploration expenses. The Company has a commitment to incur an additional \$1,262,248 of qualifying exploration expenses of which \$307,807 has been restricted for this purpose.

**4. CAPITAL ASSETS**

	September 30, 2001			December 31, 2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 24,754	\$ 5,817	\$ 18,937	\$ 22,279
Computer equipment	17,619	6,013	11,606	14,976
	<u>\$ 42,373</u>	<u>\$ 11,830</u>	<u>\$ 30,543</u>	<u>\$ 37,255</u>

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

**5. MINERAL PROPERTIES**

	September 30, 2001			Total
	Acquisition Costs (Net of Recoveries)	Deferred Exploration and Development Costs	Write-off Of Capitalized Costs	
Canalask Property	\$ 17,686	\$ 571,735	\$ -	\$ 589,421
Aurex-Sinister Property	109,365	115,874	-	225,239
Finlayson Project	1,755,892	11,236,060	(1,000,000)	11,991,952
Donjek Properties	11,317	94,073	-	105,390
Selwyn Basin Properties	125,452	460,059	-	585,511
Wolverine Joint Venture Properties	2,557,500	790,267	-	3,347,767
Eureka Joint Venture Properties	64,894	92,230	-	157,124
Tillex and Cook Properties	184,432	-	-	184,432
Hyland Gold Joint Venture	49,000	82,577	-	131,577
Black and Fisher Properties	29,494	8,907	-	38,401
Isleña Project	89,486	517,395	(43,250)	563,631
Gabriella Property	7,600	2,100	-	9,700
Lucy Property	2,850	2,400	-	5,250
	<u>\$ 5,004,968</u>	<u>\$ 13,973,677</u>	<u>\$ (1,043,250)</u>	<u>\$ 17,935,395</u>

	December 31, 2000			Total
	Acquisition Costs (Net of Recoveries)	Deferred Exploration And Development Costs	Write-off of Capitalized Costs	
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
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**  
**SEPTEMBER 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 (amended August 16, 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 (paid);
  - Prior exploration and development expenditures totalling approximately \$180,000 (incurred); and
  - 600,000 shares of the Company's capital stock (issued at a price of \$0.14 per share).
- 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**  
**SEPTEMBER 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).

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 have acquired Type A and B water licenses, and access road surface rights lease (the "Other Assets"). The initial purchase price was \$11,000,000 consisting of a \$1,000,000 payment 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**  
**SEPTEMBER 30, 2001**

**5. MINERAL PROPERTIES (CONT'D)**

The Debenture was 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 was repayable at any time and was to bear interest after the second anniversary of the Purchase Agreement at a rate of 8% per annum. The Company may have extended the final payment an additional 180 days at an interest rate of 12% per annum. The Debenture provided that Cominco may have, at its election any time after the second anniversary of the Purchase Agreement, converted up to 70% of any outstanding indebtedness thereunder into common shares of the Company. The conversion price was to 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 remained in escrow to be issued on closing of this transaction.

Cominco was to 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 was to be 1% during the first four years of production. After the four years of production, the NSR royalty would have ranged from 2% to 3.5% based on the price of zinc. The Company had the right of first offer to purchase the NSR royalty should Cominco sell all or any part of it.

Cominco also received 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 had 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 was to be issued on closing of this transaction.

The Company was to 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 was to provide Cominco with an environmental bond related to its activities on the Property totalling approximately \$80,000.

Subsequent to September 30, 2001 the Company negotiated a \$100,000 fee in respect of an extension granted for a \$1,000,000 debenture payment described above. The fee will consist of a cash payment of \$60,000 and the issue of 400,000 shares at a price of \$0.10 per share, subject to regulatory acceptance.

During the current year the management of the Company resolved to abandon this project, and accordingly, the related capitalized acquisition costs have been written-off to deficit.

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

**5. MINERAL PROPERTIES (CONT'D)**

- iv. By an Agreement dated June 12, 2001, the Company has granted True North Gems Inc. of West Vancouver, British Columbia, an option to acquire a 50% interest, for the express purpose of exploring for and recovery of gemstones only, in ninety-three (93) mineral claims, known as the Goal claims, for consideration of:
- \$10,000 cash on or before July 15, 2001 (received);
  - Incurring aggregate exploration expenditures of \$1,100,000 on the property as follows:
    - \$100,000 on or before March 1, 2002;
    - \$250,000 on or before March 1, 2003;
    - \$250,000 on or before March 1, 2004;
    - \$250,000 on or before March 1, 2005;
    - \$250,000 on or before March 1, 2006; and
  - \$40,000 cash on completion of the aggregate exploration expenditures.

**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 (paid {Can\$9,236});  
US \$ 15,000 on or before June 28, 2002;  
US \$ 25,000 on or before June 28, 2003; and  
US \$ 602,000 on or before June 28, 2004  
US \$ 648,000

**EXPATRIATE RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. MINERAL PROPERTIES (CONT'D)**

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

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\$4,200,000. 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 (paid {Can\$4,300});
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; and
US \$	<u>80,900</u> on or before May 26, 2006
US \$	<u>115,175</u>

**6. CONVERTIBLE LOAN**

	September 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.	\$ 500,000	\$ 500,000

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.**  
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**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:

	September 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	182,925	3,785,825	1,837,389
Mineral properties	600,000	84,000	1,000,000	550,000
Special Warrants	-	-	380,000	168,457
Services	-	-	21,740	10,000
Share subscription advances	1,116,166	446,466	-	-
Finders fees	6,250	2,500	-	-
Debt	531,557	53,156	-	-
Balance, end of period/year	25,729,239	\$ 21,796,277	22,856,266	\$ 21,027,230

**Transactions for the Issue of Share Capital**  
**During the Period Ended September 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.

- b. 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.**  
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**7. SHARE CAPITAL (CONT'D)**

- c. The Company issued 600,000 shares at a price of \$0.14 per share for the acquisition of the Aurex-Sinister property described in Note 5.
- d. The Company issued 531,557 shares at a price of \$0.10 per share to settle debts totalling \$53,156.

**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 September 30, 2001 and December 31, 2000 and changes during the period/year then ended is as follows:

	September 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	(537,000)	(0.51)	(298,000)	(0.49)
Options outstanding, end of period/year	1,865,000	\$ 0.49	2,302,000	\$ 0.50

**EXPATRIATE RESOURCES LTD.**  
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**7. SHARE CAPITAL (CONT'D)**

**Warrants:**

At September 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
2,515,416		

\* 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:

- 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.

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

A preliminary prospectus has been filed with the appropriate regulatory.

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:
- 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.
- 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.
- 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.

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

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 nine months ended September 30, 2001, the Company was involved in the following related party transactions:

- a. Exploration and development costs totalling \$40,265 and office services totalling \$2,224 have been incurred with a corporation related to the Company by former common Directors.
- b. Management fees, consulting fees and salaries totalling \$142,400 have been incurred with certain directors, officers and corporations related by common Directors. Of this amount \$55,944 was capitalized to deferred costs.
- c. Legal fees and disbursements and share issue costs totalling \$93,500 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.

**10. SEGMENTED INFORMATION**

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

Financial information by geographical segments is as follows:

	Canada	South America	Total
Capital Assets	\$ 30,543	\$ -	\$ 30,543

**EXPATRIATE RESOURCES LTD.**  
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**11. JOINT VENTURE OPERATIONS**

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

	September 30, 2001	December 31, 2000
Cash	\$ -	\$ -
Cash – restricted	26,069	10,880
Accounts receivable	30,110	6,553
Mineral exploration tax credit recoverable	52,318	169,849
	108,497	187,282
Mineral Properties, including deferred costs	1,141,783	777,951
	<u>\$ 1,250,280</u>	<u>\$ 965,233</u>
Accounts payable and accrued liabilities	\$ 34,302	\$ 46,827
Deficit	55,646	76,623
	<u>\$ 89,948</u>	<u>\$ 123,450</u>
Net investment in joint ventures	<u>\$ 1,160,332</u>	<u>\$ 841,783</u>
Net Income (Loss) for Period/Year	<u>\$ 20,977</u>	<u>\$ (65,821)</u>
Cash flows from operating activities	<u>\$ 102,426</u>	<u>\$ 12,659</u>
Cash flows from financing activities	<u>\$ -</u>	<u>\$ -</u>
Cash flows from investing activities	<u>\$ (363,832)</u>	<u>\$ (564,625)</u>

**EXPATRIATE RESOURCES LTD.**  
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**12. SUBSEQUENT EVENTS**

- a. The Company has entered into an Agreement with Amarc Resources Ltd. (“Amarc”) to acquire an initial 50% interest in a limited partnership, known as the Fox River Project located in Manitoba. The Fox River Project is under option from Falconbridge Limited (“Falconbridge”). Amarc holds the Fox River option rights that have been granted by Falconbridge for the beneficial interest of the partnership. The Fox River Project consists of 285,588 hectares that are wholly-owned by Falconbridge and 28,392 hectares in which Falconbridge has a 75% interest.

Upon Amarc having funded partnership expenditures totaling \$12.5 million on or before December 31, 2005, it will have earned 60% interest in the Fox River Project, subject to Falconbridge’s right to back-in to a 60% interest by completing and financing a bankable feasibility study and by arranging financing and completion guarantees for mine development. Under Expatriate’s agreement with Amarc, Expatriate may contribute 50% of the first \$5 million of exploration expenditures of the partnership under the Falconbridge Option, in order to earn what will ultimately be a 20% interest in the partnership.

- b. By an Agreement dated November 26, 2001, the Company acquired a 100% interest (subject to a 10% net profits interest) in certain mineral leases comprising 1,280 hectares, known as the Yava Property, located in Nunavut for consideration of \$3,163.
- c. The Company granted stock options exercisable to acquire 1,155,000 shares at a price of \$0.10 per share for a period of five (5) years, subject to regulatory acceptance.

**13. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified where appropriate to conform with the current periods consolidated financial statement presentation.

**EXPATRIATE RESOURCES LTD.  
SEPTEMBER 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 \$278,389 during the current fiscal year to date.

**Section 3****A. SECURITIES ISSUED DURING PERIOD ENDED SEPTEMBER 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				
Aug. 29/01	Common Shares	Property Acquisition	600,000	\$0.14	\$84,000	Mineral Property	N/A
Sept. 19/01	Common Shares	Debt Conversion	531,557	\$0.10	\$53,156	N/A	N/A

**B. OPTIONS GRANTED DURING PERIOD ENDED SEPTEMBER 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.  
SEPTEMBER 30, 2001**

**Section 4****A. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT SEPTEMBER 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 25,729,239 common shares have been issued for a total of \$21,796,277.

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

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Options	290,000	\$0.48	Dec. 11, 2002
Options	30,000	\$0.51	July 3, 2003
Options	250,000	\$0.39	Oct. 20, 2003
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	40,000	\$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.  
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**C. SHARES IN ESCROW OR SUBJECT TO POOLING AS AT SEPTEMBER 30, 2001:**

Common shares in escrow - Nil

**Section 5**

**A. LIST OF DIRECTORS AND OFFICERS AS AT NOVEMBER 28, 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
Carol E. Ellis	Vice-President Investor Relations
Terry Tucker	Vice-President Exploration
Glenn R. Yeadon	Secretary

**EXPATRIATE RESOURCES LTD.  
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**Events During Third Quarter Ended September 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 third quarter, Expatriate suspended evaluation of the Finlayson Project in the Yukon, following return of the Kudz Ze Kayah property to Teck Cominco Metals Ltd. Prior to the return of the Kudz Ze Kayah property Expatriate was evaluating the joint development of Kudz Ze Kayah deposit with the Wolverine deposit. The prefeasibility study completed in late 2000 indicated very attractive project economics for the joint development of the deposits. With the loss of the Kudz Ze Kayah property, Expatriate is now considering new development alternatives for Wolverine. The knowledge learned in the Finlayson Project prefeasibility study will be invaluable in evaluating these new development scenarios and focusing continuing exploration efforts in the Finlayson District.

Expatriate continues to retain its 60% interest in the Wolverine Joint Venture and its approximately 3661 wholly owned claims in the Finlayson District. 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 and tested for extension of the Sable Zone mineralization to the southeast across the claim boundary of Wolverine Joint Venture claims. The drill hole intersected extensive sericite-pyrite alteration in the favourable strata but no massive sulphides were intersected. The drill was then moved to the Goal Net property.

Expatriate reported the results of drilling on its wholly owned Goal Net property southeast of the Kudz Ze Kayah deposit in its September 5, 2001 news release. Although the drilling did not intersect significant massive sulphide mineralization it has demonstrated widespread alteration and anomalous base metal sulphide mineralization over a large area on the favourable horizon, and identified a new lower horizon for mineralization.

**EXPATRIATE RESOURCES LTD.  
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**Kudz Ze Kayah Property**

Expatriate did not make the \$1 million payment due to Teck Cominco Metals Ltd. on May 24, 2001 under the acquisition agreement with Cominco Ltd. (now Teck Cominco). Expatriate negotiated an extension agreement with Teck Cominco and continued to search for financing sufficient to allow it to make the payment. On September 5, 2001 Expatriate announced that it was returning the Kudz Ze Kayah property to Teck Cominco Metals Ltd. Expatriate does not retain any interest in the Kudz Ze Kayah property and has written off the \$1 million paid in initial acquisition costs.

**Other Projects**

True North Gems Inc. reported encouraging results on its trenching and sampling program on Expatriate's Regal Ridge Emerald property (see September 27, 2001 news release). True North is earning a 50% interest in the property under an option agreement with Expatriate (see June 14, 2001 news release). The property is located in the Finlayson District on the southwest part of Expatriate's large Goal Net property. 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. True North's expenditures significantly exceeded the \$100,000 first year obligation. Upon vesting its interest, the parties will enter into a 50:50 joint venture to continue exploration and development of the property.

In early August Expatriate was notified by Newmont Mining Corporation that it was relinquishing its option on the Company's Aurex Sinister property in the Mayo Mining District, Yukon (see news release of August 7, 2001). During the option period, Newmont spent approximately \$270,000 on exploration of the property successfully defining numerous drill targets based on geochemical and geophysical survey work. Subsequently, Expatriate negotiated a purchase agreement with Gtech International Resources Limited to acquire all interest in the Aurex claims by buying out the remaining obligations under its option agreement with Gtech. The consideration for all of the interest is the issuance of 600,000 common shares of Expatriate (see August 20, 2001 news release). Expatriate now owns 100% interest in both the Aurex and Sinister properties subject to underlying royalty interests. Expatriate is planning a drill program to test the property during 2002.

**Financing Activities**

Following 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); Expatriate undertook discussions with numerous groups to secure new financing for the payments to Teck Cominco Metals Ltd. in respect of the acquisition of Kudz Ze Kayah. These discussions were not successful.

**EXPATRIATE RESOURCES LTD.  
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Expatriate negotiated a debt settlement agreement with Resource Capital Fund by issuing it 531,557 common shares of the Company as payment in full of US\$34,126.68 of its expenses (see September 10, 2001 news release). The Company has no further obligations to the Fund.

Expatriate received \$485,000 from the Yukon Mineral Exploration Tax Credit (YMETC) in July in respect of eligible exploration expenditures made in the Yukon during 2000. The YMETC program remains in effect for 2001 and Expatriate may claim a tax credit for up to 25% of eligible exploration expenditures in 2001. As of the end of the quarter, Expatriate has estimated the YMETC recoverable as \$308,905.

There was no sale of shares for cash during the third quarter; however, shares were issued to settle debt with Resource Capital Fund and to acquire all of the interest in the Aurex Claims as noted above.

Working capital at the end of the third quarter was approximately \$460,000 dollars, all of which is effectively restricted capital for use in exploration on its Finlayson and other projects to fulfill its flow-through share obligations. The Company is working on financing opportunities to increase working capital.

**Corporate Activities**

Management continued to focus much of its efforts during the period on financing the Finlayson Project. With the return of the Kudz Ze Kayah property, management has shifted its focus to undertaking financing to provide additional working capital for administration expense and for exploration on its properties.

Prior to the return of Kudz Ze Kayah to Teck Cominco, management was 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. These discussions have now ceased.

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 \$3000 during the period (see subsequent events). During the period, Expatriate's options outstanding to employees, directors and officers was reduced from 2,329,500 to 1,865,000 due to cancellation of options to parties who no longer provide services to the Company (see also subsequent events).

**Liquidity and Solvency**

At the end of the third Quarter, Expatriate had working capital of approximately \$460,000. Expatriate is required to make an additional \$1,262,000 of expenditures of eligible Canadian Exploration Expense by December 31, 2001 to fulfill its obligations under the outstanding flow-through share agreements. This shortfall should be remedied in the fourth quarter; see subsequent events.

**EXPATRIATE RESOURCES LTD.  
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Expatriate needs to raise sufficient additional capital to fulfill the above obligations and provide additional working capital for ongoing expenditures. See subsequent events.

**Subsequent Events**

On October 31, 2001, Uravan Minerals Inc. reported exploration results of its summer program on Expatriate's Canalask property in the Kluane District in southwest Yukon. Its geophysical surveys and geochemical sampling have defined two areas with strong electromagnetic response and numerous nickel-copper-cobalt-platinum group element mineralization. The anomalies are interpreted to define embayments in the footwall of an ultramafic sill. The anomalies cover 800 and 1100 metres of the more than 5 km long sill structure. Uravan is earning a 50% interest in the Canalask property and has spent approximately \$300,000 of the \$2.2 million required to vest under the option agreement.

Expatriate has acquired a 100% interest in 1280 hectares of mineral leases comprising the Yava property in Nunavut. The Yava property hosts the Yava massive sulphide deposit with a historic resource estimated (circa Saleken, 1976) at 1,130,000 tons grading 1.03% copper, 1.60% lead, 4.96% zinc, 117g/t silver and 0.3 g/t gold. The resource is based on five drill holes testing the steeply dipping zone over a length of 140 meters and a depth of 110 metres. The deposit appears open in all directions

Expatriate purchased the mining lease for repayment of \$3,163.00 in taxes from Boliden Westmin (Canada) Limited. The property is subject to a 10% net profits interest to an underlying property owner. The acquisition provides Expatriate with another quality base-precious metal property with attractive exploration potential. Expatriate is evaluating opportunities to joint venture exploration of the property.

Expatriate has negotiated a settlement of a \$100,000 fee that was payable in respect of Cominco Limited giving Expatriate a 90-day extension to make a \$1,000,000 debenture repayment that was originally due May 24, 2001 (see release of June 5, 2001). Expatriate has paid Teck Cominco Metals Ltd. \$60,000 in cash. The balance of \$40,000 shall be settled by issuance of 400,000 common shares of Expatriate (see release of November 20, 2001).

Mr. John Sibley resigned from the Board of Directors on October 5, 2001. He was one of two Board nominees of Boliden Limited. Mr. Kjell Larsson, Boliden Limited, continues as a director. Boliden Limited holds approximately 33% of the issued shares of the Company.

Expatriate became a reporting issuer in Ontario on November 20, 2001, having made application in September pursuant to section 83.1(1) of the Securities Act (Ontario).

**EXPATRIATE RESOURCES LTD.  
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Expatriate has negotiated an agreement to acquire an initial 50% interest in a limited partnership (the Partnership) from Amarc Resources Ltd. (see news release November 27 2001). The Hunter Dickinson Group Inc. (HDGI) assigned its rights under an option agreement with Falconbridge Limited to earn an initial 60% joint venture interest in the Fox River Project in Manitoba (see Amarc Resources Ltd. press release of November 15, 2001). The Fox River Project covers a 250 km portion of the Fox River Belt of mafic and ultramafic rocks comprising the eastern extension of the Thompson Nickel Belt. The area is prospective for nickel-copper-platinum group element deposits. Recent surveys in the area also suggest the area is prospective for diamonds.

Under the agreement Expatriate shall participate in a limited partnership with Amarc in the funding of the first \$5 million of expenditures under the Falconbridge Option. Expatriate shall participate as to \$1.3 million in 2001 expenditures and \$1.2 million in 2002 expenditures. Approximately \$2.5 million of expenditures were made by the Partnership in March through September 2001.

Expatriate has negotiated a loan for \$1.3 million from HDGI for payment of 2001 Partnership expenditures. Subject to regulatory approval, HDGI shall receive a convertible debenture for \$1.3 million bearing interest at 8% per annum paid semi-annually. See the November 27, 2001 news release for details regarding conversion terms. Expatriate will need to arrange additional financing to provide the money for participation in the 2002 program. These financing efforts are in progress.

In November, Mr. Terry Tucker was appointed Vice-President of Exploration and Mr. Lance Mayers was hired as a part-time employee to provide investor relations services to Expatriate. Mr Mayers had previously provided investor relations services to Expatriate through Gateway Communications. Also in November, 1,155,000 incentive stock options were granted to various Directors, Officers and Employees subject to the terms of the Company's stock options plan.