

# *Crew Development Corporation*

## Management's Discussion and Analysis (con't)

For the three months ended September 30, 2002

### *North Pacific GeoPower - Geothermal Project- British Columbia (87% owned)*

During the three months ended September 30, 2002, \$157,967 was spent on the ongoing resource confirmation program at the Meager Creek Geothermal project.

A geophysical survey program and a three-hole core-drilling program were conducted during the year. The results of the technical program provided strong evidence for the presence of a large, high temperature geothermal reservoir at relatively shallow depth. North Pacific intends to conduct a confirmation well program during summer 2003 and is initiating the planning, design, financing and permitting process. The results of the confirmation well program will be incorporated into a feasibility study to assess the project economics and environmental considerations.

The economic and regulatory conditions impacting the project were impacted by the recent announcement by the British Columbia government of its new energy plan, "Energy for Our Future: A Plan for B.C.". The energy plan is expected to provide the Geothermal project through access to the transmission grid and wholesale markets, in conjunction with an open and transparent structure for establishing energy prices and transmission rates.

The energy plan stated that B.C. Hydro Corp, the provincial Crown corporation presently responsible for the majority of power generation and transmission in the province, will be split into two separate Crown corporations. B.C. Hydro will continue as a power generator but its role will be limited to upgrading its existing generation facilities. Independent, privately – owned power producers ("IPPs") such as North Pacific GeoPower will be responsible for developing new generation in the province. A new Crown corporation – B.C. Hydro Transmission Corp. – will be formed to operate the transmission system and will provide non-discriminatory access to the system by IPPs.

Energy prices and transmission rates will be established in a fair, open and transparent manner by an independent regulator, the B.C. Utilities Commission. IPPs will be able to compete with distributors to sever all or a portion of a large consumer's requirements and to sell directly into regional wholesale markets in Canada and the United States.

### **Outlook**

Over the last six months the Company has changed its strategy from having the ambition of becoming a broadly diversified multi-commodity mining company to focus primarily on precious metals. This change in strategy is a result of a management and board evaluation of where the main potential for near term income is, as well as where the company can see further growth based on the companies own financial and human resources. Management will focus on identifying new projects with near term cash flow potential as well as develop existing assets.

It is management's view that Crew is well positioned to meet the future with an attractive portfolio of projects, a solid balance sheet and treasury. The company's cash position at September 30, 2002, was \$2,324,717. On October 22, 2002, the company sold an additional 28,208,412 million shares of Metorex for cash proceeds of \$12,656,698. The proceeds from the sale of Metorex shares will be used for working capital, further exploration of existing projects and in line with Crew's new strategy to acquire and hold assets directly and focus mainly on precious metals.

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**CREW**  
DEVELOPMENT CORPORATION

## **CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Prepared by Management)

## **FIRST QUARTER**

**For The Three Months  
Ended September 30, 2002**

# Crew Development Corporation

## Consolidated Balance Sheets

(Expressed in Canadian dollars)

	September 30 2002 (unaudited)	June 30 2002 (audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 2,324,717	\$ 4,376,481
Accounts receivable	303,413	198,812
Prepaid expenses	193,170	250,389
Due from Metorex Limited	868,165	2,263,232
	<b>3,689,465</b>	7,088,914
NALUNAQ MINERAL PROPERTY INTEREST	36,382,337	34,460,247
INVESTMENT IN METOREX LIMITED	30,611,211	28,809,532
GEOHERMAL PROJECT	2,771,564	2,613,596
INVESTMENT IN ASIA PACIFIC RESOURCES	4,950,000	4,950,000
PROPERTY, PLANT AND EQUIPMENT	840,977	891,347
OTHER MINERAL PROPERTY INTERESTS	3,340,790	3,245,298
OTHER	27,000	27,000
	<b>\$ 82,613,344</b>	\$ 82,085,934
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,789,147	\$ 2,648,712
Promissory note	154,121	-
	<b>2,943,268</b>	2,648,712
FUTURE INCOME TAXES	3,338,484	3,338,484
NON-CONTROLLING INTEREST	2,307,766	2,324,649
	<b>8,589,518</b>	8,311,845
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	160,114,934	160,114,934
Share purchase warrants	275,250	275,250
Deficit	(83,899,132)	(83,846,598)
Cumulative translation adjustment	(2,467,226)	(2,769,497)
	<b>74,023,826</b>	73,774,089
	<b>\$ 82,613,344</b>	\$ 82,085,934

ON BEHALF OF THE BOARD:

(Signed) Jan Vestrum  
Jan Vestrum, Director

(Signed) Cam Belsher  
Cam Belsher, Director

# Crew Development Corporation

## Management's Discussion and Analysis (con't)

For the three months ended September 30, 2002

With respect to the changes in working capital the primary source of the increase in cash was due to an increase in accounts payables and accrued liabilities accompanied by a promissory note. The net cash generated by changes in working capital amounted to \$247,174. The current period financing activities generated cash of \$1,395,067, from repayment of amounts due from Metorex Limited.

During the three months ended September 30, 2002, the Company used \$2,204,116 in investing activities. The Company invested \$1,922,090, in advancing the Nalunaq Gold project. The Company also invested \$95,492 on a new mineral property in Northern Norway, Ringvassoy Gold project. In addition \$157,967 was spent on the ongoing resource confirmation program at the Meager Creek Geothermal project. The company acquired property, plant and equipment in the amount of \$ 28,566.

### Share Capital

At September 30, 2002, there were 250,000,000 common shares authorized of which 138,664,295 are issued and outstanding. At September 30, 2002, there were 10,150,000 options to purchase common shares outstanding.

### Exploration

#### Nalunaq Gold project

Crew together with Nuna Minerals, is in the final stages of planning the commencement of production at Nalunaq Gold Mine. The Greenland authorities are currently reviewing the feasibility and the environmental impact studies, and a mining permit is pending. Nalunaq has an existing stockpile, including this year's summer program, containing approximately 28,000 oz of gold. Mine construction is expected to start in the first half of 2003, with an average annual production projected at 90,000 oz at a cash operating cost of USD \$168 per oz.

On November 6, 2002, the Company announced that based on testing of samples submitted and metallurgical reports a Memorandum of Understanding with Richmond Mines Inc. ("Richmont") has been signed for the treatment of high-grade ore shipped from Crew's Nalunaq Gold Mine in southern Greenland, which is conditional to the signing of a formal custom milling agreement. The processing will take place at Richmont's Nugget Pond Mill facility in Newfoundland. The Memorandum of Understanding outlines the general terms and conditions for a custom milling agreement between Crew and Richmont where ore from Nalunaq will be processed in batches of 10,000 dry tonnes minimum, at a fixed unit cost per dry tonne for Crew. After the processing of the stockpile, Crew will have the option to use excess capacity at the Nugget Pond Mill for the period of 2004 to 2007.

Crew will provide and have ownership of a modular gravity circuit to be integrated at the front end of the processing circuit, as well as delivering the ore to an ore pad at the mill site. Independent consultants Strathcona Minerals will represent Crew in all matters related to tonnage, grade control and gold inventory.

#### Ringvassoy Gold project – Norway

The Ringvassoy gold project is found in an Archean Greenstone belt, in Northern Norway. The gold mineralization is associated with quartz veining and previous exploration has revealed widespread occurrence of anomalous gold in stream sediments. The Company has entered into a 50% earn in agreement with Northern Shield Resources Inc, a private Canadian junior exploration company, for completing exploration work amounting to CAD \$750,000 over two years. During the three months ended September 30, 2002, the company invested \$95,492 in the project.

# Crew Development Corporation

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Three months ended September 30	
	2002	2001
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (52,534)	\$ (395,726)
Add (deduct) items not affecting cash:		
Amortization	58,390	1,720,855
Equity in income of associated companies	(1,499,408)	-
Loss on disposal of assets	20,546	-
Non-controlling interest	(16,883)	153,590
Future income taxes	-	(156,481)
Change in non-cash operating working capital items	247,174	(2,706,420)
	<b>(1,242,715)</b>	<b>(1,384,182)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of amount due from Metorex Limited	1,395,067	-
Increase in long-term debt	-	4,344,967
	<b>1,395,067</b>	<b>4,344,967</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures on Nalunaq mineral property interest	(1,922,090)	(3,780,655)
Expenditures on other mineral property interests	(95,492)	(66,280)
Acquisition of property, plant and equipment	(28,566)	(4,564,151)
Expenditures on geothermal project	(157,968)	(193,520)
Acquisition of other investment	-	(21,656)
	<b>(2,204,116)</b>	<b>(8,626,262)</b>
<b>NET CASH (OUTFLOW)</b>	<b>(2,051,764)</b>	<b>(5,665,477)</b>
<b>CASH POSITION, BEGINNING OF PERIOD</b>	<b>4,376,481</b>	<b>38,795,813</b>
<b>CASH POSITION, END OF PERIOD</b>	<b>\$ 2,324,717</b>	<b>\$ 33,130,336</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 2,324,717	\$ 34,120,388
Bank indebtedness	-	(990,052)
	<b>\$ 2,324,717</b>	<b>\$ 33,130,336</b>

# Crew Development Corporation

## Notes to the consolidated financial statements

For the three months ended September 30, 2002

(Expressed in Canadian dollars)

### 1. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") using the accounting policies disclosed in the Company's audited financial statements for the year ended June 30, 2002. These financial statements do not include all of the disclosure required by Canadian GAAP for annual financial statements and should be read in conjunction with the notes to the Company's audited financial statements for the year ended June 30, 2002. In management's opinion, all adjustments considered necessary for fair presentation have been included in these statements.

### 2. Segmented information

Three months ended September 30, 2002

	Exploration and development activities	Unallocated corporate items	Total
Mineral sales	\$ -	\$ -	\$ -
Net income (loss)	(676,460)	623,926	(52,534)
Additions to capital assets	2,183,570	20,546	2,204,116
Total assets at September 30, 2002	49,399,376	33,213,968	82,613,344

Three months ended September 30, 2001

	Antimony/ Gold	Coal	Zinc	Copper	Fluorspar and other minerals	Exploration and development activities	Unallocated corporate items	Total
Mineral sales	\$4,367,383	\$6,164,447	\$4,788,663	\$ 12,691,935	\$ 4,178,153	-	-	\$32,190,581
Net income (loss)	(247,373)	(305,528)	(294,824)	431,078	831,312	(1,792,575)	982,184	(395,726)
Additions to capital assets	15,390	174,016	6,471	4,062,166	293,644	3,853,152	6,247	8,604,606
Total assets at September 30, 2001	12,260,534	11,984,705	9,910,940	73,467,325	31,380,288	63,751,259	16,865,690	219,620,741

### 3. Subsequent event

On October 22, 2002, the Company announced that it had sold additional shares of Metorex for cash proceeds of approximately \$12.6 million. As a result of this transaction, the Company's interest in Metorex was reduced from 41% to 21%.

On October 4, 2002, Metorex declared a dividend of Rand 0.10 cents to be paid October 14, 2002. Crew's 41% share of dividend income received amounted to CAD \$858,500.

# Crew Development Corporation

## Management's Discussion and Analysis

For the three months ended September 30, 2002

### Results of Operations:

The results of operations for the three months ended September 30, 2002, in summary, compared with the three months ended September 30, 2001, were as follows:

In thousands ( <i>all figures expressed in Canadian dollars</i> )	Three months ended September 30, 2002	Three months ended September 30, 2001
Head office interest and other income	51	159
Administrative costs (excluding African operations)	(1,485)	(1,178)
Foreign exchange (loss) gain	(117)	1,005
African operations	1,499	179
Costs relating to Mindoro Nickel Project	-	(561)
Net loss for the year	\$ (52)	\$ (396)

For the three months ended September 30, 2002, the Company incurred a net loss of \$52,534 (\$0.00 per share), compared with a net loss of \$395,726 (\$0.00 per share) for the three months ended September 30, 2001.

The Company's 41% share of net income from Metorex, its African operations, amounted to \$1,499,408 for the three months ended September 30, 2002 (at September 30, 2002, the Company's 41% investment in Metorex was accounted for using the equity method). During the last two months of the year ended June 30, 2002, the Company accounted for its 41% investment in Metorex using the equity method. The equity income for the two months ended June 30, 2002 amounted to \$ 1,549,819. In comparison for the three months ended September 30, 2001, the company consolidated its 53% interest in Metorex in the financial statements, the net income for the period amounted to \$ 179,000. The performance of the Metorex operations was assisted by an increase in revenues by 34%, which was assisted by increased sales volumes from the coal and antimony, improved commodity prices and the devaluation of the Rand/US dollar exchange rate.

The net loss for the three months ended September 30, 2002, includes realized foreign exchange loss of \$116,863, compared with an unrealized foreign exchange gain of \$1,004,740 for the three months ended September 30, 2001. The unrealized gains in 2001 were due primarily to the company holding significant cash balances denoted in denominated in Norwegian krone, which strengthened against the Canadian dollar during the quarter ended September 30, 2001.

Administrative, office and general expenses for the three months ended September 30, 2002, amounted to \$1,120,074, compared with \$ 2,795,275 for the three months ended September 30, 2001, of which \$1,801,056 arises on consolidation of Metorex. Professional fees for the three months ended September 30, 2002, amounted to \$304,096, compared to \$163,029 for the three months ended September 30, 2001. The primary increase in the professional fees relates to Standard Bank financing and formation of the new company for the Gold project.

### Liquidity and Capital Resources

Cash on hand at September 30, 2002 amounted to \$ 2,327,717 (June 30, 2002 - \$ 4,376,481).

During the three months ended September 30, 2002, the Company used \$1,242,715 in cash from operating activities. The net loss of \$52,534, included amortization of \$58,390, and Non-controlling interest of \$16,883. Included in the net loss for the period was non-cash equity income from Metorex of \$1,499,408.

# Crew Development Corporation

## Consolidated Statements of Loss and Deficit

(Expressed in Canadian dollars)

	Three months ended September	
	2002	2001
MINERAL SALES	\$ -	\$ 32,190,581
DIRECT COSTS OF MINERAL SALES	-	(28,147,957)
AMORTIZATION	-	(1,700,897)
	-	2,341,727
EXPENSES		
Administration, office and general	(1,120,074)	(2,795,275)
Amortization	(58,390)	(19,958)
Interest	-	(228,239)
Professional fees	(304,096)	(163,029)
	(1,482,560)	(3,206,501)
OTHER INCOME (EXPENSES)		
Equity in income of associated companies	1,499,408	-
Foreign exchange (loss) gain	(116,863)	1,004,740
Loss on disposal of assets	(20,546)	-
Interest and other income	51,144	720,758
Costs related to Mindoro Nickel Project	-	(560,654)
	1,413,143	1,164,844
LOSS BEFORE PROVISION FOR INCOME TAXES AND NON-CONTROLLING INTEREST	(69,417)	300,070
PROVISION FOR INCOME TAXES		
Current	-	698,687
Future	-	(156,481)
	-	542,206
LOSS BEFORE NON-CONTROLLING INTEREST NON-CONTROLLING INTEREST	(69,417)	(242,136)
	16,883	(153,590)
NET LOSS	(52,534)	(395,726)
DEFICIT, BEGINNING OF FISCAL PERIOD	(83,846,598)	(42,697,223)
DEFICIT, END OF FISCAL PERIOD	\$ (83,899,132)	\$ (43,092,949)

LOSS PER SHARE - BASIC AND DILUTED \$ (0.00) \$ (0.00)