

STARFIELD RESOURCES INC.  
(formerly Starfield Communications Group Inc.)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 1998

LOEWEN, STRONACH & CO.  
Chartered Accountants

AUDITORS' REPORT

To The Shareholders of Starfield Resources Inc.:

We have audited the balance sheet of Starfield Resources Inc. (formerly Starfield Communications Group Inc.) as at February 28, 1998 and 1997 and the statements of loss and deficit and changes in financial position for the year 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 audit.

We conducted our audit in accordance with 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 February 28, 1998 and 1997, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, B. C.

March 16, 1998

STARFIELD RESOURCES INC.  
(formerly Starfield Communications Group Inc.)

BALANCE SHEET

FEBRUARY 28, 1998

	1998	1997
	\$	\$
ASSETS	-	-
CURRENT ASSETS		
Cash	3,556	507
DEPOSIT AND ADVANCES RECEIVABLE (Note 2)	120,000	120,000
MINERAL PROPERTY (Note 3)	8,210	-
	-	-
	131,766	120,507
	=	=
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	35,120	15,818
Loans payable (Note 4)	77,631	39,618
	-	-
	112,751	55,436
	-	-
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	226,172	226,172
DEFICIT	(207,157)	(161,101)
	-	-
	19,015	65,071
	-	-
	131,766	120,507
	=	=

Approved by the Directors:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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STARFIELD RESOURCES INC.  
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STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED FEBRUARY 28, 1998

	1998	1997
	\$	\$
	-	-
<b>REVENUE</b>	-	-
	-	-
<b>MAJOR TRANSACTION EVALUATION EXPENSES</b>		
Accounting and legal	29,639	9,874
Property evaluations	2,623	-
Consulting fees	-	18,000
	-	-
	32,262	27,874
	-	-
<b>ADMINISTRATIVE EXPENSES</b>		
Transfer and regulatory fees	7,753	4,222
Office and miscellaneous	5,541	6,107
Accounting and legal	5,412	1,416
Rent	4,280	-
Telephone	3,192	552
Reversal of write-down of deposit and advances receivable	(12,384)	-
	-	-
	13,794	12,297
	-	-
<b>LOSS</b>	46,056	40,171
<b>DEFICIT - beginning</b>	161,101	120,930
	-	-
<b>DEFICIT - ending</b>	207,157	161,101
	=	=
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STARFIELD RESOURCES INC.  
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STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED FEBRUARY 28, 1998

FOR THE NINE MONTHS ENDED  
NOVEMBER 30, 1996

	1998	1997
	\$	\$
	-	-
<b>OPERATING ACTIVITIES</b>		
Loss	(46,056)	(40,171)
Cash provided by changes in non-cash working capital items:		
Prepaid expenses	-	18,000
Mineral property	(8,210)	-
Accounts payable and accrued liabilities	19,302	(960)
	-	-
	(34,964)	(23,131)
<b>FINANCING ACTIVITIES</b>		
Loans payable	38,013	14,618
	-	-
<b>INCREASE (DECREASE) IN CASH</b>	<b>3,049</b>	<b>(8,513)</b>
CASH - beginning	507	9,020
	-	-
CASH - ending	3,556	507
	=	=

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STARFIELD RESOURCES INC.  
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 1998

Note 1 OPERATIONS

The company is incorporated under the Business Corporations Act (Alberta) and its sole activity is identifying acquisitions of interest in commercially viable businesses or assets.

The company is still in the development stage as a "junior capital pool" as defined by and subject to the rules of the Alberta Stock Exchange (ASE) under which it was required to complete the acquisition of a "Major Transaction" by the end of August 1996. A proposal approved by the shareholders is currently before the ASE which would meet such requirements (see Note 3).

The company changed its name to Starfield Resources Inc. on December 18, 1997.

Note 2 DEPOSIT AND ADVANCES RECEIVABLE

The deposit and advances receivable of \$120,000 are recoverable upon finalization of an agreement with the founding shareholders to sell their escrowed common shares and use the proceeds to repay the deposit and advances (Note 3).

Note 3 MINERAL PROPERTY

A letter of intent has been signed between the company and Hunter Exploration Group and Major General Resources Ltd. with respect to the acquisition by the company of a 60% interest in 12 mineral claims known as the ABE Claims located in the Omenica Mining Division, B.C. The consideration for the purchase is 100,000 common shares in the company at a deemed price of \$0.20 per share and cash payments over 45 months totalling \$120,000 subject to approval by regulatory authorities as a "Major Transaction".

Subject to regulatory approval and the completion of the company's "Major Transaction", the owners of the company's 1,500,000 escrowed common shares intend to

sell these shares for an agreed price of \$0.08 per share for a total of \$120,000 which would in turn be used to repay the Deposit and Advances Receivable (Note 2).

	1998	1997
	\$	\$
	_____	_____
Property acquisition deposit	5,000	-
Exploration work	<u>3,210</u>	<u>-</u>
	<u>8,210</u>	<u>-</u>
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 1998

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Note 4 LOANS PAYABLE

The loans payable of \$77,631 are unsecured, without specific repayment terms and are non-interest bearing; \$58,397 of this amount is payable to a director.

Note 5 SHARE CAPITAL

	1998	1997
	\$	\$
	_____	_____
Authorized:		
Unlimited number of common voting shares without nominal or par value		
Unlimited number of First Preferred Shares		
Unlimited number of Second Preferred Shares		
Issued and fully paid:		
3,600,000 common shares	<u>226,172</u>	<u>226,172</u>

Included in issued capital stock are 1,500,000 shares currently held in escrow; their release being subject to regulatory approval.

Stock options:

350,000 @ \$0.10 each to August 19, 1999 to directors - cancelled after a director change

100,000 @ \$0.10 each to August 23, 1997 to McDermid St. Lawrence Chisholm Ltd. pursuant to an agency agreement - lapsed

Note 6      LOSS PER SHARE

Basic and fully diluted losses per share have not been calculated as it is not meaningful at this stage of the company's development.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 1998

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Note 7      ACCUMULATED LOSSES

The company has accumulated losses for income tax purposes of \$265,985 which may be carried forward and used to reduce taxable income in future years. Under present tax legislation these losses will expire as follows:

Year	\$
_____	_____
2002	63,494
2003	116,264
2004	40,171
2005	<u>46,056</u>
	<u>265,985</u>

See accompanying notes to financial statements