ERIN VENTURES INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1999 and 1998

TERRY AMISANO LTD.
KEVIN HANSON, C.A.

AMISANO HANSON
Chartered Accountants

AUDITORS' REPORT

To the Shareholders,
Erin Ventures Inc.

We have audited the consolidated balance sheets of Erin Ventures Inc. as at June 30, 1999 and 1998 and the consolidated statements of loss, deficit and cash flows 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 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 consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Vancouver, Canada
November 17, 1999

"AMISANO HANSON"
Chartered Accountants

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ERIN VENTURES INC.
CONSOLIDATED BALANCE SHEETS
June 30, 1999 and 1998

ASSETS	1999	1998
Current		
Cash	$ 11,725	$ 107,391
Accounts receivable	7,934	28,705
Prepaid expenses	5,190	3,874
	24,849	139,970
Capital assets – Note 4	8,845	10,854
Resource properties – Notes 5 and 9	4,736,462	3,864,435
	$ 4,770,156	$ 4,015,259
LIABILITIES		
Current		
Accounts payable – Notes 7 and 9	$ 1,458,462	$ 713,761
Advances payable – Note 6	-	222,305
Note payable – Note 6	339,764	-
	1,798,226	936,066
Long-term debt – Note 7	-	308,716
Non-controlling interest in subsidiary	62,476	-
	1,860,702	1,244,782
SHAREHOLDERS' EQUITY		
Share capital – Note 8	4,526,816	3,274,676
Shares subscribed – Note 8	-	647,000
Deficit	(1,617,362)	(1,151,199)
	2,909,454	2,770,477
	$ 4,770,156	$ 4,015,259

Nature and Continuance of Operations – Note 1
Commitments – Notes 5, 8 and 10

APPROVED BY THE DIRECTORS:

"Tim Daniels" (signed), Director   *"Will Thompson" (signed)*, Director

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS
for the years ended June 30, 1999 and 1998

	1999	1998
Interest Income	$ 842	$ 1,921
Administrative expenses		
Accounting and audit	23,185	35,185
Amortization	3,320	4,305
Consulting fees - Note 9	-	1,700
Filing fees	5,894	3,904
Financial consulting fees - Note 9	-	85,538
Interest	32,714	-
Investor relations	44,000	89,313
Legal	32,029	12,505
Management fees - Note 9	60,000	60,000
Market research	-	38,881
Office and miscellaneous - Note 9	19,984	32,925
Printing	8,025	2,054
Rent - Note 9	12,600	12,600
Telephone	27,705	18,863
Transfer agent fees	10,482	6,555
Travel and promotion - Note 9	96,571	99,540
Web site	4,511	22,325
	381,020	526,193
Loss before other items:	380,178	524,272
Other items:		
Foreign exchange loss	2,874	-
Mineral property investigation costs - Note 9	44,802	54,546
Loss on write-off of capital assets and resource property	833	25,480
Gain on disposal of interest in subsidiary – Note 3	(22,773)	-
Non-controlling interest share of loss	(4,829)	-
Net loss for the year	$ 401,085	$ 604,298
Loss per share	$ 0.02	$ 0.05

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF DEFICIT
for the years ended June 30, 1999 and 1998

	1999	1998
Deficit, beginning of the year	$ 1,151,199	$ 546,901
Dividends – Note 3	65,078	-
Net loss for the year	401,085	604,298
Deficit, end of the year	$ 1,617,362	$ 1,151,199

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 1999 and 1998

	1999	1998
Operating Activities		
Operations		
Net loss for the year	$ (401,085)	$ (604,298)
Charges to income not affecting cash:		
Amortization	3,230	4,305
Loss on write-off of capital assets and resource property	833	25,480
Gain on disposal of interest in subsidiary company	(22,773)	-
Non-controlling interest share of loss	(4,829)	-
	(424,534)	(574,513)
Changes in non-cash working capital balances related to operations		
Accounts receivable	20,771	(2,690)
Share subscriptions receivable	-	80,000
Prepaid expenses	(1,316)	1,960
Accounts payable	435,985	637,276
Advances payable	-	222,305
Note payable	117,459	-
	148,365	364,338
Financing Activities		
Issuance of common stock	605,140	513,126
Share subscribed	-	647,000
Increase in long-term debt	-	308,716
	605,140	1,468,842
Investing Activities		
Purchase of capital assets	(2,143)	(632)
Increase in resource properties	(847,028)	(2,273,930)
	(849,171)	(2,274,562)
Decrease in cash during the year	(95,666)	(441,382)
Cash and treasury bills, beginning of the year	107,391	548,773
Cash, end of the year	$ 11,725	$ 107,391

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1999 and 1998

Note 1 Nature and Continuance of Operations

The company is in the development stage and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration and development costs are dependent upon the discovery of economically recoverable reserves and confirmation of the company's interest in the underlying resource property claims, the company's ability to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis. The company has a working capital deficiency of $1,773,377 as at June 30, 1999. The company's ability to continue as a going concern is dependent upon the ability of the company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Principles of Consolidation

The financial statements include the accounts of the company and Shadow Capital Corp., the company's 65.35% owned subsidiary. All inter-company transactions and balances have been eliminated.

Note 2 Summary of Significant Accounting Policies – (cont'd)

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided for using the declining balance method at the following rates:

Office equipment	20% Declining balance
Computer equipment	30% Declining balance
Vehicles	30% Declining balance

Additions during the year are amortized at one half rates.

(c) Resource Properties

The acquisition of resource properties will be initially recorded at cost. Producing resource properties are depleted over their estimated useful lives based upon a method relating recoverable resource reserves to production. Non-producing resource properties that the company abandons interest in are written-off in the year of abandonment.

(d) Deferred Exploration and Development Expenditures

The company capitalizes and defers all exploration and development expenses that result in the acquisition and retention of resource properties or an interest therein. The accumulated deferred costs including applicable exploration and development expenses relative to non-productive resource properties that the company abandons interest in are written-off. Otherwise, the deferred exploration and development expenses are depleted over the estimated useful lives of the producing resource properties based on a method relating recoverable reserves to production.

(e) Foreign Currency Translation

Monetary assets and liabilities expressed in foreign currencies are translated at rates of exchange in effect at the end of the year. Revenue and expense items are translated at the rates in effect at the dates on which such items are recognized during the year. Exchange gains and losses arising from translation are expensed in the year.

(f) Loss Per Share

Loss per share is calculated using the weighted average number of shares outstanding during the year.

Note 2 Summary of Significant Accounting Policies - (cont'd)

(g) Financial Instruments

The company's financial instruments consist of cash, accounts receivable, accounts payable, advances payable, note payable and long-term debt. 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.

Note 3 Business Acquisition – Note 10

Pursuant to an agreement dated December 3, 1996 the company acquired 100% of the issued and outstanding shares of Shadow Capital Corp. ("Shadow") for consideration of $1.

This transaction has been accounted for by the purchase method and the results of the acquired company are included from the date of acquisition. The net identifiable assets acquired from this transaction were as follows:

Identifiable assets	$	225,324
Identifiable liabilities assumed		225,323
Net identifiable assets acquired	$	1

Shadow's principal asset is an option to earn a 60% interest in the Cop 1, Cop 2, Cop 3 and Cop 4 mineral claims located in the Atlin Mining Division of British Columbia.

During the year ended June 30, 1999, Shadow issued 100,000 common shares for deemed proceeds of $25,000, pursuant to a mineral property option agreement. This transaction reduced the company's ownership interest in Shadow to 99% and gave rise to a gain on disposal of interest in subsidiary of $22,773.

The company distributed 3,400,000 common shares of Shadow to its shareholders of record by way of a dividend totalling $65,078. This transaction reduced the company's interest in Shadow to 65.35% as at June 30, 1999.

Note 4 Capital Assets

	Cost	Accumulated Amortization	Net Book Value 1999	Net Book Value 1998
Office equipment	$ 4,069	$ 940	$ 3,129	$ 1,500
Computer equipment	13,724	8,008	5,716	8,166
Vehicles	-	-	-	1,188
	$ 17,793	$ 8,948	$ 8,845	$ 10,854

Note 5 Resource Properties – Note 9

Resource properties consist of:	1999	1998
Cop mineral claims, British Columbia		
Acquisition costs - cash	$ 60,000	$ 50,000
- common shares issued of Shadow Capital Corp.	25,000	-
	85,000	50,000
Deferred exploration and development expenditures		
Equipment	19,904	19,904
General and administration	4,455	4,455
Geological consulting	12,980	12,480
Licenses	17,687	2,567
Transportation and freight	39,795	39,795
Travel and accommodation	17,736	17,736
Wages	67,284	67,284
	179,841	164,221
Reclamation bond	23,067	11,492
	287,908	225,713
Piskanja deposit, Republic of Serbia		
Acquisition costs - cash	14,000	14,000
- common shares (finder's fee)	920,000	920,000
	934,000	934,000

Note 5 Resource Properties – Note 9 – (cont'd)

Deferred exploration and development expenditures		
Consulting fees	111,016	84,783
Drilling and testing	2,502,162	1,989,533
General and administration	299,070	145,867
Geological consulting	306,286	248,002
Legal fees	21,840	21,840
Travel and accommodation	274,180	214,696
	3,514,554	2,704,721
	4,448,554	3,638,721
Square Lake mineral claims, New Brunswick		
Acquisition costs - cash	76,740	76,740
Less: write-down	(76,740)	(76,739)
	-	1
	$ 4,736,462	$ 3,864,435

Cop Mineral Claims

The Cop mineral claims are comprised of 72 mineral claims located in the Atlin Mining District of British Columbia. Pursuant to an option agreement dated February 14, 1996 and amending agreements dated December 2, 1997, July 15, 1998, September 15, 1998 and November 27, 1998, the company's 65.35% owned subsidiary Shadow Capital Corp. has the option to earn a 60% interest in the claims by making cash payments totalling $60,000, and issuing a total of 200,000 common shares and incurring exploration expenditures totalling $450,000 as follows:

i) payment of $20,000 prior to June 19, 1996 (paid);

ii) payment of $10,000 prior to February 28, 1998 (paid);

iii) issuance of 50,000 common shares upon completion of an initial public offering, no later than September 15, 1998 (issued);

iv) payment of $10,000 (paid) and issuance of 50,000 common shares (issued) prior to December 1, 1998;

v) payment of $10,000, issuance of 50,000 common shares and incurring exploration expenditures of $200,000 prior to December 1, 1999; and

Note 5 Resource Properties – Note 9 – (cont'd)

vi) payment of $10,000, issuance of 50,000 common shares and incurring exploration expenditures of $250,000 prior to December 1, 2000.

Piskanja Deposit

The Piskanja deposit is located in the Ibar region of the Republic of Serbia. The company has entered into a joint venture agreement dated October 4, 1996 whereby the company can earn a 50% interest in the deposit through the expenditure of $2,670,000 to conduct a research and reserves study leading to the preparation of a feasibility study. Upon determination that the feasibility study will be undertaken, the company and its joint venture partner will each own 50% of the joint venture and each contribute 50% to all further expenditures.

The joint venture agreement was to expire October 31, 1999. The joint venture partners have agreed to negotiate a new expiry date for the joint venture agreement.

Note 6 Advances Payable and Note Payable

Advances payable as at June 30, 1998 of $222,305 were unsecured, non-interest bearing and had no specific terms for repayment. During the year ended June 30, 1999, the advances payable, plus further advances of $84,745 (total advances $307,050), were converted to a note payable bearing interest at the rate of 12% per annum, compounded semi-annually on June 30 and December 31. The note payable is unsecured and is payable on demand. The interest rate increases to 18% per annum 15 days after notice of demand.

Note 7 Long-Term Debt

Long-term debt of $308,716 (US$210,326) at June 30, 1998, was unsecured and consisted of standby fees and interest owing to a drilling contractor which are due July 1, 1999. Standby fees accrued at the rate of US$1,000 per day and interest accrued at the rate of 1% per month on the outstanding balance, plus $431,871 (US$294,230) included in accounts payable at June 30, 1998. The total outstanding balance of $1,165,794 (US$796,852) comprising the total long-term debt and accounts payable owing to the drilling contractor at June 30, 1999 is included in accounts payable.

The drilling contractor has agreed to cease charging standby fees and interest as of March 31, 1999.

Note 8 Share Capital

i) Authorized:

Unlimited voting common shares without nominal or par value
Unlimited preferred shares without nominal or par value

ii) Issued common shares:

		#	$
Balance, June 30, 1997		11,663,333	2,761,550
For cash			
- Pursuant to private placements	- at $0.80	212,675	170,140
(less: cash commission paid)		-	(17,014)
- Pursuant to the exercise of share purchase warrants			
	- at $0.16	2,250,000	360,000
Balance, June 30, 1998		14,126,008	3,274,676
For cash			
- Pursuant to private placements	- at $0.80	350,000	280,000
(less: cash commission paid)		-	(28,000)
	- at $0.45	1,394,108	627,350
(less: cash commission paid)		-	(58,235)
	- at $0.60	41,667	25,000
(less: cash commission paid)		-	(1,875)
	- at $0.40	125,000	50,000
(less: cash commission paid)		-	(2,100)
- Pursuant to the exercise of share purchase warrants			
	- at $0.16	2,250,000	360,000
Balance, June 30, 1999		18,286,783	4,526,816

iv) Escrow:

At June 30, 1999, 2,583,333 common shares are held in escrow by the company's transfer agent. The release of these shares from escrow is subject to the consent of the regulatory authorities.

Note 8 Share Capital – (cont'd)

v) Commitments:

Share Purchase Options

At June 30, 1999 the following common share purchase options were outstanding:

Number	Exercise Price	Expiry Date
422,000	$0.16	March 21, 2001
100,000	$0.50	January 1, 2004
460,000	$0.55	January 14, 2004
982,000		

Share Purchase Warrants

At June 30, 1999 the following common share purchase warrants were outstanding to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
177,675	$1.25	March 16, 2000
35,000	$1.25	May 19, 2000
350,000	$1.00	February 26, 2000
77,775	$0.55	July 10, 1999
	or at $0.85	July 10, 2000
222,000	$0.75	August 5, 1999
	or at $1.00	August 5, 2000
1,094,333	$0.65	February 23, 2000
	or at $0.85	February 23, 2001
41,667	$0.72	March 20, 2000
	or at $0.85	March 20, 2001
125,000	$0.50	April 15, 2001
2,123,450		

Note 8 Share Capital – (cont'd)

Shares Subscribed

Shares subscribed of $647,000 as at June 30, 1998 consisted of $360,000 received for the exercise of 2,250,000 share purchase warrants at $0.16 per warrant; $280,000 less commissions of $28,000 received pursuant to a private placement of 350,000 units at $0.80 per unit; and $35,000 received pursuant to a private placement of 77,775 units at $0.45 per unit. Shares subscribed at June 30, 1998 were issued during the year ended June 30, 1999.

Note 9 Related Party Transactions

During the year the company incurred the following fees and expenses charged by directors, former directors and companies controlled by directors of the company:

	1999	1998
Deferred exploration and development expenditures		
- consulting	$ 15,621	$ -
- geological consulting	-	12,847
Consulting fees	-	1,700
Financial consulting fees	-	26,835
Management fees	60,000	60,000
Mineral property investigation costs	5,207	6,918
Office and miscellaneous	5,100	5,100
Rent	12,600	12,600
Travel and promotion	6,300	6,300
	$ 104,828	$ 132,300

Accounts payable as at June 30, 1999 includes $18 (1998: $20,253) due to directors of the company.

Note 10 Subsequent Events

Subsequent to June 30, 1999:

i) The company's subsidiary company Shadow Capital Corp. ("Shadow") changed its name to Soundcache.com Inc, and consolidated its common shares on a 1 new common share for 3.5 old common shares basis.

Note 10 Subsequent Events – (cont'd)

ii) Shadow entered into an agreement, subject to regulatory approval, to acquire all of the issued and outstanding shares of a private company. As consideration for this business acquisition, Shadow is required to issue 3,300,00 post-consolidation common shares of Shadow. Under the terms of the agreement, the private company will complete private placements to raise up to $985,000 through the sale of up to 2,500,000 units at $0.10 per unit, each unit consisting of 1 common share and 1 common share purchase warrant to purchase 1 common share at $0.75 per share, exercisable for 2 years, and through the sale of up to 2,100,000 units at $0.35 per unit, each unit consisting of 1 common share and 1 common share purchase warrant to purchase 1 common share at $0.75 per share, exercisable for 6 months. The private company also has 200,000 common shares reserved for issuance to employees. Shadow has agreed to extend its take-over bid to include all the securities holders of the private company on a 1 for 1 basis.

iii) Refer to Note 5, Piskanja Deposit.

Note 11 Corporation Income Tax Losses

At June 30, 1999, the company has accumulated non-capital losses totalling $1,533,853 which are available to reduce taxable income in future taxation years. These losses expire as follows:

2001	$ 5,153
2002	15,203
2003	146,503
2004	367,947
2005	574,513
2006	424,534
	$ 1,533,853

The company also has accumulated exploration and development expenditures totalling approximately $4,700,000. These expenses can be used to offset taxable income of future years at various rates per year and are available indefinitely.

The potential benefit of these losses and expenditures, if any, has not been recorded in the financial statements.

Note 12 Segmented Information

The company has operations in Canada and the Republic of Serbia. The reportable geographic segments are:

	1999	1998
Identifiable assets		
Canada	$ 321,603	$ 372,663
Republic of Serbia	4,461,793	3,642,596
	$ 4,783,396	$ 4,015,259

Note 13 Non-Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statement. During the year ended June 30, 1999 the following non-cash transactions occurred:

i) The company's subsidiary company Shadow Capital Corp. issued 100,000 common shares at a deemed price of $0.25 per share for total proceeds of $25,000, pursuant to the terms of the mineral property option agreement; and

ii) By way of a dividend the company distributed 3,400,000 common shares of Shadow Capital Corp. to its shareholders of record on the basis of 1 common share of Shadow Capital Corp. for each 5 common shares of the company held.

iii) Advances and note payable – see Note 6

iv) Long-term debt – see Note 7.

v) Share Subscriptions – see Note 8.

Note 14 Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 date is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 and if not addressed, the impact on operations and financial reporting may range from minor errors to significant system failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.