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INCORPORATED AS PART OF:

Schedule A
 Schedules B and C

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
Goldrea Resources Corp. (Formerly Verdstone Gold Corporation)	July 31, 2002	2002/12/18

ISSUER'S ADDRESS

#2A – 15762 Marine Drive

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
White Rock	BC	V4B 1E6	(604) 531-9634	(604) 531-9639
CONTACT PERSON		CONTACT'S POSITION		CONTACT TELEPHONE NO.
Teresa Piorun		Executive Administrator		(604) 531-9639
CONTACT EMAIL ADDRESS			WEB SITE ADDRESS	
Info@goldrea.com			N/A	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"Larry W. Reaugh"	Larry W. Reaugh	2002/12/18
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"John Chapman"	John Chapman	2002/12/18

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001



AUDITORS' REPORT

To the Shareholders of
Goldrea Resources Corp.
(Formerly Verdstone Gold Corporation)

We have audited the consolidated balance sheet and consolidated statement of mineral property costs of Goldrea Resources Corp. (formerly Verdstone Gold Corporation) as at July 31, 2002 and the consolidated statements of operations and deficit, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated 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 July 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The consolidated financial statements as at July 31, 2001, and for the year then ended, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated December 14, 2001.

Vancouver, B.C.

December 13, 2002

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"Morgan & Company"

Chartered Accountants

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Vancouver, B.C. V7Y 1A1

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED BALANCE SHEETS

	JULY 31	
	2002	2001
ASSETS		
Current		
Cash	\$ 66,993	\$ -
Accounts receivable	7,572	1,965
	74,565	1,965
Due From Related Parties (Note 3)	142,125	72,358
Reclamation Deposits	22,018	7,500
Capital Assets (Note 4)	2,457	3,102
Mineral Properties (Note 5)	314,827	259,512
	\$ 555,992	\$ 344,437
LIABILITIES		
Current		
Bank indebtedness	\$ -	\$ 1,160
Accounts payable	44,197	171,900
Due to related parties (Note 3)	12,213	97,024
	56,410	270,084
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	8,666,858	8,153,724
Share Subscriptions	53,250	-
Deficit	(8,220,526)	(8,079,371)
	499,582	74,353
	\$ 555,992	\$ 344,437

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	YEARS ENDED JULY 31	
	2002	2001
Expenses		
Advertising and promotion	\$ 27,879	\$ 8,000
Amortization	645	820
Consulting	15,631	37,957
Equipment lease	1,809	5,113
Management fees	42,000	42,000
Office and administration	16,460	4,044
Professional fees	30,466	33,390
Rent	3,222	4,307
Shareholder communication	1,963	731
Travel and accommodation	2,093	-
Trust and filing fees	25,437	15,262
Loss Before Other Items	(167,605)	(151,624)
Other Items		
Interest income	428	136
Recovery of accounts payable	44,524	15,074
Write down of mineral property costs, net of recoveries (Note 5)	(18,502)	(376,572)
Net Loss For The Year	(141,155)	(512,986)
Deficit, Beginning Of Year	(8,079,371)	(7,566,385)
Deficit, End Of Year	\$ (8,220,526)	\$ (8,079,371)
Loss Per Share - Basic	\$ (0.04)	\$ (0.29)

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED JULY 31	
	2002	2001
Cash Flows From Operating Activities		
Net loss for the year	\$ (141,155)	\$ (512,986)
Adjustment for items not involving cash:		
Amortization	645	820
Recovery of accounts payable	(44,524)	(15,074)
Write off of mineral properties, net of recoveries	18,502	376,572
	<u>(166,532)</u>	<u>(150,668)</u>
Changes in non-cash working capital balances:		
Accounts receivable	(5,607)	4,345
Accounts payable	140,306	44,978
	<u>(31,833)</u>	<u>(101,345)</u>
Cash Flows From Investing Activities		
Mineral property expenditures	(67,567)	(81,685)
Reclamation deposit	(14,518)	-
Option proceeds received	-	44,855
	<u>(82,085)</u>	<u>(36,830)</u>
Cash Flows From Financing Activities		
Shares issued for cash	283,399	51,000
Due to/from related parties	(154,578)	85,860
Share subscriptions	53,250	-
	<u>182,071</u>	<u>136,860</u>
Increase (Decrease) In Cash During The Year	68,153	(1,315)
Cash (Bank Indebtedness), Beginning Of Year	(1,160)	155
Cash (Bank Indebtedness), End Of Year	\$ 66,993	\$ (1,160)

Supplemental Information On Non-Cash Investing And Financing Activities

During the year ended July 31, 2002, non-cash transactions included 2,234,851 shares issued for debt for proceeds of \$223,485, and 25,000 shares issued to the vendor of the Pongo property for proceeds of \$6,250.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED STATEMENTS OF MINERAL PROPERTY COSTS

JULY 31, 2002

	JULY 31 2000	NET EXPENDITURES	WRITE OFFS	JULY 31 2001	NET EXPENDITURES	WRITE OFFS	JULY 31 2002
CANADA – British Columbia							
BX							
Acquisition	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
Engineering and geological	-	-	-	-	3,652	-	3,652
	-	-	-	-	4,652	-	4,652
Dobbin							
Acquisition	2,611	650	-	3,261	-	-	3,261
Assay and recording fees	35,803	4,319	-	40,122	225	-	40,347
Camp and supplies	17,113	326	-	17,439	-	-	17,439
Drilling	185,336	-	-	185,336	-	-	185,336
Engineering and geological	27,439	37,156	-	64,595	1,210	-	65,805
Equipment rentals and purchases	17,578	383	-	17,961	-	-	17,961
Property maintenance fees	-	620	-	620	-	-	620
Write down provision	(69,824)	-	-	(69,824)	-	-	(69,824)
	216,056	43,454	-	259,510	1,435	-	260,945
Howell							
Assay and recording fees	-	-	-	-	437	-	437
Engineering and geological	-	-	-	-	48,793	-	48,793
	-	-	-	-	49,230	-	49,230
Pongo							
Acquisition	-	10,570	(10,570)	-	6,250	(6,250)	-
Assay and recording fees	-	2,584	(2,584)	-	800	(800)	-
Camp and supplies	-	2,508	(2,508)	-	-	-	-
Equipment rentals and purchases	-	241	(241)	-	473	(473)	-
Engineering and geological	-	21,703	(21,703)	-	12,477	(12,477)	-
	-	37,606	(37,606)	-	20,000	(20,000)	-

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

CONSOLIDATED STATEMENTS OF MINERAL PROPERTY COSTS

JULY 31, 2002

	JULY 31 2000	NET EXPENDITURES	WRITE OFFS	JULY 31 2001	NET EXPENDITURES	WRITE OFFS	JULY 31 2002
CANADA – British Columbia							
Yorke-Hardy							
Acquisition	1	7,095	(7,095)	1	-	(1)	-
Engineering and geological	-	1,031	(1,031)	-	-	-	-
	1	8,126	(8,126)	1	-	(1)	-
Crow-Rea							
Engineering and geological	-	500	(500)	-	-	-	-
Hed							
Acquisition	-	-	-	-	(1,500)	1,500	-
UNITED STATES							
Alaska – Clums Fork							
Acquisition	230,943	-	(230,943)	-	-	-	-
Assay and recording fees	99,276	-	(99,276)	-	-	-	-
Camp and supplies	135,252	-	(135,252)	-	-	-	-
Drilling	8,346	-	(8,346)	-	-	-	-
Engineering and geological	280,506	-	(280,506)	-	-	-	-
Equipment amortization	46,047	-	(46,047)	-	-	-	-
Equipment rental and purchases	9,061	-	(9,061)	-	-	-	-
Freight and transportation	64,595	-	(64,595)	-	-	-	-
Property maintenance fees	26,942	-	(26,942)	-	-	-	-
Repairs and maintenance	4,839	-	(4,839)	-	-	-	-
Write down provision	(719,679)	-	719,679	-	-	-	-
	186,128	-	(186,128)	-	-	-	-
Nevada – Victorine							
Acquisition	77,655	(144,213)	66,559	1	-	(1)	-
Exploration	345,225	-	(345,225)	-	-	-	-
Write down provision	(233,811)	-	233,811	-	-	-	-
	189,069	(144,213)	(44,855)	1	-	(1)	-
Total Mineral Property Costs	\$ 591,254	\$ (54,527)	\$ (277,215)	\$ 259,512	\$ 73,817	\$ (18,502)	\$ 314,827

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company, directly and through joint ventures, is involved in the acquisition, exploration and development of mineral properties and is currently in the exploratory stage of development of its mineral properties. The underlying value of these mineral properties and their related deferred costs is dependent upon confirmation of the Company's interest in the underlying claims and the existence of economically recoverable mineral reserves.

These financial statements have been prepared assuming the Company will continue as a going concern basis. The Company has incurred losses since inception. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to raise adequate financing to eliminate its working capital deficiency.

There can be no assurance that the Company will be able to continue to raise funds, in which case, the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Properties and Deferred Costs

The cost of mineral properties and related exploration and development expenditures are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse, or abandoned.

Cost includes the cash consideration and the fair market value of shares as they are issued, if any, on the acquisition of mineral properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property, and any excess is included in income for the year.

The recorded cost of mineral claims and deferred exploration and development costs represent costs incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Principles of Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiary, Apollo Resources Inc., which is incorporated in the State of Alaska, U.S.A.

c) Joint Ventures

The Company accounts for its investments in joint ventures using the proportionate consolidation method.

d) Capital Assets

Capital assets consist of office furniture and equipment, computer equipment and mining equipment, which are recorded at cost, and amortized on the declining balance basis at rates of 20%, 30% and 20% per annum, respectively.

e) Translation of Foreign Currency

The accounts of foreign operations are translated into Canadian dollars as follows: monetary assets and liabilities at the rates of exchange prevailing at the balance sheet dates; other assets and liabilities at applicable historical exchange rates; revenues and expenses at the average rate of exchange for the year except for non-monetary expenses which are at the rates used for the translation of the related assets; foreign exchange translation gains and losses are included in earnings.

f) Measurement Uncertainty

The preparation of financial statements in conformity with 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 the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the continuing viability of mineral property interests and the determination of reclamation obligations and rates for amortization. Actual results could differ from these estimates.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Instruments

The carrying amounts for cash, accounts receivable, accounts payable, and amounts due to and from related parties approximate their fair market value because of the limited term of these instruments. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

h) Stock Option Plan

The Company has a discretionary stock option plan (Note 6) for which no compensation expense is recognized when the stock options are granted to directors, officers, employees or advisors. Any consideration paid by the directors, officers, employees or advisors on the exercise of stock options or purchase of common shares is credited to capital stock. If common shares or stock options are purchased from directors, officers, employees or advisors, the excess of the consideration paid over the carrying amount of the common shares or stock option granted will be charged to operations.

i) Income Taxes

The Company accounts for and measures future tax assets and liabilities in accordance with the liability method.

Under the liability method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and not net asset is recognized. Such an allowance applies fully to all potential income tax assets of the Company.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Loss Per Share

Loss per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share has not been disclosed due to its anti-dilutive effect on loss per share.

3. RELATED PARTY TRANSACTIONS

Amounts due to and from companies with common directors and to officers and directors are interest free, unsecured, have no specified terms of repayment and have arisen from the provision of services and expense reimbursements or advances described.

The Company has directors in common with Molycor Gold Corporation ("Molycor"), Stirrup Creek Gold Ltd. ("Stirrup") and Ameridex Minerals Corporation ("Ameridex").

The Company and Molycor are 50/50 joint venture partners in various properties in British Columbia, and Molycor has a 10% interest in the Clums Fork Property. The Company and Stirrup are 50/50 joint venture partners in the Victorine Property.

The Company, Molycor, Stirrup and the President of the Company are equal shareholders in Raven Drilling Inc. ("Raven"), a private company formerly controlled by the President, collectively holding 50% of Raven's shares. Raven has supplied drilling services to the Company's British Columbia properties.

The President of the Company and an individual related to him and a private company controlled by him owe an aggregate of \$296 (2001 - \$26,475). The President charged \$42,000 in management fees during the year, and this amount was credited against his outstanding balance owing to the Company.

During the year ended July 31, 2002, 1,052,979 shares were issued for debt totalling \$105,298 to directors and officers of the Company for cash advances and services rendered to the Company.

On January 14, 2002, the Company entered into an arrangement with Molycor, Stirrup and Ameridex whereby the Company assumed responsibility for the payment of \$88,984 of accounts payable due by Molycor, Stirrup and Ameridex. These outstanding amounts were then settled by the issuance of 889,840 common shares of the Company and comprised part of the share for debt settlement (see Note 6).

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

4. CAPITAL ASSETS

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 9,440	\$ (8,130)	\$ 1,310	\$ 1,639
Furniture and fixtures	10,032	(9,052)	980	1,225
Computer equipment	5,351	(5,184)	167	238
	<u>\$ 24,823</u>	<u>\$ (22,366)</u>	<u>\$ 2,457</u>	<u>\$ 3,102</u>

5. MINERAL PROPERTIES

British Columbia, Canada

Dobbin Property, Nicola and Vernon Mining Divisions

The Company and Molycor Gold Corporation ("Molycor") each have a 50% interest in twenty-four mineral claims and the Company has a 50% interest in a further twenty claims, all acquired by staking.

Eskay Creek/ BX Property, Liard Mining Division

During the year ended July 31, 2002, the Company acquired by staking a 100% interest in 36 gold claims located approximately 48 kilometres southwest of Bob Quinn Lake, British Columbia.

The Company entered into an agreement with Parkside 2000 Resources ("Parkside), for Parkside to explore and develop the 36 unit, BX 1-2 claims, located in the Liard mining division, 48 kilometres southwest of Bob Quinn Lake, B.C.

Under the terms of the agreement, Parkside may earn a 50% interest over a five-year option period. To earn the 50% interest, Parkside must make total payments of \$100,000, issue 450,000 shares and expend \$1,100,000 on the property.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

5. MINERAL PROPERTIES (Continued)

British Columbia, Canada (Continued)

Howell and Crowsnest Projects

Eastfield Resources Corp. ("Eastfield") and the Company entered into an option agreement for the Company to explore and develop the Crowsnest and Howell gold projects located in the Fort Steele Mining Division, 50 kilometres south of Fernie, in southwestern British Columbia. The two properties encompass 267 claim units and are essentially contiguous. They are 100% owned by Eastfield subject to separate underlying agreements: Crowsnest from an agreement with a private corporation and Howell from an agreement with Placer Dome Limited and Teck Cominco Mines Limited.

Under the terms of the option, the Company may earn a 55% interest in one or both of the properties.

The five-year option conveys rights on both properties for the first two years in return for payments of \$35,000; issuance of 140,000 shares, and work commitments totalling \$300,000; and then allows the Company to continue with one or both properties at its discretion. To earn a 55% interest in either Crowsnest or Howell, the Company must make total payments of a further \$100,000; make further share issuances of 200,000 shares and make additional work commitments of \$1,100,000 over the next three years of the agreement term. In total, to earn a 55% interest on both properties, the Company must make total payments of \$235,000, issue 540,000 shares and expend \$2,500,000 on the properties. The initial share issuance of 90,000 shares occurred subsequent to July 31, 2002 and a first year work commitment of \$150,000 has been set. The Company is also responsible for a finder's fee equal to 10% of the first two year's property payments and exploration expenditures. (9,000 shares were issued subsequent to July 31, 2002).

Yorke-Hardy Property, Omineca Mining Division

The Company and Molycor entered into an option agreement and acquired a joint 100% interest in six mining leases from an individual for aggregate cash payments from each Company of \$25,000 (paid) and the issue of 130,000 shares of the Company (issued) and 100,000 shares of Molycor (issued). In order to maintain their titles to these leases, the Company and Molycor are each required to pay annual rentals of \$25,000, annual government fees and a production royalty of \$0.15 to \$0.30 per ton depending on ore grade. During the year ended July 31, 2002, the Company abandoned its interest in the optioned claims.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

5. MINERAL PROPERTIES (Continued)

British Columbia, Canada (Continued)

Pongo Property, Kamloops Mining Division

In 2001, the Company and Molycor entered into an option agreement to jointly and equally acquire a 100% interest in sixty mineral claims, subject to a 2% Net Smelter Return ("NSR") royalty, for aggregate cash payments of \$150,000, incurring exploration costs of \$2,000,000 and the issue of 640,000 common shares of the Company (160,000 shares have been issued) and the issue of 400,000 common shares of Molycor in stages over a five year period.

The Company was unable to meet its obligations under the agreements, and wrote off all deferred costs at July 31, 2001. Any subsequent costs have been written off as incurred.

The Company issued 25,000 shares with a deemed value of \$6,250 to the vendor of the Pongo Property in regard to the option obligations they failed to meet under their agreement.

Hed Property, Osoyoos Mining Division

The Company and Molycor each had a 50% interest in eleven mineral claims acquired by staking, but during the 2000 fiscal year the Company elected not to pursue its interest in the property and wrote-off all deferred costs associated with it.

During the year ended July 31, 2002, the Company received \$1,500 as a recovery from the sale of these claims.

Nevada, U.S.A.

Victorine Joint Venture, Bunker Hill Mining District

The Company has a joint venture agreement with Stirrup Creek Gold Ltd. ("Stirrup"), whereby the Company has a 50% participating interest in a mining lease consisting of two patented, three unpatented and nine additional surrounding mineral claims. The lease requires annual payments of U.S.\$25,000. The property is subject to a 5% net smelter returns (NSR) royalty, which is to be credited against the annual lease payments.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

5. MINERAL PROPERTIES (Continued)

Nevada, U.S.A. (Continued)

Victorine Joint Venture, Bunker Hill Mining District (Continued)

The Company and Stirrup had entered into a sublease agreement in 1999 with another company, whereby that company acquired exploration rights on the claims in consideration for the payment to Stirrup and the company of U.S.\$35,000 each (received), agreeing to pay Goldrea and Stirrup (commencing April 1, 2000) a minimum quarterly fee of U.S.\$7,500 each and agreeing to assume the other conditions of the original lease with the owners, including making the annual U.S.\$25,000 payments and expending U.S. \$200,000 annually on exploration. During the 2001 fiscal year, that company defaulted on underlying mining lease payments and the property has been written-down to a nominal amount pending the company renegotiating the lease. Subsequent to July 31, 2002, the agreement expired and the Company decided not to continue with the option on the Victorine mine. Consequently, the Company wrote off the remaining amount in July 31, 2002.

6. SHARE CAPITAL

Authorized:

100,000,000 common shares without par value

Issued:

	NUMBER OF SHARES	AMOUNT
Balance, July 31, 2000	17,407,209	\$ 7,854,494
Shares issued for cash		
Stock options exercised - \$0.10	20,000	2,000
Private placement - \$0.10	490,000	49,000
Shares issued for mineral property acquisition - \$0.10	160,000	16,000
Shares issued for settlement of debt – \$0.10	2,322,297	232,230
Balance, July 31, 2001	20,399,506	8,153,724

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

6. SHARE CAPITAL (Continued)

Issued (Continued):

	NUMBER OF SHARES	AMOUNT
Balance, July 31, 2001	20,399,506	\$ 8,153,724
Shares consolidated 1 new for 10 old	(18,359,556)	-
Post consolidated opening balance	2,039,950	8,153,724
Shares issued for cash		
Private placement - \$0.10	500,000	50,000
Private placement - \$0.17	1,431,760	243,399
Share subscriptions receivable	-	(10,000)
Shares issued for settlement of debt - \$0.10	2,234,851	223,485
Shares issued for property - \$0.25	25,000	6,250
	6,231,561	\$ 8,666,858

The following table summarizes information about stock options outstanding as at July 31, 2002:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
\$ 0.31	447,000	4.8 years	\$ 0.31	447,000	\$ 0.31

During the period, the Company cancelled all outstanding options of 140,000 shares and granted incentive stock options to purchase a total of 477,000 shares in the capital stock of the company. The option is for a period of five years expiring May 24, 2007 at \$0.31 per share.

Share purchase warrants outstanding at July 31, 2002:

NUMBER OF SHARES	PRICE PER SHARE	EXPIRY DATE
49,000	\$1.20	August 29, 2003
500,000	\$0.10/\$0.12	April 19, 2003/2004
1,431,760	\$0.20/\$0.25	June 4, 2003/2004
1,980,760		

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

6. SHARE CAPITAL (Continued)

During the year ended July 31, 2002, the Company consolidated its share capital on a one for ten basis. As part of the Company's reorganization the Company changed its name to "Goldrea Resources Corp."

The Company settled debt in the amount of \$223,485 by the issuance of 2,234,851 post-consolidated common shares at a price of \$0.10 per share

In fiscal 2002, the Company completed a private placement of 500,000 units (post consolidation) at a price of \$0.10 per unit realizing proceeds of \$50,000. Each unit was comprised of one common share and one two year share purchase warrant. Each share purchase warrant entitled the holder to purchase one common share at a price of \$0.10 for the first year and at \$0.12 in the second year.

The Company also closed a private placement consisting of 1,431,760 units at \$0.17 per unit. Each unit consisted of one common share of the company and one two-year share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 in the first year and at \$0.25 in the second year.

The Company issued 25,000 shares to the vendor of the Pongo Property for option obligations the Company failed to meet under the agreement. The shares were recorded at a price of \$0.25 per share.

7. INCOME TAX

A reconciliation of income taxes at statutory rates to the Company's effective income tax expense is as follows:

	<u>2002</u>	<u>2001</u>
Loss for the year	\$ (141,155)	\$ (512,986)
Statutory tax rate	43.0%	45.6%
Expected income tax provision	\$ (60,697)	\$ (233,922)
Non-Deductible differences	\$ 43,676	\$ 206,093
Unrecognized tax losses	\$ 17,020	\$ 27,827
Income tax provision	\$ -	\$ -

The Company has Canadian non-capital losses of approximately \$495,000 available to offset future taxable income in Canada, which expire between 2003 and 2009. The potential tax benefits of these losses have not been recognized as realization is not considered more likely than not.

GOLDREA RESOURCES CORP.
(Formerly Verdstone Gold Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2002 AND 2001

7. INCOME TAX (Continued)

The Company has \$2,551,537 of accumulated exploration and development costs available for deduction against future income for tax purposes. No benefit has been recognized in respect of these amounts, which may be carried forward indefinitely

8. SUBSEQUENT EVENTS

- a) Subsequent to July 31, 2002, the Company entered into an agreement to purchase the Goldchain group of eight claims located in Mojave County, Arizona. Under the terms of the agreement the Company has purchased a 100% interest in the property for \$5,000 and issuance of 100,000 common shares to the two individuals. The Company subsequently received regulatory approval for this agreement, and the Company issued 100,000 common shares.
- b) Subsequent to July 31, 2002, the Company issued 248,000 common shares at a price of \$0.30 per share on the completion of a private placement of 248,000 units. Each unit comprised one common share and one share purchase warrant entitling the holder to acquire one additional common share for each warrant held at a price of \$0.30 per share in the first year, and \$0.35 per share in the second year.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for in the current period.