ANNUAL REPORT 2002

To the Shareholders

Lithic's predecessor, Berland Resources, was incorporated in 1997 and became a publicly traded company in 1999. For the first few years, management was able to conduct exploration on a number of its Ontario properties. With the continued decline of the mining market, however, it became more and more difficult, essentially impossible, to finance early stage exploration plays and in January, the decision was taken to enter into a restructuring agreement with Resource Capital Fund II L.P. (RCF). RCF is one of two venture capital funds assembled and managed by RCF Management L.L.P of Denver, Colorado. These funds represent in the order of US$120 million that has been invested in mining and exploration companies around the globe. A third fund is in the process of being assembled.

In return for RCF providing much needed capital, the Company was re-consolidated on a two-old-for-one-new basis, had the board and management replaced with RCF's nominees and underwent a name change to Lithic Resources Ltd. More significantly, the Company's focus changed from an interest in early stage Canadian exploration plays to the pursuit of properties at a more advanced stage of exploration. Such properties offer potentially superior returns to investors and can be easier to finance. At the same time, however, they are much more difficult to come by and as a result, we have expanded our search to the international stage. Although our main interest at this point is gold, given the right circumstances, other commodities could also be attractive.

In pursuing our new mandate, we have identified certain regions world-wide which we feel have the right balance between political risk, exploration potential and exploration activity, both past and present. Detailed compilations of the geology, metallogeny and exploration history of some of these areas have been followed up with extended trips overseas to pursue specific opportunities. This led in one instance to Lithic being one of three participants in a tender process for a large and advanced epithermal precious metals project in Ukraine, a process that was unfortunately interrupted without notice by the owners. Nonetheless, our search is continuing and more trips are planned.

Although our main interests are now international, we still hold a number of mineral properties in northwestern Ontario, all of which were inherited from Berland. Two of these, the Roaring River palladium-platinum property and the Crescent Lake PGE-tantalum property, are currently active. Our intent since the restructuring has been to find partners to advance these properties and to that end, we entered into an option and joint venture agreement for both in early September. Unfortunately, our prospective partner was not able to raise the necessary funds and defaulted on the agreement in November. At that point, assessment due dates for both properties were imminent and we were obliged to carry out sufficient work to maintain the claims in good standing as well as fulfil our commitments to the underlying vendors.

In late April, an Option and Joint Venture Agreement for the Roaring River property was signed with Lac Des Iles Mines Ltd., a subsidiary of North American Palladium Ltd. and operator of the Lac Des Iles open pit palladium mine some 50 kilometres south of the property. With the assessment work done and a new agreement on the Roaring River property in place, the Company's obligations on its existing properties have been met for the time being and leave us free to concentrate on our new mandate.

The new board and management of Lithic have extensive international experience in mineral property evaluation, project finance and mining law. Together with RCF's financial capability, we have the ability to identify and acquire significant exploration plays on a worldwide basis. It has taken and may continue to take some time to find the right project but we are confident that shareholders will be well-rewarded for their patience.

On behalf of the Directors,

"C.F.Staargaard"

C.F. Staargaard
President and CEO

May 10, 2003

LITHIC RESOURCES LTD.

(formerly Berland Resources Ltd.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2002 AND 2001

MANNING ELLIOTT
CHARTERED ACCOUNTANTS
11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7
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AUDITORS' REPORT

To the Shareholders of
Lithic Resources Ltd.
(formerly Berland Resources Ltd.)

We have audited the balance sheets of Lithic Resources Ltd. (formerly Berland Resources Ltd.) as at December 31, 2002 and 2001 and the statements of loss and 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 used in Canada. 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 December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles used in Canada. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Manning Elliott

CHARTERED ACCOUNTANTS

Vancouver, BC

March 13, 2003

LITHIC RESOURCES LTD.

(formerly Berland Resources Ltd.)

BALANCE SHEETS

AS AT DECEMBER 31, 2002 AND 2001

	2002 $	2001 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	114,685	14,656
Accounts receivable	4,840	6,638
Marketable securities	4,050	1,750
Deposit	–	371
	123,575	23,415
CAPITAL ASSETS *[Note 3]*	5,771	1,632
MINERAL CLAIMS AND OPTIONS *[Note 4]*	64,925	39,150
	194,271	64,197
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities *[Note 8]*	29,228	24,634
SHAREHOLDERS' EQUITY		
CAPITAL STOCK *[Note 5]*	2,661,101	2,300,611
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(2,496,058)	(2,261,048)
	165,043	39,563
	194,271	64,197

Nature of Operations and Continuance of Business *[Note 1]*

Approved on behalf of the Board:

"Chris Staargaard"	*"Frank Wheatley"*
Chris Staargaard, Director	Frank Wheatley, Director

(The Accompanying Notes are an Integral Part of the Financial Statements)

LITHIC RESOURCES LTD.

(formerly Berland Resources Ltd.)

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002 $	2001 $
MINERAL CLAIMS, OPTIONS AND EXPLORATION COSTS *[Note 2[d]]*		
Acquisition costs written-off	–	54,734
Exploration costs	35,515	263,908
Less: option payments	(15,900)	(6,750)
	19,615	311,892
ADMINISTRATIVE EXPENSES		
Amortization	892	625
Communication and investor relations	11,966	11,463
Management fees and employee compensation *[Note 5]*	82,887	25,843
Office, rent, travel and miscellaneous	33,966	16,664
Interest on renounced CEE	–	3,377
Professional fees	35,333	18,132
Write down of assets	3,120	–
Reorganization costs and termination payments *[Note 5]*	47,627	–
Less interest income	(396)	(1,628)
	215,395	74,476
NET LOSS FOR THE YEAR	(235,010)	(386,368)
DEFICIT - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	(2,261,048)	(1,501,437)
ADJUSTMENT TO ADOPT THE REQUIREMENTS OF CICA ACCOUNTING GUIDELINE 11 *[Note 2[d]]*	–	(373,243)
DEFICIT - BEGINNING OF YEAR - AS RESTATED	(2,261,048)	(1,874,680)
DEFICIT - END OF YEAR	(2,496,058)	(2,261,048)
LOSS PER SHARE (Weighted Average Basis with a retroactive effect for a consolidation on a 2 for 1 basis)	(0.03)	(0.07)

(The Accompanying Notes are an Integral Part of the Financial Statements)

LITHIC RESOURCES LTD.

(formerly Berland Resources Ltd.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002 $	2001 $
OPERATING ACTIVITIES		
Loss for the year	(235,010)	(386,368)
Add non-cash items		
Shares issued for option payment	(3,900)	(1,750)
Amortization	892	625
Acquisition costs written-off	–	54,734
Shares issued for interest	363	–
Write down of assets	3,120	–
Shares issued to settle debt	35,000	–
Change in non-cash working capital items	6,763	(4,213)
CASH USED IN OPERATING ACTIVITIES	(192,772)	(336,972)
FINANCING ACTIVITIES		
Cash committed for mineral exploration	–	262,489
Common shares	297,500	82,500
Share issuance costs	(31,148)	(2,860)
Issuance of convertible note payable	50,000	–
CASH PROVIDED BY FINANCING ACTIVITIES	316,352	342,129
INVESTING ACTIVITIES		
Purchase and staking of mineral claims and option payments	(17,000)	(15,477)
Purchase of capital assets	(6,551)	(1,738)
CASH USED IN INVESTING ACTIVITIES	(23,551)	(17,215)
DECREASE IN CASH DURING THE YEAR	100,029	(12,058)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	14,656	26,714
CASH AND EQUIVALENTS - END OF YEAR	114,685	14,656
NON-CASH FINANCING ACTIVITIES		
Value of shares issued for mineral property payments	8,775	5,100
Value of shares issued to settle debt to the former president	35,000	–
Conversion of note payable plus interest to shares	50,363	–

CASH AND EQUIVALENTS IS REPRESENTED BY:		
Cash	14,335	14,656
Term deposit – cashable at anytime bearing interest at 2% at December 31, 2002 and is variable	100,350	–
	114,685	14,656

(The Accompanying Notes are an Integral Part of the Financial Statements)

1. Nature of Operations and Continuance of Business

Berland Resources Ltd. ("the Company") was incorporated on October 24, 1997 under the laws of the Province of British Columbia. Effective June 7, 2002 the Company undertook a restructuring whereby the Company consolidated its shares on a 2 for 1 basis, changed its name from Berland Resources Ltd. to Lithic Resources Ltd. continued from the BC Company Act to the Canada Business Corporations Act and replaced its entire Board of Directors. The Company is listed on the TSX Venture Exchange under the trading symbol LTH.

The Company is a mineral exploration company in the development stage and is engaged in the acquisition and exploration of mineral properties primarily in Ontario. The Company has not yet determined whether any of these properties contain ore reserves that are economically recoverable.

The recoverability of carrying amounts for mineral claims and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral claims and options could be written-off.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

[b] Cash and equivalents

The balance in cash and short-term investments consists of cash in bank accounts and short-term deposits with maturity dates of less than three months.

[c] Marketable securities

Marketable securities are recorded at cost and written down to market value if market value declines below cost other than temporarily.

[d] Mineral claims, options and deferred exploration costs

The Canadian Institute of Chartered Accountants has released Accounting Guideline 11 – Enterprises in the Development Stage. This guideline is effective for all fiscal years beginning on or after April 1, 2000. The Company believes that the application of this guideline will have a significant negative effect on the current carrying value of both mineral claims and options and deferred exploration and development costs.

An impairment may occur in the carrying value of mineral interests when one of the following conditions exists.

[i] the enterprise's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;

[ii] exploration results are not promising and no more work is being planned in the foreseeable future; or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[d] Mineral claims, options and deferred exploration costs (continued)

[iii] remaining lease terms are insufficient to conduct necessary studies or exploration work.

Once an impairment has been determined then a portion of the carrying value will be written down to net realizable value.

On January 1, 2001, the Company adopted the requirements of Accounting Guideline 11, Enterprises in the Development Stage ("AcG-11") issued by the Canadian Institute of Chartered Accountants. Under AcG-11, exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations otherwise they are recorded as an expense in the period in which they are incurred. Acquisition costs for mineral properties are deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written off. Previously, the Company capitalized all acquisition, deferred exploration and development costs incurred on its mineral properties if exploration was continuing on the property, on the basis that it was too early to tell whether the deferred exploration and development costs would be recovered. The Company has accounted for this change in accounting policy on a retroactive basis as a cumulative adjustment to increase the opening deficit and reduce the carrying value of resource properties at January 1, 2001 by $373,243.

[e] Capital assets

Capital assets are stated at cost. Amortization is provided utilizing the declining balance basis at the following rates:

Computer equipment	30%
Computer software	20%
Furniture and fixtures	20%

[f] Flow-through shares

The Company has issued flow-through shares to finance some of its exploration activities. Shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures. The amount of these tax benefits is renounced to investors in accordance with tax legislation. The Company records such share issuances by crediting share capital for the full value of cash consideration received.

[g] Share issuance costs

Costs relating to issuing shares are deducted from the related share issuance proceeds.

[h] Stock based compensation

Effective January 1, 2002 the Corporation prospectively adopted the new recommendations of the Canadian Institute of the Chartered Accountants with respect to stock-based compensation. The Corporation, accounts for its stock based compensation plans using the intrinsic value method rather than the fair value method. The exercise price of all stock options granted to employees and directors by the Corporation are at the current market price of the common shares at the time of grant and therefore, in accordance with the intrinsic value method no compensation expense is recognized in the financial statements.

3. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	2002 Net Book Value $	2001 Net Book Value $
Computer equipment	2,110	147	1,963	1,217
Computer software	2,687	560	2,127	–
Furniture and fixtures	1,754	73	1,681	415
	6,551	780	5,771	1,632

4. MINERAL CLAIMS AND OPTIONS

Acquisition costs:

	Ownership interest	Carrying Value 2002 $	2001 $
Province of Ontario			
Fly Lake *[a]*	100% - owned	1	1
KAPP Property *[b]*	100% - owned	1	1
Roaring River Property *[d]*	100% - optioned	43,108	28,608
Heaven Property *[e]*	100% - owned	1,920	1,920
Crescent Lake *[f]*	100% - optioned	19,895	8,620
		64,925	39,150

Exploration costs charged directly to operations during fiscal 2002 for:

	Roaring River $ *[d]*	Crescent Lake $ *[f]*	General $	Total $
Surveying and mapping	10,017	19,250	–	29,267
Travel and accommodation	–	–	4,401	4,401
Miscellaneous	612	1,151	84	1,847
	10,629	20,401	4,485	35,515

4. MINERAL CLAIMS AND OPTIONS (continued)

Exploration costs charged directly to operations during fiscal 2001 for:

	Kapp $ *[b]*	Saganash $ *[c]*	Roaring River $ *[d]*	Heaven $ *[e]*	Crescent Lake $ *[f]*	Watts/ Grassberry $ *[g]*	Total $
Assays	111	117	13,144	82	468	1,759	15,681
Drilling	–	30,347	–	–	–	89,591	119,938
Geological	–	23,184	26,557	675	5,275	2,978	58,669
Geophysical	–	3,443	30,217	–	6,920	5,298	45,878
Personnel	–	–	16,985	–	–	–	16,985
Surveying and mapping	–	–	1,025	–	–	–	1,025
Travel and accommodation	–	–	10,686	202	1,020	–	11,908
Materials	–	–	17,165	12	942	–	18,119
Miscellaneous	131	39	968	–	42	(25,475)	(24,295)
	242	57,130	116,747	971	14,667	74,151	263,908

[a] Fly Lake

By agreement dated January 31, 1995 with Rio Algom Exploration Ltd. (“Rio”), Cumberland acquired an option to earn an undivided 100% participating interest in a property at Fly Lake, Ontario subject to a 2% Net Smelter Returns (“NSR”) Royalty and a Back-In-Right held by Rio. Effective October 27, 1997, Rio, the Company, and Cumberland signed an assignment and assumption agreement to assign all of Cumberland’s right and interest in the option to the Company for consideration of the allotment and issue to Cumberland of 1,278,997 shares at a deemed price of $0.25 per share. This transaction was recorded at Cumberland’s then carrying value of the Fly Lake property. The Company was to incur $500,000 in exploration expenditures to earn a 100% participating interest in the mineral claims of which $492,500 was incurred. Pursuant to an amending agreement dated January 19, 2000 between the parties the $500,000 of expenditures required was reduced to $492,500 and the Company is now deemed to have exercised the option for a 100% interest in the Property subject to the NSR Royalty.

Upon completion of a pre-feasibility study by the Company on any deposit discovered, Rio will have the right to undertake a final feasibility study and to arrange financing to put the property into production. In consideration for this, Rio will become vested with a 50% undivided interest in the property. If requested by the Company, Rio will loan the Company its portion of the equity financing required. The Company will then transfer to Rio an additional 10% interest, giving Rio an aggregate 60% interest on completion of the Back-in Right and the loan. At that time a joint venture will be formed with Rio as the operator and Rio will relinquish its 2% NSR royalty.

The Company has not conducted exploration on the property the previous two fiscal years and has no plans to work it in fiscal 2002. The claims are in good standing but considering the lack of positive exploration results and lack of exploration activity in fiscal 2000 management decided to write-off $321,991 of acquisitions costs and $135,803 of exploration costs to operations. During fiscal 2002 the Company allowed 14 claims to lapse and as at December 31, 2002 the property consists of 45 claims in good standing. The Company carries this property at a nominal $1.

4. MINERAL CLAIMS AND OPTIONS (continued)

[b] Kapp Property

During March and April 1998, the Company acquired, by staking, a 100% interest in 43 mining claims representing 678 units covering 27,120 acres in total. On July 19, 1999, the Company acquired an additional 6 claims representing 96 units, subject to a 1% NSR royalty in favour of the vendor, by conducting an airborne geophysical survey. In fiscal 2000 the Company allowed 42 claims representing 654 units to lapse. The Company immediately restaked 20 claims to cover the most significant magnetic anomalies and one base metal potential anomaly. As a result, acquisition costs and deferred exploration costs were not written-down. In October 2000 one claim representing 12 units was staked. Falconbridge elected to include 2 claims or 20 units in the Saganash Joint Venture and reimbursed the Company 50% of the staking costs. The Company transferred one claim to Falconbridge to be included in the Saganash Joint Venture, the Company will retain a 1.5% NSR if it should terminate the Saganash Joint Venture. On June 19, 2001 the Company terminated the Saganash Joint Venture and acquisition costs of $49,713 were written-off to operations. All remaining claims are in good standing.

On October 31, 2001 Canabrava Diamond Corporation (“Canabrava”) acquired the right to earn a 100% interest in five claims. After receiving $10,000 and 10,000 shares of Canabrava, on April 18, 2002, Canabrava terminated the agreement.

[c] Saganash Property

By an Option and Joint Venture Agreement dated October 27, 1999 between the Company and Falconbridge Limited (“Falconbridge”), the Company acquired an option to earn a 60% interest in Falconbridge’s Saganash, Ontario property. In order to exercise this option, the Company must:

[1] transfer their interest in one claim to Falconbridge (completed);

[2] advance to Falconbridge for the purposes of exploration:

[i] $150,000 before October 27, 2000 (completed)
[ii] a further $150,000 before October 27, 2001 ($73,000 paid)
[iii] a further $253,150 before October 27, 2002

On June 19, 2001 the Company terminated the Option and Joint Venture Agreement. The Company will retain a 1.5% NSR. Acquisition costs of $5,021 were written-off to operations during fiscal 2001.

[d] Roaring River Property

By a letter agreement dated March 31, 2000 and amended March 25, 2002 between the Company and Stares Contracting Corp. (“Stares”), the Company acquired the right to earn a 100% interest, subject to a 2% NSR royalty, in Stares’ Roaring River, Ontario property consisting of 8 unpatented mining claims plus 8 more claims staked subsequent to the agreement. In January 2003 the Company allowed 2 claims to lapse.

To maintain the agreement in good standing, the Company must:

[1] incur cash payments of:

			$	
[i]	on signing	-	6,000	- paid
[ii]	on the first anniversary	-	6,000	- paid
[iii]	on the 18th month	-	10,000	- paid
[iv]	on the third anniversary	-	20,000	- optional
	Total aggregate cash payments over three years		42,000	

4. MINERAL CLAIMS AND OPTIONS (continued)

[d] Roaring River Property (continued)

[2] issue shares:

		#	
[i] immediately after signing	-	25,000	- issued - $6,000 value
[ii] six months after signing	-	25,000	- issued - $5,000 value
[iii] Eighteen months after signing	-	25,000	- issued - $1,500 value
[iv] twenty four months after signing	-	50,000	- issued - $4,500 value
Total aggregate shares to be issued over three years		125,000	* all issued prior to June 7, 2007 share consolidation

On May 3, 2001 pursuant to a Letter of Intent, Consolidated Westview Resources Corp. ("Westview"), a subsidiary of Bema Gold Corporation, acquired the right to earn a 70% interest by staking two claims on the north boundary of the Roaring River Property. These two claims were added to the agreement.

After receiving 25,000 Westview shares valued at $1,750, on May 15, 2002 Westview terminated the agreement.

On December 9, 2002 the Company signed a letter of intent with Lac des Isles Mines Ltd. ("LDI") to form an option - joint venture agreement whereby LDI will have the right to earn a 60% interest in the Roaring River property.

The general terms of the Letter of Intent state that LDI can earn a 60% interest in the Roaring River property by making cash payments totalling $90,000 and expending a total of $500,000 on exploration over a period of three years. The first year requirements include a cash payment of $30,000 on signing a formal agreement, which has not been signed, and $100,000 in exploration expenditures. These preliminary terms constitute the basis of a formal agreement being drafted by the Company and LDI. The terms and conditions of the agreement are subject to the approval of all required regulatory authorities.

[e] Heaven Property

During fiscal 2001 the Company staked two claims representing 32 units.

[f] Crescent Lake Property

By a letter agreement dated March 31, 2001 and amended on October 19, 2001 between the Company and Ninety-Nine Resources Ltd. ("Ninety-Nine"), the Company acquired the right to earn a 100% interest, subject to a 0.5% NSR royalty for base metals and a 0.25% NSR royalty for precious metals and a 1% NSR on any other minerals not specifically mentioned in the original letter agreement. The Company's right is also subject to Ninety-Nine's underlying agreement with Inco Limited ("Inco") which is subject to certain conditions and royalties by Ninety-Nine. The Company will have the right to buy back 50% of the NSR's at any time for $250,000. Ninety-Nine's Swole Lake, Ontario property, to be known as the Crescent Lake Property, consists of seven unpatented mining claims of which three lapsed in fiscal 2002. During fiscal 2001 the Company staked an additional seven claims.

4. MINERAL CLAIMS AND OPTIONS (continued)

[f] Crescent Lake Property (continued)

To maintain the agreement in good standing, the Company must:
[1] incur cash payments of:

		$	
[i] On signing	-	800	- paid
[ii] On the first anniversary	-	7,000	- paid
[iii] On the second anniversary	-	13,000	- optional
[iv] On the third anniversary	-	25,000	- optional
Total aggregate cash payments over three years		45,800	

[2] issue shares (post consolidation) of:

		#	
[i] immediately after signing	-	30,000	- issued - $3,600 value
[ii] On the first anniversary	-	22,500	- issued - $4,275 value
[iii] On the second anniversary	-	22,500	- optional
[iv] On the third anniversary	-	22,500	- optional
Total aggregate shares to be issued over three years		97,500	

[g] Watts River and Grassberry Properties

On March 6, 2000 the Company entered into a Joint Venture Agreement with Fort Knox Gold Resources Inc. ("Fort Knox"). The Company and Fort Knox were to share equally in all of the rights obligations, ownership and in all future funding of exploration and other expenditures.

On March 6, 2000 the Joint Venture entered into an Option Agreement with Hudson Bay Exploration and Development Company Limited ("Hudson Bay") to earn a 100% interest in Hudson Bay's Grassberry, Saskatchewan and the Watts River, Manitoba properties. In order to exercise this option, the Company was to incur total expenditures of $4,000,000 for the purposes of exploration.

On July 18, 2001 the Company terminated the Joint Venture Agreement.

5. SHARE CAPITAL

Authorized:

Unlimited common shares without par value.

Issued:	Number of shares	Value $
Balance, December 31, 2000	10,509,156	2,215,871
Shares issued for cash pursuant to a private placement	954,000	82,500
Shares issued for mineral claims and options	85,000	5,100
Less share issue costs	–	(2,860)
Balance, December 31, 2001	11,548,156	2,300,611
Shares issued for mineral claims and options *[Note 4[d] and [f]]*	50,000	4,500
Consolidation on a 2 old for 1 new basis	(5,799,078)	–
	5,799,078	2,305,111

5. SHARE CAPITAL (continued)

Issued:	Number of shares	Value $
Carried forward	5,799,078	2,305,111
Shares issued for cash		
- private placement *[Note 5[b]]*	2,700,000	270,000
- private placement *[Note 5[c]]*	150,000	22,500
- exercise of warrants	25,000	5,000
Shares issued for mineral claims and options *[Note 4[d] and [f]]*	22,500	4,275
Shares issued to settle debt *[Note 5[d]]*	175,000	35,000
Shares issued for conversion of note payable plus interest *[Note 5[b]*	501,908	50,363
Less share issue costs		(31,148)
Balance December 31, 2002	9,373,486	2,661,101

[a] Offering Memorandum Flow-through Units

Pursuant to an Offering Memorandum, the Company sold, through Agents, 2,333,334 units at $0.15 per unit for total proceeds of $350,000. Each unit consisted of one flow-through share and one flow-through warrant exercisable into one flow-through share at $0.225 per share until September 5, 2002. The Company paid to the Agents 233,334 units at $0.15 per unit. Each unit consisted of one share and one warrant exercisable into one share at $0.225 per share, which expired September 5, 2002. The Agents were also paid 350,000 Agents' Warrants exercisable at $0.225 per share until September 5, 2002.

Pursuant to the flow-through shares issued the Company was committed to spend $350,000 on CEE and flow such expenditures through to holders of the shares. The Company renounced, effective December 31, 2000, a total of $350,000 of CEE to holders of flow-through shares of which $79,658 was incurred in 2000 and $270,342 was incurred in 2001.

[b] Restructuring and Refinancing Plan

The Company entered into an agreement (the "RCF II Agreement") signed March 13, 2002 and effective June 7, 2002 with Resource Capital Fund II L.P. ("RCF II"), a Cayman Island Limited Partnership, to restructure and refinance the Company. The restructured company will be funded by RCF II to pursue quality advanced stage mineral exploration projects.

As an initial phase of the restructuring, RCF II agreed to provide a $50,000 convertible working capital loan facility ("WCF") to the Company. The WCF bears interest at the rate of LIBOR plus 2.5% payable quarterly in arrears at the option of the Company in cash or in common shares of the Company at a conversion price equal to the then market price for the common shares. The WCF, together with interest of $363, was converted into common shares at $0.10 per share and 501,908 shares were issued.

The Company's shareholders approved the second phase of restructuring including a 1 for 2 share consolidation, new directors proposed by RCF II, a minimum $270,000 post-consolidation private placement with RCF II, (the "Private Placement") which resulted in a change of control of the Company, a name change, a change of governing jurisdiction of the Company and the sale of the Company's existing properties and investments. The Private Placement was in the form of units priced at $0.10 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable to purchase an additional common share of the Company for a period of two years at a price of $0.10 per share in the first year and at a price of $0.15 per share during the second year.

5. SHARE CAPITAL (continued)

[c] Private Placement

The Company issued 150,000 shares at $0.15 per share plus 150,000 warrants to purchase an additional 150,000 shares at $0.19 per share expiring September 2, 2004, to the President of the Company for total cash consideration of $22,500.

[d] Shares Issued to Settle Debt

The Company issued 175,000 shares to the former President to settle debt of $35,000.

[e] Escrowed Shares

During fiscal 2002, 259,535 escrow shares were released and 497,448 escrow shares remain in escrow to be released as to 64,884 shares per quarter.

[f] Stock options

On September 6, 2002 the Company granted 700,000 stock options to certain directors at a price of $0.19 per share for current services provided to the Company. These options expire September 6, 2007. Section 3870 of the CICA Handbook requires that a Company recognize, or at its option, disclose the impact of the fair value of stock options and other forms of stock based compensation in the determination of income. The Company has elected to measure compensation costs on the intrinsic value basis. As stock options are granted at exercise prices based on the market price of the Company's shares at the date of grant, no compensation cost is recognized. However under CICA 3870 the impact on net income and income per share of the fair value of stock options must be measured and disclosed on a fair value based method on a pro forma basis.

The fair value of the options was estimated using the Black-Scholes model: risk-free interest rate was 3.25%, expected volatility of 30%, an unexpected life of five years and no expected dividends.

The weighted average number of shares under option and the weighted average option price for the year ended is as follows:

	#	Weighted Average Option Price $	Weighted Average Remaining Life of Options (Months)
Beginning of year	770,000	.25	
Granted	700,000	.19	
Exercised	–	–	
Cancelled	(770,000)	(.25)	
Lapsed	–	–	
End of year	700,000	.19	56

If compensation expense had been recorded at fair value the Company's net loss and loss per share for fiscal 2002 would have been as follows:

	$
Net loss	
As reported	(235,010)
Pro forma	(236,510)
Basic net loss per share	
As reported	(.03)
Pro forma	(.03)

5. SHARE CAPITAL (continued)

[g] Warrants outstanding at December 31, 2002:

#	Exercise Price $	Expiry Date
105,000	.30	January 26, 2003
92,000	.22	April 19, 2003
130,000	.20	June 29, 2003
2,700,000	.10/.15	June 3, 2003 and 2004
150,000	.19	September 2, 2004
3,177,000		

6. INCOME TAXES

The Company has income tax losses of $700,000 to carry-forward to apply against future years taxable income expiring as follows:

	$		$		$
2004	35,000	2006	140,000	2008	70,000
2005	122,000	2007	122,000	2009	211,000

The benefit of these losses will be recorded when realized.

At December 31, 2002, the Company has cumulative Canadian Exploration Expenditures (“CEE”) of $338,000 after $461,200 of CEE was renounced to investors in prior periods. CEE is available for 100% deduction against future years’ taxable income.

Canadian Development Expenses of $169,000 are available at a rate of 30% each year for deduction against future years’ taxable income.

7. FINANCIAL INSTRUMENTS

Financial instruments included in the balance sheet are comprised of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities. The fair values of these balance sheet items are equivalent to their carrying value because of the short-term maturity of those instruments. The Company is not party to any derivative instruments.

The Company has no interest rate risk or concentrations of credit risk.

8. RELATED PARTY TRANSACTIONS

During the year the Company recorded the following transactions at their exchange amounts:

[a] Salary of $15,000 and termination payments of $20,000 owing to the former president of the Company were settled by the issuance of 175,000 shares.

[b] Management compensation of $67,887 (2001 - $nil) was paid to a corporation owned and operated by the Company's new president of which $9,963 is included in accounts payable.

[c] Issuance of 501,908 shares to Resource Capital Fund II L.P. pursuant to the conversion of a $50,000 note payable plus interest. (See Note 5[b]).

[d] Issued 2,700,000 units to Resource Capital Fund II L.P. pursuant to a private placement. (See Note 5[b]).

British Columbia
Securities Commission

QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2. Toll Free in British Columbia 1-800-373-6393.

INCORPORATED AS PART OF:

	Schedule A
X	Schedules B and C

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
Lithic Resources Ltd. (formerly Berland Resources Ltd.)	December 31, 2002	03/05/12

ISSUER'S ADDRESS

912-510 West Hastings Street

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	BC	V6B 1L8	604 648-9578	604 687-7211

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Chris Staargaard	President	604 687-7211

CONTACT EMAIL ADDRESS	WEB SITE ADDRESS
lithic@telus.net	http://www.lithicresources.com

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
"C.F.Staargaard"	Chris Staargaard	03/05/15

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"F.D.Wheatley"	Frank Wheatley	03/05/15

SUPPLEMENTARY INFORMATION

1. Summary exploration expenditures on active properties ($):

Roaring River	10,629
Crescent Lake	20,401
	31,030

2. Related Party Transactions

a) Salary of $15,000 accrued to the former president of the Company and settled by the issue of 75,000 post consolidation shares.

b) Termination payment of $20,000 accrued to the former president of the Company and settled by the issue of 100,000 post consolidation shares

c) Management compensation of $67,887 (at the rate of $8,333 per month) paid to a corporation owned and operated by the Company's president.

d) Issuance of 501,908 post consolidation shares to Resource Capital Fund II L.P. pursuant to the conversion of a $50,000 working capital facility plus interest payable.

e) Issuance of 2,700,000 post-consolidation units to Resource Capital Fund II L.P. pursuant to a private placement.

3. For the quarter under review:

a) Summary of securities issued during the period.

Date of Issue	Type of Security	Type of Issue	Number	Price	Total Proceeds	Type of Consideration	Commission
December 2002	Shares	Exercise of Warrants	25,000	$0.20	$5,000	Cash	N/A

b) Summary of options granted.

None.

4. Share Capital

a) Authorised Share Capital

Unlimited.

b) Issued Share Capital

Common shares have been issued as follows:

	Shares (#)	Value ($)
Balance, December 31, 2000	10,509,156	2,215,871
Shares issued for cash	954,000	82,500
Shares issued for property payment	85,000	5,100
Share issuance costs	–	(2,860)
Balance, December 31, 2001	11,548,156	2,300,611
Shares issued for property payment	50,000	4,500
Consolidation and name change	(5,799,078)	--
Shares issued for debt	175,000	35,000
Shares issued on conversion working capital facility	501,908	50,363
Shares issued for cash		
- private placement	2,700,000	270,000
- private placement	150,000	22,500
- exercise of warrants	25,000	5,000
Shares issued for property payment	22,500	4,275
Share issuance costs	–	(31,148)
Balance December 31, 2002	9,373,486	2,661,101

c) Summary of options, warrants and convertible securities outstanding.

Security	Amount	Exercise Price	Expiry Date
Options	700,000	$0.19	Sept. 3, 2007
Warrants	105,000	$0.30	Jan.26, 2003
Warrants	92,000	$0.22	Apr. 19 ,2003
Warrants	130,000	$0.20	June 29 ,2003
Warrants	2,700,000	$0.10/$0.15	June 2003/2004

d) Total number of shares in escrow or subject to pooling agreement.

Escrow shares	497,448

5. Directors and Officers

Chris Staargaard	Director, President and Chief Executive Officer
Russ Cranswick	Director
Ryan Bennett	Director
Frank Wheatley	Director, Secretary and Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

Lithic Resources Ltd. is in the mineral exploration business with a focus on the acquisition of international mineral exploration projects. The following discussion of the financial condition, changes in financial condition and results of operations for the year ended December 31, 2002 should be read in conjunction with the Company's consolidated financial statements.

Discussion of Operations and Financial Condition

The Company is a mineral exploration company with active properties held solely or through joint ventures and options. All of the Company's projects are in the early stage of exploration, therefore it does not have operations or operating results in the conventional use of the terms. Its financial success will ultimately be dependent upon finding economically recoverable reserves, confirmation of the Company's interest in those reserves and the ability of the Company to obtain the necessary financing to profitably produce those reserves.

On November 5, 2002, Big Star Energy Corp. notified the Company that it had thus far been unable to raise sufficient capital and therefore would not be able to meet the terms of the option and joint venture agreement on the Roaring River and Crescent Lake properties. As a result of Big Star's default and in view of imminent deadlines for filing assessment on both properties, the Company had no alternative but to commence the minimum necessary assessment work in order to maintain the claims and thus fulfil its commitments to the underlying vendors.

At the Roaring River property, 390 of the approximately 800 soil samples collected during the 2001 exploration program were sent for analysis at Accurassay Labs in Thunderbay, Ontario. These samples had not yet been analyzed due to a lack of funds at the time. Reported values for platinum and palladium were, with few exceptions, below their detection limits. Although the lack of response in soil sampling is disappointing, significant PGE-Ni-Cu mineralization has been observed and sampled in outcrop within the grid area. Moreover, the grid covers only a small fraction of the Roaring River Intrusive Complex, little of which has been mapped or prospected in any detail. Given the relative lack of exposure on the property and the possible ambiguity of any geophysical response associated with low absolute quantities of sulphides constituting typical Lac des Iles style mineralization, the best approach for further exploration at Roaring River would probably be overburden drilling. This would allow direct detection of mechanically dispersed mineralization in glacial till and, together with a proper interpretation of the Quaternary history of the area, would have the best chance of locating any significant zones of PGE mineralization in bedrock.

At the Crescent Lake property, approximately 23.9 kilometres of cut grid with lines spaced at 200 metres were established on the southern claim block. This was used to control a magnetometer survey aimed at determining whether or not a series of ultramafic intrusions hosting Ni-Cu-PGE mineralization immediately west of the property trended onto the Company's claims. The results of the survey showed several zones of weakly elevated values that parallel stratigraphy and probably reflect the presence of disseminated pyrrhotite in various metasedimentary units. There are no stronger magnetic anomalies that could be associated with potentially mineralized ultramafic intrusions. The other possible target on the property, Ta-bearing pegmatite dykes, are not likely to have a discernible magnetic expression and further work to detect them should consist of grid-based prospecting and geological mapping.

Notwithstanding the work that it was obliged to carry out, the Company continued to look for a new partner or partners to fund exploration on both properties and on December 13, 2002, signed a Letter of Intent with Lac Des Iles Mines Ltd. (LDI) for the Roaring River property. The general terms of the Letter state that LDI can earn a 60% interest in the Roaring River property by making cash payments totalling $90,000 and expending a total of $500,000 on exploration over a period of three years. The first year requirements include a cash payment of $30,000 on signing and $100,000 in exploration expenditures. These preliminary terms constitute the basis of a formal agreement being drafted by the Company and LDI. The terms and conditions of the agreement are subject to the approval of all required regulatory authorities.

The Company's general and administrative costs for 2002 were $215,395. The largest component of this is management compensation of $82,887, of which $15,000 in salary was accrued to W. McCrindle, former President of the Company, the remaining $67,887 being paid to a company owned by the current President of the Company, for geological and management services. Other significant components of general and administrative costs include professional fees of $35,333 for legal and audit services, general office costs of $33,966 (including rent, phone, filing fees, travel and insurance, a portion of which is provided at the rate of $645 per month by a company owned by the current President of the Company) and communications and investor relations costs (AGM costs, phone, transfer agent fees and wire service costs) of $11,966. The net loss for the year was $235,010 or $0.03 per share.

As of December 31, 2002, the costs of the Company's re-organisation totalled $47,627, of which the largest components were legal fees and a termination payment of $20,000 accrued to W. McCrindle, former president of the Company. The Company settled the outstanding debt to Mr. McCrindle in the amount of $35,000 through the issuance of 175,000 post-consolidated shares at a deemed price of 20 cents per share.

The Company has not made any material dispositions of properties. It does not have any material contracts or commitments, is not involved in any legal proceedings, has no contingent liabilities or debt obligations and is not in breach of any corporate or securities laws. The Company does not have any investor relations contracts. Chris Staargaard, President of the Company, is available to answer shareholder inquiries.

Financings, Principal Purposes and Milestones

On October 17, 2002, the Company closed a $22,500 non-brokered private placement consisting of 150,000 units at a price of $0.15 per unit. Each unit consists of one share and one non-transferable share purchase warrant exercisable at $0.19 until Sept. 3, 2004. All shares issued, including those shares issued upon exercise of the share purchase warrants, are subject to a four-month hold period expiring Feb. 17, 2003. The Company's President was the sole placee.

With the exception of maintaining the Roaring River and Crescent Lake properties in good standing, the Company's funds on hand are directed mainly at an international search for mineral properties.

Subsequent Events

On April 24, 2003, the Company signed an Option and Joint Venture Agreement on the Roaring River property with Lac des Iles Mines Ltd., a wholly-owned subsidiary of North American Palladium Ltd. (NAP). The terms of the Agreement are such that NAP can earn a 60% interest in the property over three years by making the following cash payments and committing to the following exploration expenditures:

Date	Cash Payment	Work Commitment
On signing	$30,000	
Year 1	$20,000	$100,000
Year 2	$20,000	$150,000
Year 3	$20,000	$250,000

As of the date of this report, there have been no other significant events subsequent to the 2002 year end.

Liquidity and Solvency

The Company's general and administrative costs, exclusive of any management compensation or direct business costs such as acquisitions, field work or travel, are in the range of $90,000 to $100,000 annually. These maintenance costs are typical for a public company of this nature and consist of stock exchange filing fees, legal fees, audit fees, transfer agent fees and general office expenses such as rent and phone. The Company has no internal source of funding and depends on its ability to find attractive mineral exploration projects and then to finance them in the public market. The mineral exploration business is a highly speculative one and raising funds by the sale of shares has been very difficult in this sector in the last few years.

Risks

The mineral exploration business is speculative and involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful as few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a known body of commercial ore and any proposed exploration programs are an exploratory search for ore. In exploring and developing its mineral deposits, the Company will be subject to an array of complex economic and technical risks, including, among other things, volatile metals markets, competition, changing government regulations, title issues and political instability. The development of the Company's properties will depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financings.

Quarterly Information

Quarterly Period	Revenue($)(1)	Net loss($)	Net loss per share($)
Twelve months ended Dec. 31, 2002	396	235,010	0.03
Nine months ended Sept. 30, 2002	46	110,025	0.01
Six months ended June 30, 2002	38	79,839	0.00
Three months ended March 31, 2002	26	25,384	0.00
Twelve months ended Dec. 31, 2001	1,628	386,368	0.04
Nine months ended Sept. 30, 2001	1,538	367,082	0.03
Six months ended June 30, 2001	1,273	277,414	0.03
Three months ended March 31, 2001	906	166,722	0.02

(1) Revenues are interest income.

CORPORATE INFORMATION

Head Office

Lithic Resources Ltd.
912-510 West Hastings St.
Vancouver, B.C.
Canada V6B 1L8

Listing

TSX Venture Exchange
Symbol: LTH

Share Capital

(as at December 31, 2002)
Authorized: unlimited
Issued: 9,373,486

Officers and Directors

Christiaan F. Staargaard
President, CEO and Director

Ryan T. Bennett
Director

Russell Cranswick
Director

Frank D. Wheatley
Chairman, Secretary and Director

Registrar and Trust Agent

Computershare Trust Company of Canada
4th Floor, 510 Burrard St.
Vancouver, B.C. V6C 3B9

Auditor

Manning Elliott
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Annual General Meeting

Boardroom
900-475 Howe Street
Vancouver, B.C.
Canada V6C 2B3
11:00 AM - June 18, 2003