

Financial Statements of

Dev Investments Inc.

November 30, 2001 and 2000

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DEV INVESTMENTS INC.

November 30, 2001 and 2000

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March 6, 2002
Edmonton, Alberta

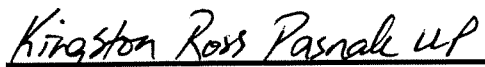
Auditors' Report

To the shareholders of Dev Investments Inc.:

We have audited the balance sheets of Dev Investments Inc. as at November 30, 2001 and 2000 and the statements of loss and deficit and cash flow for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Kingston Ross Pasnak LLP
Chartered Accountants



Statement of Loss and Deficit

DEV INVESTMENTS INC.

Years ended November 30, 2001 and 2000

	2001	2000
		(23 days)
EXPENSES		
Professional fees	\$ 7,500	\$ -
Rent	1,906	-
Corporate fees	1,650	-
Office and sundry	429	-
	<hr/> 11,485	<hr/> -
LOSS FROM OPERATIONS	(11,485)	-
OTHER INCOME		
Interest	1,024	-
	<hr/>	<hr/>
NET LOSS, BEING DEFICIT, END OF YEAR	\$ (10,461)	\$ -
	<hr/>	<hr/>
LOSS PER SHARE (Note 6)	\$ (0.0059)	\$ -
	<hr/>	<hr/>

Balance Sheet

DEV INVESTMENTS INC.

November 30, 2001 and 2000

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash and short-term deposit	\$ 300,547	\$ 112,500
Accrued interest	630	-
Funds held in lawyer's trust account	6,959	-
Prepaid expenses	4,167	-
Advances to related party (Note 3)	9,000	-
	<u>\$ 321,303</u>	<u>\$ 112,500</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 2,550	\$ -
SHARE CAPITAL (Note 4)	329,214	112,500
DEFICIT	(10,461)	-
	<u>318,753</u>	<u>112,500</u>
	<u>\$ 321,303</u>	<u>\$ 112,500</u>

APPROVED BY THE BOARD

(signed) "John Williamson" Director

(signed) "Doug Walker" Director

Statement of Cash Flow

DEV INVESTMENTS INC.

Years ended November 30, 2001 and 2000

	2001	2000
		(23 days)
<hr/>		
OPERATING ACTIVITIES		
Cash paid to suppliers	\$ (13,102)	\$ -
Interest received	394	-
	<hr/>	<hr/>
	(12,708)	-
<hr/>		
INVESTING ACTIVITY		
Advances to related party - net	(9,000)	-
<hr/>		
FINANCING ACTIVITIES		
Issuance of shares	300,000	112,500
Share issuance costs paid	(83,286)	-
	<hr/>	<hr/>
	216,714	112,500
<hr/>		
CASH PROVIDED	195,006	112,500
<hr/>		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	112,500	-
<hr/>		
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 307,506	\$ 112,500
<hr/>		
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash in bank	\$ 100,547	\$ 112,500
Guaranteed investment certificate at prime		
less 2.1%, due October 11, 2002	200,000	-
Funds held in lawyer's trust account	6,959	-
	<hr/>	<hr/>
	\$ 307,506	\$ 112,500
<hr/>		

DEV INVESTMENTS INC.

November 30, 2001 and 2000

Note 1

General

The Corporation was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2000 and commenced operations with the initial issuance of shares the same day. The Articles of the Corporation were amended by a Certificate of Amendment issued on April 9, 2001 to remove the private company provisions and the restrictions on share transfers. The principal business of the Corporation is to identify and evaluate corporations, assets or businesses with a view to their potential acquisition. The Corporation has completed a Capital Pool Company public offering by way of prospectus and its shares are listed for trading on the Canadian Venture Exchange Inc.

Note 2

Significant Accounting
Policies

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian generally accepted accounting principles.

Future Income Taxes

The company follow the asset and liability method of accounting for income taxes. Under the asset and liability method, the change in the net future tax asset or liability is to be included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Financial Instruments

The company's financial instruments consist of cash, short-term deposit, funds held in lawyer's trust account, accrued interest and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Measurement Uncertainty

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flow

The company is using the direct method in its presentation of the Statement of Cash Flow.

Notes to the Financial Statements

DEV INVESTMENTS INC.

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Note 3

Advances to Related Party

The corporation advanced \$9,000 (net of repayments received) to a director and a company controlled by the director. These advances are due on demand, bear no interest, are unsecured and have been repaid subsequent to the year-end.

Note 4

Share Capital

Authorized:

- Unlimited number of common voting shares without nominal par value
- Unlimited number of preferred shares

The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

Issued voting common shares:

	<u>Number of Shares</u>	<u>Amounts</u>
November 7, 2000		
- initial share subscription for cash	1,500,000	\$ 112,500
October 10, 2001 - public offering	2,000,000	300,000
	<hr/> 3,500,000	412,500
Deduct: Costs related to the public offering		(83,286)
		<hr/>
Balance, end of period	3,500,000	\$ 329,214
		<hr/>

DEV INVESTMENTS INC.

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**Continuation of
Note 4
Share Capital**

During the previous period, the Corporation issued 1,500,000 common shares at \$0.075 per share for total cash proceeds of \$112,500. Under the requirements of the Alberta Securities Commission and the Canadian Venture Exchange Inc., the 1,500,000 issued common shares are held in escrow. The escrowed shares will be released as to 10% thereof immediately following the issuance of the bulletin of the Canadian Venture Exchange Inc. announcing final acceptance of the Qualifying Transaction and as to 15% thereof on each of the six, twelve, eighteen, twenty-four, thirty, and thirty-six month anniversary dates following the initial release. In the event a Qualifying Transaction is not completed there will be no release from escrow. All shares held in escrow have been deposited with an escrow agent pursuant to an escrow agreement containing the above noted terms and conditions.

On October 10, 2001, the Corporation issued 2,000,000 common shares at \$0.15 per share to the public, for total cash proceeds net of agent's commission and other related expenses of \$209,224.

In connection with the initial public offering, the Agent has been granted an option to purchase up to 200,000 common shares at \$0.15 per share. This option is exercisable at any time between issuance of the options and 18 months from the date of listing of the Corporation's shares on the Canadian Venture Exchange Inc.

The Corporation has a stock option plan for certain officers and directors of the Corporation. Under this plan the Corporation has granted options for a total of 350,000 common shares to the directors and officers of the Corporation. These options may be exercised within five years of issuance at a price of \$0.15 per common share, expiring on July 19, 2006.

**Note 5
Income Taxes**

The company has non-capital tax losses carried forward for tax purposes in the amount of \$24,749 which are available for the reduction of future years' taxable income. The losses expire in 2008.

In addition to the loss carryforward, the company has share issuance costs in the amount of \$66,629 which are available for tax deduction in future years.

No recognition has been given in these financial statements to any potential tax savings arising from application of these items.

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Note 6
Loss Per Share

The company has adopted the revised CICA accounting standard for determining earnings per share. The treasury stock method is now used for calculating diluted earnings per share.

Basic net income (loss) per common share is determined by dividing net income (loss) available to common shareholders as reported in the Statement of Loss by the average daily number of common shares outstanding for the period.

There is no dilutive effect on net income (loss) per common share as a result of stock options granted by the company.