ERIN VENTURES INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2000 and 1999

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, 2000 and 1999 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, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Vancouver, Canada
December 18, 2000

"AMISANO HANSON"
Chartered Accountants

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ERIN VENTURES INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2000 and 1999

ASSETS	2000	1999
Current		
Cash	$ 159,764	$ 11,725
Accounts receivable	6,519	7,934
Prepaid expenses	8,300	5,190
	174,583	24,849
Capital assets – Note 4	6,810	8,845
Resource properties – Notes 5 and 8	4,977,257	4,736,462
	$ 5,158,650	$ 4,770,156
LIABILITIES		
Current		
Accounts payable – Note 8	$ 1,430,166	$ 1,458,462
Notes payable – Note 6	524,540	339,764
	1,954,706	1,798,226
Non-controlling interest in subsidiary	-	62,476
	1,954,706	1,860,702
SHAREHOLDERS' EQUITY		
Share capital – Note 7	5,033,045	4,526,816
Shares subscribed – Note 7	97,500	-
Deficit	(1,926,601)	(1,617,362)
	3,203,944	2,909,454
	$ 5,158,650	$ 4,770,156

Nature and Continuance of Operations – Note 1
Commitments – Notes 5, 6 and 7
Subsequent Event – Note 7

APPROVED BY THE DIRECTORS:

"Tim Daniels"
________________________________, Director

"Jim Wallis"
________________________________, Director

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS
for the years ended June 30, 2000 and 1999

	2000	1999
Interest Income	$ 1,677	$ 842
Administrative expenses		
Accounting and audit	22,575	23,185
Amortization	2,375	3,320
Filing fees	13,883	5,894
Interest	55,612	32,714
Investor relations	79,500	44,000
Legal	2,437	32,029
Management fees – Note 8	84,000	60,000
Office and miscellaneous – Note 8	30,647	19,984
Printing	-	8,025
Rent – Note 8	12,600	12,600
Telephone	20,794	27,705
Transfer agent fees	12,591	10,482
Travel and promotion – Note 8	23,414	96,571
Web site	1,500	4,511
	361,928	381,020
Loss before other items:	360,251	380,178
Other items:		
Foreign exchange loss (gain)	(263,942)	2,874
Mineral property investigation costs – Note 8	11,157	44,802
Loss on write-off of capital assets and resource property	277,022	833
Gain on disposal of interest in subsidiary company	(7,609)	(22,773)
Non-controlling interest share of loss	(67,640)	(4,829)
Net loss for the year	$ 309,239	$ 401,085
Loss per share	$ 0.02	$ 0.02

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.

CONSOLIDATED STATEMENTS OF DEFICIT

for the years ended June 30, 2000 and 1999

	2000	1999
Deficit, beginning of the year	$ 1,617,362	$ 1,151,199
Dividends	-	65,078
Net loss for the year	309,239	401,085
Deficit, end of the year	$ 1,926,601	$ 1,617,362

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended June 30, 2000 and 1999

	2000	1999
Operating Activities		
Net loss for the year	$ (309,239)	$ (401,085)
Charges to income not affecting cash:		
Amortization	2,375	3,230
Loss on write-off of capital assets and resource property	277,022	833
Gain on disposal of interest in subsidiary company	(7,609)	(22,773)
Non-controlling interest share of loss	(67,640)	(4,829)
	(105,091)	(424,534)
Changes in non-cash working capital balances related to operations:		
Accounts receivable	1,415	20,771
Prepaid expenses	(3,110)	(1,316)
Accounts payable	(28,296)	435,985
Notes payable	184,776	117,459
	49,694	148,365
Financing Activities		
Issuance of common stock	506,229	605,140
Shares subscribed	97,500	-
	603,729	605,140
Investing Activities		
Purchase of capital assets	(340)	(2,143)
Increase in resource properties	(517,817)	(847,028)
Proceeds on disposal of interest in subsidiary company	12,773	-
	(505,384)	(849,171)
Increase (decrease) in cash during the year	148,039	(95,666)
Cash, beginning of the year	11,725	107,391
Cash, end of the year	$ 159,764	$ 11,725

Non-cash Transactions – Note 11

SEE ACCOMPANYING NOTES

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 expenditures 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 $1,780,123 as at June 30, 2000. 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, Soundcache.com Inc. ("Soundcache") (formerly Shadow Capital Corp.), the company's 65% owned subsidiary and 776072 Alberta Inc., the company's 100% 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

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 included in income during 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 and notes payable. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments, with the possible exception of certain accounts payable balances. The company may have an exposure to foreign currency fluctuations with regard to accounts payable balances denominated in foreign currencies. Such foreign currency fluctuations could affect the company's liability balances and income. The fair value of the financial instruments is considered to be equal to the carrying value due to the short-term maturities. Carrying value is adjusted to reflect the foreign currency exchange rate at the balance sheet date.

(h) Stock-based Compensation

The company has a share purchase option plan which is described in Note 7. No compensation expense is recognized for this plan when shares or share purchase options are issued to employees or directors. Any consideration paid by employees or directors on exercise of share purchase options or purchase of shares is credited to share capital. If shares or share purchase options are repurchased from employees or directors, the excess of the consideration paid over the carrying amount of the shares or share purchase options cancelled is charged to deficit.

Note 3 Business Acquisition

Pursuant to an agreement dated February 28, 2000 the company acquired 100% of the issued and outstanding shares of 776072 Alberta Inc. ("776072") for consideration of $10.

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	$	20,010
Identifiable liabilities assumed		20,000
Net identifiable assets acquired	$	10

776072's principal asset is an option to earn a 100% interest in 32 mineral claims known as the Stope Baby mineral claims, located in the Cariboo Mining Division of British Columbia. (Note 5)

Note 4 Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Office equipment	$ 4,409	$ 1,600	$ 2,809	$ 3,129
Computer equipment	13,724	9,723	4,001	5,716
	$ 18,133	$ 11,323	$ 6,810	$ 8,845

Note 5 Resource Properties – Note 8

Resource properties consist of:	2000	1999
i) Cop mineral claims, British Columbia		
Acquisition costs - cash	$ 60,000	$ 60,000
- common shares issued of Soundcache.com Inc. (formerly Shadow Capital Corp.)	25,000	25,000
	85,000	85,000
Deferred exploration and development expenditures		
Equipment	19,904	19,904
General and administration	4,455	4,455
Geological consulting	12,980	12,980
Licenses	17,687	17,687
Transportation and freight	51,976	39,795
Travel and accommodation	17,736	17,736
Wages	67,284	67,284
	192,022	179,841
Reclamation bond	-	23,067
	227,022	287,908
Write-off of resource property	(227,022)	-
	-	287,908

Note 5 Resource Properties – Note 8 – (cont'd)

ii) Piskanja Borate Property, Republic of Serbia

Acquisition costs - cash	14,000	14,000
- common shares	920,000	920,000
	934,000	934,000
Deferred exploration and development expenditures		
Consulting fees	152,222	111,016
Drilling and testing	2,502,162	2,502,162
General and administration	681,462	299,070
Geological consulting	306,286	306,286
Legal fees	21,840	21,840
Travel and accommodation	286,549	274,180
	3,950,521	3,514,554
	4,884,521	4,448,554

iii) Stope Baby mineral claims, British Columbia

Acquisition costs - cash	20,000	-
Deferred exploration and development expenditures		
Camp supplies	3,266	-
Claim staking	6,360	-
Equipment rental	6,500	-
Geological consulting	23,500	-
Geophysical analysis	6,127	-
Line clearing	19,100	-
Travel and accommodation	2,883	-
	67,736	-
Reclamation bond	5,000	-
	92,736	-
Total	$ 4,977,257	$ 4,736,462

Note 5 Resource Properties – Note 8 – (cont'd)

Cop Mineral Claims

The Cop mineral claims were comprised of 72 mineral claims located in the Atlin Mining District of British Columbia.

During the year ended June 30, 2000, the company abandoned its interest in the claims and all associated costs were written-off in the amount of $277,022.

Piskanja Borate Property

The Piskanja borate property is located in the Ibar region of the Republic of Serbia ("Serbia"). The company entered into a joint venture agreement dated October 4, 1996 whereby the company can earn a 50% interest in the property through the direct exploration expenditure of $2,670,000 to conduct a research and reserves study leading to the preparation of a feasibility study. However, due to the current civil unrest in Serbia all work programs on the property have been suspended. As at June 30, 2000, the cumulative total of direct exploration expenditures of $2,670,000 has not been completed.

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.

Stope Baby Mineral Claims

The Stope Baby mineral claims are comprised of 32 mineral claims located in the Cariboo Mining District of British Columbia. Pursuant to an option agreement dated February 28, 2000 the company has the option to earn a 100% interest in the claims by making cash payments totalling $140,000 and incurring exploration expenditures totalling $1,050,000 as follows:

i) payment of $20,000 on signing (paid);
ii) incurring exploration expenditures of $150,000 prior to December 31, 2000;
iii) payment of $40,000 prior to January 15, 2001;
iv) incurring exploration expenditures of $400,000 prior to December 31, 2001;
v) payment of $80,000 prior to January 15, 2002;
vi) incurring exploration expenditures of $500,000 prior to December 31, 2002.

Note 6 Notes Payable

Notes payable consist of:

		2000		1999
Note payable comprising of principle of $432,199 (1999: $307,050) plus accrued interest of $86,920 (1999: $32,714). This note bears interest at the rate of 12% per annum, compounded semi-annually on June 30 and December 31, is unsecured and payable on demand. The interest rate increases to 18% per annum 15 days after notice of demand.	$	519,119	$	339,764
Note payable comprising of principle of $5,375 (1999: nil) plus accrued interest of $46 (1999: nil). This note bears interest at the rate of 12% per annum, is unsecured and payable on demand.		5,421		-
	$	524,540	$	339,764

Note 7 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, 1998		14,126,008	3,274,676
For cash			
- Pursuant to private placements	– at $0.80	350,000	280,000
(less: commission)		-	(28,000)
	– at $0.45	1,394,108	627,350
(less: commission)		-	(58,235)
	– at $0.60	41,667	25,000
(less: commission)		-	(1,875)
	– at $0.40	125,000	50,000
(less: commission)		-	(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
For cash			
- Pursuant to private placements	– at $0.12	1,658,001	198,960
	– at $0.15	370,000	55,500
(less: commission)		-	(9,900)
	– at $0.128	1,400,000	179,200
(less: commission)		-	(9,999)
	– at $0.22	420,311	92,468
Balance, June 30, 2000		22,135,095	5,033,045

Note 7 Share Capital – (cont'd)

iii) Commitments:

Stock-based Compensation Plan

The company has granted directors and employees common share purchase options. These options are granted with an exercise price equal to the market price of the company's shares on the date of the grant.

A summary of the status of the stock option plan as at June 30, 2000 and 1999 and changes during the years then ended is presented below:

	June 30, 2000		June 30, 1999	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	982,000	$0.38	572,000	$0.54
Expired	-	-	(150,000)	$1.62
Granted	-	-	560,000	$0.54
Options outstanding and exercisable at end of year	982,000	$0.38	982,000	$0.38

At June 30, 2000 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		

Shares Subscribed

Shares subscribed as at June 30, 2000 consists of $97,500 received in respect to a private placement of 970,000 units at $0.15 per unit. Each unit consists of one common share of the company and one common share purchase warrant to purchase one share at $0.50 per share, expiring May 18, 2001. Subsequent to June 30, 2000 the remaining balance of $48,000 was received and the units were issued. A cash commission of $14,550 was incurred on the private placement.

Note 7 Share Capital – (cont'd)

iii) Commitments: - (cont'd)

Share Purchase Warrants

At June 30, 2000 the following common share purchase warrants were outstanding to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
77,775	$0.85	July 10, 2000
222,000	$1.00	August 5, 2000
1,094,333	$0.85	February 23, 2001
41,667	$0.85	March 20, 2001
125,000	$0.50	April 15, 2001
100,000	$0.25	February 14, 2001
	or at $0.50	February 14, 2002
270,000	$0.25	February 14, 2001
210,155	$0.50	May 15, 2001
892,225	$0.50	February 22, 2002
912,334	$0.50	February 28, 2002
3,945,489		

Note 8 Related Party Transactions

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

	2000	1999
Deferred exploration and development expenditures		
- consulting	$ 49,956	$ 15,621
Management fees	84,000	60,000
Mineral property investigation costs	7,408	5,207
Office and miscellaneous	5,100	5,100
Rent	12,600	12,600
Travel and promotion	6,300	6,300
	$ 165,364	$ 104,828

The charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties, and are on terms and conditions similar to non-related entities.

Note 8 Related Party Transactions – (cont'd)

Accounts payable as at June 30, 2000 includes $24,733 (1999: $18) due to directors of the company.

Note 9 Corporation Income Tax Losses

At June 30, 2000, the company has accumulated non-capital losses totalling $1,638,944 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
2007	105,091
	$ 1,638,944

The company also has accumulated exploration and development expenditures totalling approximately $4,900,000. These expenses can be used to offset certain 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 10 Segmented Information

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

	2000	1999
Identifiable assets		
Canada	$ 270,829	$ 321,603
Republic of Serbia	4,887,821	4,448,555
	$ 5,158,650	$ 4,770,156

Note 11 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 Soundcache.com Inc. (formerly 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 a mineral property option agreement; and

ii) The company paid dividends of $65,078 by issuing 3,400,000 common shares of Soundcache to its shareholders of record on the basis of 1 common share of Soundcache for each 5 common shares of the company held.