

New Millennium Capital Corp.

Financial Statements

December 31, 2003

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Auditors' Report

To the Shareholders of
New Millennium Capital Corp.

We have audited the balance sheet of **New Millennium Capital Corp.** as at December 31, 2003 and the statements of loss and deficit and cash flows from date of incorporation, August 8, 2003 to December 31, 2003. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement. 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 presents fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of operations and cash flow from the date of incorporation, August 8, 2003 to December 31, 2003 in accordance with Canadian generally accepted accounting principles.

(Signed) "Grant Thornton LLP"

Calgary, Alberta
March 8, 2004

Chartered Accountants

New Millennium Capital Corp.

Statement of Loss and Deficit

From date of incorporation, August 8, 2003 to December 31, 2003

Operating expenses	
Office	\$ 176
Professional fees	<u>3,816</u>
Net loss, being deficit, end of period	\$ <u>(3,992)</u>
Loss per share	\$ <u>(0.001)</u>

See accompanying notes to the financial statements.

New Millennium Capital Corp.

Balance Sheet

December 31, 2003

Assets

Current

Cash and cash equivalents \$ 760,825

Liabilities

Current

Payables and accruals \$ 20,864

Shareholders' Equity

Capital stock (Note 3) 743,953

Deficit (3,992)

739,961

\$ 760,825

On behalf of the Board

(Signed) "William Almdal" _____ Director **(Signed) "Robert Martin"** _____ Director

See accompanying notes to the financial statements.

New Millennium Capital Corp.

Statement of Cash Flows

From date of incorporation, August 8, 2003 to December 31, 2003

Increase (decrease) in cash and cash equivalents

Operating		
Net loss	\$	(3,992)
Change in non-cash operating working capital:		
Payables and accruals		<u>20,864</u>
		<u>16,872</u>
Financing		
Issuance of common shares		900,000
Share issue costs		<u>(156,047)</u>
		<u>743,953</u>
Net increase in cash and cash equivalents, being balance at end of period	\$	<u>760,825</u>

See accompanying notes to the financial statements.

New Millennium Capital Corp.

Notes to the Financial Statement

December 31, 2003

1. Incorporation and basis of presentation

New Millennium Capital Corp. (the "Corporation") was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003. The Corporation is classified as a capital pool company as defined pursuant to TSX Venture Exchange Policy 2.4. The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to regulatory approval and in certain circumstances, shareholder approval.

2. Summary of significant accounting policies

The Corporation's accounting and reporting policies conform to generally accepted principles and industry practice in Canada.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

b) Income taxes

The Corporation follows the liability method of tax allocation. Future income taxes are calculated based on temporary differences between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the temporary differences are expected to reverse.

c) Earnings per share

Basic per share amounts are calculated using the weighted number of shares outstanding for the period. The treasury method is used to determine the dilutive effect of stock options and other dilutive instruments.

d) Stock based compensation

The Corporation has adopted a stock option plan as outlined in Note 3(c). Compensation expense, calculated using the fair value method when stock options are issued, is charged to income over the vesting period of the options.

New Millennium Capital Corp.

Notes to the Financial Statement

December 31, 2003

2. Summary of significant accounting policies (Continued)

e) Financial instruments

The Corporation has estimated the fair value of its financial instruments, being cash and cash equivalents, receivables and payables to equal carrying values.

f) Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts disclosed in the notes to the financial statement. Actual results could differ from and affect the results reported in this financial statement.

3. Capital stock

a) Authorized:

The authorized capital stock of the Corporation consists of the following:

- i) An unlimited number of Common shares without nominal or par value.
- ii) An unlimited number of preferred shares, without nominal or par value, issuable in series. 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.

b) Issued and fully paid:

	<u>Number of Shares</u>	<u>Amount</u>
Common shares		
Balance, beginning of period	-	\$ -
Issued by private placement under escrow	2,000,000	100,000
Initial public offering	8,000,000	800,000
Less share issue costs	<u> </u>	<u>(156,047)</u>
Balance, end of period	<u>10,000,000</u>	<u>\$ 743,953</u>

New Millennium Capital Corp.

Notes to the Financial Statements

December 31, 2003

3. Capital stock (Continued)

c) Stock options

The Corporation has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Corporation with shares to be reserved for issuance as options not to exceed 10% of the issued and outstanding Common shares. On December 12, 2003, the Corporation granted options for an aggregate of 1,000,000 common shares at an exercise price of \$0.10 per share expiring on December 11, 2008.

In addition, pursuant to a prospectus dated November 21, 2003, the Corporation issued on December 12, 2003 800,000 options, to the agent for the offering, exercisable at \$0.10, expiring July 2005. All of the above options vest immediately, but not more than 50% of the common shares received upon exercise of these options may be sold prior to the completion of the Corporation's Qualifying Transaction.

d) Escrow

Pursuant to an escrow agreement, 2,000,000 common shares will be held in escrow and released as to 10% following issuance of the final exchange notice of the qualifying transaction and 15% on each six-month anniversary following the initial release until all common shares have been released from escrow.

4. Income taxes

- a) The provision for tax expense differs from the expected result obtained by applying the combined expected federal and provincial income tax rate to income before income taxes. The reasons for these differences are as follows:

Loss before income taxes	\$ <u>(3,992)</u>
Combined federal and provincial tax rate	<u>39%</u>
Computed income tax expense	\$ (1,557)
Amortization of share issue costs	(12,172)
Unrecorded future tax benefit	<u>13,729</u>
Provision for income taxes	\$ <u>-</u>

New Millennium Capital Corp.

Notes to the Financial Statements

December 31, 2003

4. Income taxes (Continued)

b) Future income taxes consist of the following temporary differences:

Non-capital loss carry-forward	\$ 13,729
Share issue costs not deducted for tax	48,687
Less valuation allowance	<u>(62,416)</u>
Future income tax asset	\$ <u> -</u>

At December 31, 2003, the Corporation had losses carried forward for tax purposes of \$35,201 which may be available to reduce future income taxes. If not utilized, these losses will expire in 2010.