

*Interim Financial Statements of*

**MANELE BAY VENTURES INC.**

*April 30, 2003*

**MANELE BAY VENTURES INC.****Interim Balance Sheets**

April 30, 2003

(Unaudited - Prepared By Management)

	<u>April 30, 2003</u>	<u>January 31, 2003</u>
<b>ASSETS</b>		
CURRENT		
Cash	\$ -	\$ 8,651
Accounts receivable	13,516	7,319
Prepaid expenses and deposits	15,000	-
	<u>28,516</u>	<u>15,970</u>
DEFERRED EXPLORATION COSTS (Note 4)	99,598	38,339
DEPOSIT (Note 4)	141,012	141,012
INVESTMENT (Note 5)	1	1
	<u>\$ 269,127</u>	<u>\$ 195,322</u>
<b>LIABILITIES</b>		
CURRENT		
Bank indebtedness	\$ 3,654	\$ -
Accounts payable and accrued liabilities	100,452	20,122
Loans payable (Note 6)	75,000	-
	<u>179,106</u>	<u>20,122</u>
CONTINUING OPERATIONS (Note 1)		
<b>SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>		
Contributed surplus	6,096	6,096
Common shares (Note 7)	8,628,472	8,628,472
Common shares in treasury (Note 7)	(40,928)	(40,928)
Deficit	(8,503,619)	(8,418,440)
	<u>90,021</u>	<u>175,200</u>
	<u>\$ 269,127</u>	<u>\$ 195,322</u>

APPROVED BY THE BOARD

(Signed) Dr. Peter J. Guest

Peter Guest, Director

(Signed) Cameron White

Cameron White, Director

See accompanying notes to interim financial statements.

**MANELE BAY VENTURES INC.**  
**Interim Statements of Loss and Deficit**  
**Three months ended April 30, 2003**  
**(Unaudited - Prepared By Management)**

	<b>3 months ended April 30, 2003</b>	<b>3 months ended April 30, 2002</b>
<b>EXPENSES</b>		
Accounting and audit	\$ 4,100	\$ -
Legal	14,808	2,995
Office	34,266	8,058
Rent	3,505	-
Wages, benefits and consulting	28,500	7,500
	<b>85,179</b>	<b>18,553</b>
<b>LOSS FROM OPERATIONS</b>	<b>(85,179)</b>	<b>(18,553)</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(8,418,440)</b>	<b>(8,251,234)</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ (8,503,619)</b>	<b>\$ (8,269,787)</b>
Basic and fully diluted income (loss) per share	\$ (0.02)	\$ (0.01)
Weighted-average number of shares outstanding	3,717,732	1,918,493

See accompanying notes to interim financial statements.

**MANELE BAY VENTURES INC.****Interim Statements of Cash Flows**

Three months ended April 30, 2003

(Unaudited - Prepared By Management)

	<b>3 months ended April 30, 2003</b>	<b>3 months ended April 30, 2002</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (85,179)	\$ (18,553)
Changes in non-cash operating assets and liabilities		
Accounts receivable	(6,197)	(1,499)
Prepaid expenses and deposits	(15,000)	-
Accounts payable and accrued liabilities	80,330	(35,419)
	<b>(26,046)</b>	<b>(55,471)</b>
<b>FINANCING ACTIVITIES</b>		
Issue of shares for cash	-	70,000
Loans payable	75,000	(5,000)
	<b>75,000</b>	<b>65,000</b>
<b>INVESTING ACTIVITIES</b>		
Deferred exploration costs	(61,259)	-
	<b>(61,259)</b>	<b>-</b>
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>(12,305)</b>	<b>9,529</b>
<b>CASH (BANK INDEBTEDNESS), BEGINNING OF PERIOD</b>	<b>8,651</b>	<b>(1,777)</b>
<b>CASH (BANK INDEBTEDNESS), END OF PERIOD</b>	<b>\$ (3,654)</b>	<b>\$ 7,752</b>

See accompanying notes to interim financial statements.

**MANELE BAY VENTURES INC.**  
**Notes to the Interim Financial Statements**  
**April 30, 2003**  
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**1. CONTINUING OPERATIONS**

The Company has interests in mining assets at the exploration stage, the economic viability of which has not been assessed. The realization of the Company's investment in mineral properties is dependent upon various factors, including the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the properties, future profitable operations, or, alternatively, upon disposal of the investment on an advantageous basis.

These interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. Realization values of assets may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

**2. FINANCIAL STATEMENT PRESENTATION**

These financial statements are prepared for interim reporting purposes and do not necessarily contain all the Company's financial information. Readers are advised to refer to the Company's annual audited financial statements for the year ended January 31, 2003 for additional information.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in these interim financial statements are as follows:

*(a) Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. Estimates are used for, but not limited to, accounting for doubtful accounts, income taxes, the carrying value of long-lived assets, and contingencies. Actual results may differ from those estimates.

*(b) Mining properties and deferred exploration costs*

Costs of acquiring mining properties and all exploration costs less related recoveries are capitalized.

The costs of properties, which are abandoned or impaired in value, are written down in the year of abandonment or impairment. Upon commencement of commercial production, all related deferred acquisition, exploration and development expenditures will be amortized and matched with future revenues.

The amounts capitalized represents costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular properties.

*(c) Stock options*

As of February 1, 2002, the Company adopted the standard in Section 3870, *Stock-based Compensation and Other Stock-based Payments*, of the Canadian Institute of Chartered Accountants Handbook to be applied prospectively. This section established standards for the recognition, measurement and disclosure of stock-

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(c) Stock options (continued)*

based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. Awards that a company has the ability to settle in cash are recorded as liabilities. For stock options granted to employees, the Company has adopted the disclosure-only provisions of the new standard whereby pro forma net income and pro forma earnings per share are disclosed in notes to the financial statements as if the fair value based method of accounting had been used.

*(d) Share issue costs*

Direct costs relating to the issuance of shares are charged directly to deficit.

*(e) Income (loss) per share*

Income (loss) per share is calculated using the weighted-average number of common shares outstanding during the year. The treasury stock method is used in the calculation of diluted earnings per share. Diluted earnings per share is computed using the weighted-average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares exercisable upon the exercise of stock options and are excluded from the computation if their effect is anti-dilutive.

*(f) Comparative figures*

Comparative figures have been reclassified, where applicable, to conform to the current period's presentation.

**4. DEFERRED EXPLORATION COSTS**

On November 5, 2002, the Company entered into an agreement with Compass Minerals Ltd., a U.S. subsidiary of Compass Minerals NL, NSW, Australia ("Compass"), whereby the Company has the option to acquire up to an 60% interest in the Worldbeater Gold Project. The Worldbeater Gold Project is located in the Panamint Ranges, near Ballarat, Inyo County California. The Company can earn a 30% interest by carrying out an exploration program of at least US\$500,000 over the next 12 months. A further 30% interest can be earned by completing a pre-feasibility study on the property by March 31, 2004. Compass could retain the remaining 40% interest as a joint venture partner if Compass elects to contribute to the cost of a bankable feasibility study, otherwise Compass's interest will be converted to a 20% carried interest and the Company will acquire the remaining 20% interest. Costs incurred to April 30, 2003 totaled \$99,598 and comprise costs relating to consulting, travel, professional fees and property payments.

The Company has agreed to issue 100,000 shares to Compass upon completion of the pre-feasibility study and a further 100,000 shares upon commencement of commercial production. A further 100,000 shares will be issued as a finder's fee.

As a condition to enter into the agreement with Compass, the Company posted a letter of credit in the amount of U.S.\$90,000 (\$141,012) for which a short-term investment in the same amount is held as collateral.

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**5. INVESTMENT**

On April 28, 2000, the Company sold substantially all of the assets of its wholly-owned subsidiary, Theatre.com Inc., to BroadwayOnline.com, Inc. (“BOL”). As part of the total consideration received from the sale, the Company was issued 1,600 Series A convertible preferred shares of BOL. These shares were recorded at a carrying value of \$1 as the Company’s participation in the net equity of BOL is only determinable based on future events, which include future financing entered into by BOL, the financial performance of BOL and ultimately, the sale of the preferred shares.

On January 31, 2001, the Company completed the exchange of its preferred shares in BOL for common shares in Broadway Television Network, Inc. (“BTN”), a Delaware corporation and the corporate parent of BOL. In exchange for the 1,600 Series A convertible preferred shares of BOL, the Company received 469,021 common shares of BTN with a par value of \$0.001 per share.

**6. LOANS PAYABLE**

The amounts are due on demand, unsecured and do not bear any interest. Included in loans payables is \$35,000 which is due to two directors of the Company.

**7. SHARE CAPITAL**

*(a) Authorized*

Unlimited number of common shares with no par value.

During fiscal 2003, the Company received shareholder approval and regulatory approval for a three for one share consolidation. As a result, all references to share and per share amounts in prior periods have been retroactively restated to give effect to the consolidation of share capital.

*(b) Issued*

	Common shares		Common shares in Treasury	
	Number of shares	Amount	Number of Shares	Amount
Balance, January 31, 2002	1,584,403	\$8,238,472	(3,413)	\$ (40,928)
Shares issued for cash				
Private placement	1,666,666	250,000		
Exercise of warrants	466,663	140,000	-	-
<b>Balance, January 31, 2003 and April 30, 2003</b>	<b>3,717,732</b>	<b>\$8,628,472</b>	<b>(3,413)</b>	<b>\$ (40,928)</b>

On February 1, 2002, the Company completed a private placement of 466,663 units for gross proceeds of \$70,000, of which \$20,000 had been received prior to January 31, 2002. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share at a price of \$0.30 per share until February 2003. These warrants were exercised during 2003 for proceeds of \$140,000.

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**7. SHARE CAPITAL (Continued)**

*(b) Issued (continued)*

On May 22, 2002, the Company completed a private placement of 1,200,000 units for gross proceeds of \$180,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.21 per share until May 2004 (Note 7(e)).

*(c) Escrow shares*

As at April 30, 2003, 12,626 (2001 – 12,626) shares are held in escrow and are subject to release determined by regulatory authorities.

*(d) Stock-based compensation plans*

A Summary of the status of the Company's stock option plan as of April 30, 2003 and changes during the period ending on those dates is presented below:

Options	April 30, 2003		January 31, 2003	
	Common Shares	Weighted- Average Exercise Price	Common Shares	Weighted- Average Exercise Price
Outstanding at the beginning of period	300,000	\$ 0.30	3,333	\$ 7.20
Issued	-	-	300,000	0.30
Cancelled/Expired	-	-	(3,333)	7.20
<b>Outstanding at end of period</b>	<b>300,000</b>	<b>\$ 0.30</b>	<b>300,000</b>	<b>\$ 0.30</b>
<b>Exercisable at end of period</b>	<b>300,000</b>	<b>\$ 0.30</b>	<b>300,000</b>	<b>\$ 0.30</b>

The 300,000 stock options outstanding at April 30, 2003 expire in June 2007.

*(e) Share purchase warrants*

The Company granted 1,200,000 share purchase warrants on the issue of 1,200,000 units (Note 7(b)). These 1,200,000 share purchase warrants, where one warrant entitles the holder to acquire one common share of the Company at a price of \$0.21 per share until May 22, 2004, were outstanding at April 30, 2003.

**7. RELATED PARTY TRANSACTIONS**

Related party transactions not otherwise disclosed include the following:

	3 months ended April 30,	
	2003	2002
Consulting fees paid to directors	<u>\$ 28,500</u>	<u>\$ 7,500</u>