

## **MULTIPLE OPPORTUNITIES FUND**

Financial Statements

December 31, 2002 and 2001

### Index

Auditors' Report

Statement of Net Assets

Statement of Operations

Statement of Changes in Net Assets

Statement of Portfolio Investments

Statement of Financial Highlights

Notes to Financial Statements

# ELLIS FOSTER

CHARTERED ACCOUNTANTS

1650 West 1<sup>st</sup> Avenue  
Vancouver, BC Canada V6J 1G1  
Telephone: (604) 734-1112 Facsimile: (604) 714-5916  
E-Mail: [generaldelivery@ellisfoster.com](mailto:generaldelivery@ellisfoster.com)

---

## AUDITORS' REPORT

To the Unitholders and Trustee of

### MULTIPLE OPPORTUNITIES FUND

We have audited the accompanying statement of net assets of **Multiple Opportunities Fund** as at December 31, 2002 and 2001, the statements of operations and changes in net assets for the years then ended, the statement of portfolio investments as at December 31, 2002 and the statement of financial highlights for each of the years in the five-year period ended December 31, 2002. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these 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 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 Fund at December 31, 2002 and 2001, the results of its operations and the changes in its net assets for the years then ended, the portfolio investments as at December 31, 2002 and the financial highlights for each of the years in the five-year period ended December 31, 2002, in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
January 29, 2003

"ELLIS FOSTER"  
Chartered Accountants



*A partnership of incorporated professionals*

*An independently owned and operated member of Moore Stephens North America Inc., a member of Moore Stephens International Limited  
- members in principal cities throughout the world*

# MULTIPLE OPPORTUNITIES FUND

Statement of Net Assets  
December 31, 2002 and 2001

	2002	2001
<b>ASSETS</b>		
<b>Investments, at market value</b> (Average cost: 2002 - \$7,942,040; 2001 - \$7,569,926)	\$ 8,083,166	\$ 7,184,534
<b>Cash and treasury bills</b>	344,501	254,561
	8,427,667	7,439,095
<b>LIABILITIES</b>		
<b>Management and performance fee payable</b>	594,633	-
<b>Accounts payable and accrued liabilities</b>	26,300	15,418
<b>Due to broker</b>	41,931	350,775
<b>Net assets representing unitholders' equity</b>	\$ 7,764,803	\$ 7,072,902
<b>Number of units outstanding (note 4)</b>	3,743,685	3,644,816
<b>Net asset value per unit</b>	\$2.07	\$1.94

On Behalf of the Board of the Fund Manager

Tuscarora Investment Management Inc.

Approved by the Directors:           "Gary Selke"            
Gary Selke

          "Normand Lamarche"            
Normand Lamarche

## MULTIPLE OPPORTUNITIES FUND

Statement of Operations  
Years Ended December 31, 2002 and 2001

	2002	2001
<b>Investment income</b>		
Interest	\$ 614	\$ 1,506
Dividends	12,774	24,935
	13,388	26,441
<b>Expenses</b>		
Audit and accounting fees	12,000	13,200
General and administrative	41,538	13,950
Goods and services tax	66,281	69,292
Legal	45,632	29,290
Management fees (note 5)	171,360	128,485
Performance fees (note 5)	653,510	779,832
Trustee fees	38,652	25,085
	1,028,973	1,059,134
<b>Net investment loss for the year</b>	(1,015,585)	(1,032,693)
<b>Realized and unrealized gain on investments</b>		
Net realized gain on investments (note 6)	2,117,682	1,107,008
Change in unrealized appreciation of value of investments	526,518	577,336
<b>Net gain on investments for the year</b>	2,644,200	1,684,344
<b>Increase in net assets from operations for the year</b>	\$ 1,628,615	\$ 651,651

## MULTIPLE OPPORTUNITIES FUND

Statement of Changes in Net Assets  
Years Ended December 31, 2002 and 2001

	2002	2001
<b>Increase in net assets resulting from operations</b>	\$ 1,628,615	\$ 651,651
<b>Distribution to investors</b>		
Realized gains on investments, net of expenses	(1,090,946)	(1,107,008)
<b>Capital unit transactions</b>		
Issuance of units	292,364	187,410
Redemption of units	(1,229,078)	(920,775)
Units issued on reinvestment of distributions	1,090,946	1,107,008
	154,232	373,643
<b>Increase (decrease) in net assets for the year</b>	691,901	(81,714)
<b>Net assets, beginning of year</b>	7,072,902	7,154,616
<b>Net assets, end of year</b>	\$ 7,764,803	\$ 7,072,902

# MULTIPLE OPPORTUNITIES FUND

Statement of Portfolio Investments  
December 31, 2002

<b>Number of shares</b>	<b>Name of Company</b>	<b>Average Cost</b>	<b>Portfolio Value</b>
50,000	Acetex Corporation	\$ 151,000	\$ 237,500
30,000	Altagas Services Inc.	189,439	287,700
100,000	Basis 100 Inc. - purchase warrants	-	-
100,000	Basis 100 Inc.	267,516	54,000
100,000	Bema Gold Corp.	-	3,000
364,400	Cavell Energy Inc.	460,395	499,229
99,200	Cequel Energy Inc.	432,763	545,600
100,000	Compton Petroleum Corp.	386,159	509,000
50,000	Coretech Inc.	300,533	162,500
168,800	Drillers Technology Corp.	267,975	244,760
1,800,000	Foothills Oil & Gas Ltd.	450,000	648,000
150,000	Impact Energy Inc.	204,269	261,000
4,120	Indian Motorcycle Company (private company)	103,000	103,000
100,000	Lionore Mining International Ltd.	296,019	494,000
500,000	Maxim Power Corp. - purchase warrants	-	-
813,500	Maxim Power Corp.	393,168	187,105
10,000	Momentum Energy International Inc.	224,731	142,165
45,000	Progress Energy Inc.	244,414	360,000
625,000	Pure Gold Minerals Inc. - purchase warrants	-	18,750
1,250,000	Pure Gold Minerals Inc.	250,025	156,250
330,000	RDM Corporation	604,623	267,300
139,525	Resolute Energy Inc.	310,586	304,165
100,000	Rider Desources Inc.	140,290	215,000
187,500	Rio Narcea Gold Mines Ltd. - options	-	-
100,000	Rio Narcea Gold Mines Ltd.	168,000	215,000
97,500	Rubicon Minerals Corp.	150,405	110,176
86,700	Savanna Energy Services Corp. (private company)	260,125	260,100
14,004	Silent Witness Enterprises Ltd.	150,568	90,326
7,002	Silent Witness Enterprises Ltd. - purchase warrants	-	-
74,500	Storm Energy Ltd.	440,608	455,195
200,000	Tan Range Explorations Corp.	108,712	212,000
171,100	Total Energy Services Ltd.	217,277	333,645
75,000	Voice Mobility International - purchase warrants	-	-
175,000	Wheaton River Minerals Ltd.	201,250	257,250
125,000	Wheaton River Minerals Ltd. - purchase warrants	-	82,500
205,000	Wireless Matrix Corp.	568,190	366,950
		\$ 7,942,040	\$ 8,083,166

## MULTIPLE OPPORTUNITIES FUND

Statement of Financial Highlights  
 Five Years Ended December 31, 2002  
 (Data per Unit)

	2002	2001	2000	1999	1998
<b>Net asset value - beginning of year</b>	\$ 1.94	\$ 2.10	\$ 2.18	\$ 1.92	\$ 2.27
<b>Income (losses) from investment operations</b>					
Net investment gain (loss) (note 7a)	(0.30)	(0.32)	(0.09)	(0.03)	0.01
Net realized and unrealized gain (losses) on investments (note 7b)	1.05	0.50	0.85	0.29	(0.36)
	0.75	0.18	0.76	0.26	(0.35)
<b>Distributions to investors</b>					
Net realized gain on investments (note 7c)	(0.62)	(0.34)	(0.84)	-	-
<b>Net asset value - end of year</b>	\$ 2.07	\$ 1.94	\$ 2.10	\$ 2.18	\$ 1.92

### Ratios/supplemental data

Total net assets - end of year	\$ 7,764,803	\$ 7,072,902	\$ 7,154,616	\$ 6,696,451	\$ 8,760,522
Weighted average net assets	\$ 7,471,160	\$ 7,303,701	\$ 7,645,016	\$ 7,925,075	\$ 10,503,301
Management expense ratio (note 7d)	13.77%	14.50%	3.15%	2.53%	2.50%
Adjusted management expense ratio (note 7e)	5.03%	3.08%	3.15%	2.53%	2.50%
Portfolio turnover rate (note 7f)	3.00	1.45	1.04	2.03	0.67
Annual rate of return (note 7g)	22.39%	7.88%	34.77%	13.49%	(15.42%)

# MULTIPLE OPPORTUNITIES FUND

Notes to Financial Statements  
December 31, 2002 and 2001

---

## 1. About the Fund

Multiple Opportunities Fund (the "Fund") is an open-ended mutual fund trust which was created under the laws of the Province of British Columbia on July 26, 1985. The Fund's principal investment objective is capital appreciation, primarily through investments in publicly traded securities of junior issuers. The Fund was managed by MOF Management Ltd. from inception to January 31, 2001. Subsequently, the Fund was managed by Tuscarora Capital Inc. from February 1, 2001 to December 30, 2001. The Fund is now managed by Tuscarora Investment Management Inc. (the "Fund Manager").

## 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund.

### (a) Valuation of Investments

- i) Investments listed on a recognized exchange ("public companies") are valued at the closing sale price for the day on which the Net Asset Value of the Fund is being determined, or if such exchange is not open for trading on that date, then on the last previous date on which such exchange was open for trading.
- ii) Any investment for which a market quotation is not readily available ("private companies") shall be valued at its fair market value as determined by the Fund Manager.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

### (b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date and realized gains and losses from such transactions are calculated on an average cost basis. The accrual method is used to record income and expenses.

### (c) Income Taxes

It is the policy of the Fund to allocate and distribute any taxable income annually to the unitholders of the Fund under the terms of the Trust Deed. The Fund is therefore not subject to income tax and, accordingly, no provision for income taxes is required in the accompanying financial statements.



# MULTIPLE OPPORTUNITIES FUND

Notes to Financial Statements  
December 31, 2002 and 2001

---

## 2. Significant Accounting Policies (Cont'd)

### (d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

## 3. Financial Instruments

The Fund's financial instruments consist of investments, cash and treasury bills, accounts payable and accrued liabilities, and amounts due to broker. It is management's opinion that the Fund 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, unless otherwise noted.

## 4. Units Authorized and Outstanding

	2002	2001
Units outstanding, beginning of year	3,644,816	3,407,365
Units sold and reinvested during the year	659,152	638,402
Units redeemed during the year	(560,283)	(400,951)
Units outstanding, end of year	3,743,685	3,644,816

The Fund is authorized to issue an unlimited number of units which rank equally in all respects and represent a pro rata interest in the net assets of the Fund.

## 5. Management and Performance Fees

The Fund Manager provides investment and management services to the Fund. The Fund pays the Manager a monthly management fee equal to 1/12 of 2% of the net asset value of the Fund calculated at the end of each month payable quarterly. The Fund is responsible for payment of all operating and administrative expenses of the Fund. The main components of these expenses are legal, audit and accounting fees, printing expenses, filing fees, custodial fees, and expenses of making distributions to securityholders.

# MULTIPLE OPPORTUNITIES FUND

Notes to Financial Statements  
December 31, 2002 and 2001

---

## 5. Management and Performance Fees (Cont'd)

The Fund pays the Manager a performance fee if the percentage gain or loss in the net asset value of the Funds (as adjusted for any prior return deficiencies) in calendar quarter exceeds (or is less than in the case of a decline in the TSE 300 Composite Total Return Index) the percentage gain or loss of the TSE 300 Corporate Total Return Index for that quarter. The fee will be equal to this excess return per security multiplied by the number of securities outstanding at the end of the quarter multiplied by 20%, provided that the net asset value per security of the Fund (including distributions) is greater than all previous values at the end of each previous calendar quarter. The starting reference point for the next calendar quarter's calculation will be based on the higher of either the TSE 300 Composite Total Return Index value or the adjusted net asset value per security.

## 6. Net Realized Gain on Investments

	2002	2001
Proceeds on sale of investments	\$ 21,283,946	\$ 10,709,020
Less cost of investments sold:		
Cost of investments owned at beginning of year	7,569,926	7,735,992
Investments purchased during the year	19,538,378	9,435,946
Cost of investments owned at end of year	(7,942,040)	(7,569,926)
Investments sold during the year	19,166,264	9,602,012
Net realized gain on investments for the year	\$ 2,117,682	\$ 1,107,008

## 7. Explanatory Notes to Five Year Financial Statements

- (a) Net investment gain (loss) per unit is calculated based on the average of the month-end number of units outstanding during the year
- (b) Net realized and unrealized gains on investments per unit includes an amount to reconcile the change in net asset value per unit at the end of the period with the net asset value per unit at the beginning of the period.
- (c) Distributions from net investment income and net realized gains per unit are calculated on the number of units outstanding immediately prior to the distribution of income and realized gains for the year.
- (d) Management expense ratio is calculated based on the aggregate of all expenses paid or payable by the Fund during the year divided by the average of the month-end net asset value of the Fund during the year. The management expense ratio may vary from mutual fund to mutual fund.

# MULTIPLE OPPORTUNITIES FUND

Notes to Financial Statements  
December 31, 2002 and 2001

---

## 7. Explanatory Notes to Five Year Financial Statements (Cont'd)

- (e) Adjusted management expense ratio is calculated based on the aggregate of all expenses paid or payable by the Fund excluding performance fee divided by the average of the month-end net asset value of the Fund during the year. The management expense ratio may vary from mutual fund to mutual fund.
- (f) Portfolio turnover rate is calculated based on the lesser of investments purchased or sales proceeds divided by the annual average market value of the portfolio investments for the period, excluding cash and treasury bills.
- (g) Annual rate of return is calculated as follows:

$$\frac{\text{(Closing net asset value per unit multiplied by opening number of units plus units based on reinvestment of all distributions during the year) minus (opening net asset value per unit multiplied by opening number of units)}}{\text{Opening net asset value per unit multiplied by opening number of units}}$$

## 8. Commissions

The commissions paid in connection with portfolio transactions for the year totalled \$231,000 (2001 - \$105,609).

## 9. Related Party Transactions

- (a) Employees of the Fund Manager owned 1,408 units of the Fund with a market value of \$2,915 as at December 31, 2002.
- (b) During the year the Fund Manager earned management fees totalling \$171,360 (2001 - \$128,485) (see note 5).
- (c) During the year the Fund Manager earned performance fees totalling \$653,510 (2001 - \$779,832) (see note 5).

## 10. Non-Capital Losses Carryforward

The Fund has accumulated non-capital losses for income tax purposes of approximately \$524,850. The losses available to reduce future income taxes expire in the following years:

2007	\$ 89,213
2008	435,637
	<hr/>
	\$524,850

# MULTIPLE OPPORTUNITIES FUND

Notes to Financial Statements  
December 31, 2002 and 2001

---

## 11. **Comparative Figures**

The 2001 comparative figures have been restated to conform with the financial statement presentation adopted in 2002.

## 12. **Statement of Portfolio Transactions**

A Statement of Portfolio Transactions (unaudited) for the year ended December 31, 2002 will be provided, without charge, by writing to:

Tuscarora Investment Management Inc.  
87 Front Street East  
Suite 400  
Toronto, Ontario  
M5E 1B8