



**British Columbia
Securities Commission**

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

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INCORPORATED AS PART OF:

Schedule A

Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
FIRST GOLDWATER RESOURCES INC.	February 28, 2003	03/04/28

ISSUER'S ADDRESS **101 Church Bay Road**

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Saturna Island	BC	V0N 2Y0	250-539-5683	250-539-5680

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Allen Sewell	Director	250-539-5680

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
firstgoldwater@shaw.ca	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.

"Conrad Clemiss"	CONRAD CLEMISS	03/04/28
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

"Allen Sewell"	ALLEN SEWELL	03/04/28
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

(Electronic signatures should be entered in "quotations")

FIRST GOLDWATER RESOURCES INC.**BALANCE SHEETS**

February 28, 2003 and May 31, 2002

(Expressed in Canadian dollars)

<u>ASSETS</u>	<u>February 28, 2003</u>	<u>May 31, 2002</u>
Current		
Cash	\$ 43,922	\$ 6,912
Accounts receivable - Note 8	6,757	80,069
Loans receivable - Note 8	-	1
Marketable securities	-	4,000
Prepaid expenses	2,125	1,261
	<u>52,804</u>	<u>92,243</u>
Resource property costs - Note 3 and Schedule 1	207,138	379,545
Capital assets - Note 4	-	9,877
	<u>\$ 259,942</u>	<u>\$ 481,665</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities - Note 8	\$ 136,624	\$ 152,560
Loans payable - Notes 6 and 8	64,788	36,055
	<u>201,412</u>	<u>188,615</u>
Debenture payable - Note 6 and 8	333,250	333,250
	<u>534,662</u>	<u>521,865</u>

SHAREHOLDERS' DEFICIT

Share Capital - Note 7	5,963,017	5,934,267
Deficit	(6,237,737)	(5,974,467)
	<u>(274,720)</u>	<u>40,200</u>
	<u>\$ 259,942</u>	<u>\$ 481,665</u>

Nature and Continuance of Operations - Note 1
Commitments - Notes 5 and 6

APPROVED BY THE DIRECTORS:

"Allen Sewell", Director"Conrad Clemis", Director

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
STATEMENTS OF LOSS AND DEFICIT
for the three and nine months ended February 28, 2003 and 2002
(Expressed in Canadian dollars)

	3 months ended February 28		9 months ended February 28	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Oil and gas income	\$ 14,675	\$ 1,214	\$ 50,070	\$ 56,985
Interest income - Note 8	-	63	-	2,432
	<u>14,675</u>	<u>1,277</u>	<u>50,070</u>	<u>59,417</u>
Expenses				
Accounting and audit	-	3,675	(4,120)	9,825
Amortization of capital assets	30,476	505	30,476	1,515
Amortization of resources properties	-	71,361	-	193,926
Bank charges and interest	10,873	3,557	31,877	18,471
Communications	-	7,733	(2,669)	11,346
Consulting fees - Notes 8	900	-	6,383	5,353
Write-off accounts receivable	57,796	-	57,796	-
Filing fees and transfer agent	2,540	5,203	16,156	19,278
Legal	2,000	2,468	7,055	18,292
Management fees - Notes 8	-	10,575	3,666	80,938
Office and printing - Note 8	(996)	886	(529)	14,144
Provincial and state taxes (recovered)	-	-	(400)	-
Public relations	-	47	-	3,186
Rent	867	5,700	1,335	16,603
Loss from Sale Securities	-	-	387	-
Travel and promotion	-	-	4,400	3,286
Write-off of resource properties	-	151,718	161,527	151,718
	<u>104,456</u>	<u>263,428</u>	<u>313,340</u>	<u>547,881</u>
Net profit (loss) for the period	<u>(89,781)</u>	<u>(262,151)</u>	<u>(263,270)</u>	<u>(488,464)</u>
Deficit, beginning of period	<u>(6,147,956)</u>	<u>(5,179,295)</u>	<u>(5,974,467)</u>	<u>(4,952,981)</u>
Deficit, end of period	<u>\$ (6,237,737)</u>	<u>\$ 5,441,445</u>	<u>\$ (6,237,737)</u>	<u>(5,441,445)</u>
Profit (Loss) per share - Note 2c	<u>\$ (0.09)</u>	<u>\$ (0.26)</u>	<u>\$ (0.26)</u>	<u>\$ (0.48)</u>

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
STATEMENTS OF CASH FLOWS
for the three and nine months ended February, 2003 and 2002

(Expressed in Canadian dollars)

	3 months ended February		9 months ended February	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Operating Activities				
Net profit (loss) for the period	\$ (89,781)	\$ (262,151)	\$ (263,270)	\$ (488,460)
Items not involving cash:				
Amortization of capital assets	30,476	505	30,476	1,515
Amortization of resource property costs	-	71,361	-	193,926
Write-off of resource property costs	-	151,718	161,527	151,718
	<u>(59,305)</u>	<u>(38,567)</u>	<u>(71,267)</u>	<u>(141,305)</u>
Net changes in non-cash operating working capital balances				
Accounts receivable and loans receivable	58,179	(2,103)	73,313	69,345
Marketable securities	-	-	4,000	(60,000)
Prepaid expenses	(1,836)	-	(864)	-
Accounts payable and accrued liabilities	8,700	38,915	12,796	33,481
	<u>65,043</u>	<u>36,812</u>	<u>89,245</u>	<u>42,826</u>
Financing Activities				
Issuance of common shares	-	14,600	28,750	19,700
Issuance of special warrants	-	-	-	161,700
	<u>-</u>	<u>14,600</u>	<u>28,750</u>	<u>181,400</u>
Investing Activities				
Acquisition of capital assets	-	-	-	(1,575)
Proceeds on disposal of resource property	-	-	-	105,000
Increase in resource property costs	-	(79,343)	(9,718)	(472,192)
	<u>-</u>	<u>(79,343)</u>	<u>(9,718)</u>	<u>(368,767)</u>
Increase (decrease) in cash during the period	5,738	(66,498)	37,010	(285,846)
Cash, beginning of the period	38,184	67,787	6,912	287,136
Cash, end of the period	<u>\$ 43,922</u>	<u>\$ 1,290</u>	<u>\$ 43,922</u>	<u>\$ 1,290</u>

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
STATEMENT OF RESOURCE PROPERTY COSTS
for the nine months ended February 28, 2003 and 2002

Schedule 1

Balance, beginning of year	\$ 177,089	\$ 106,268	\$ 20,598	\$ 20,331	\$ 55,259	\$ 379,545	\$ 765,677
Deferred Exploration Costs							
Field Costs	-	-	-	9,718	-	9,718	470,152
Acquisition Costs	-	-	-	-	-	-	2,041
Amortization	-	-	-	-	-	-	(193,926)
Write-off of capital assets			(20,598)			(20,598)	
Write-off of resource property costs	-	(106,268)	-	-	(55,259)	(161,527)	(151,718)
Return of capital investment	-	-	-	-	-	-	
Proceeds from sale	-	-	-	-	-	-	(105,000)
Balance, as of Feb. 28, 2003	<u>\$ 177,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,049</u>	<u>\$ -</u>	<u>\$ 207,138</u>	<u>\$ 787,226</u>

SEE ACCOMPANYING NOTES

FIRST GOLDWATER RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2003 and 2002

Note 1 Nature and Continuance of Operations

The company was incorporated on July 15, 1985, under the Company Act of British Columbia and its common shares are publicly traded on the TSX Venture Exchange.

While the information presented in the accompanying interim three and nine month financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows of the company for the interim period presented. It is suggested that these interim financial statements be read in conjunction with the company's May 31, 2002 annual audited financial statements.

Note 2 Significant Accounting Policies

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

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

(a) Resource Property Costs

Oil and Gas Properties

The company follows the full cost method of accounting for oil and gas operations whereby all exploration and development expenditures are capitalized. Such expenditures include land acquisition costs, geological and geophysical expenses, carrying charges for unproved properties, costs of drilling both productive and non-productive wells, gathering and production facilities and equipment, and administrative costs related to capital projects. Proceeds from sales of oil and gas properties are recorded as a reduction of capitalized costs, unless such amounts would significantly alter the rate of depletion, whereupon gains or losses are recognized in income. Maintenance and repair costs are expenses as incurred, while improvements and major renovations are capitalized.

Costs accumulated, including provision for necessary future development, are depleted using the unit-of-production method based upon estimated proved reserves. Significant development projects and expenditures on exploration properties are excluded from the depletion calculation prior to assessment of the existence of proved reserves. Costs for excluded properties are evaluated periodically for impairment.

Note 2 Significant Accounting Policies – (cont'd)

(a) Resource Property Costs – (cont'd)

Costs accumulated are compared annually to the non-discounted estimated future net revenues from production (based on year-end non-escalated prices), net of estimated administration and carrying costs, and related production and income taxes. Any excess of accumulated costs is charged to operations as increased amortization expense.

(b) Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is recorded on a declining balance basis at the rate of 20% per annum for furniture and fixtures and 30% per annum for computer equipment. Amortization is recorded at one-half rates in the year of acquisition.

(c) Loss Per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the years, adjusted for one (1) new for sixteen (16) old shares at November 14, 2002.

(d) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the balance sheet. Gains or losses are included in income of the year, except for the gains or losses relating to long-term debt which are deferred and amortized over the remaining term of the corresponding debt. Non-monetary assets, liabilities and other items recorded in income arising from transactions denominated in foreign currencies, are translated at rates of exchange in effect at the date of the transaction.

(e) Fair Value of Financial Instruments

The carrying values of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. The fair value of debentures payable is also assumed to approximate its carrying amount.

(f) Stock-Based Compensation Plan

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

On October 18, 2002, the company cancelled all outstanding share purchase options.

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 3 Resource Property Costs

Oil and Gas Properties

(a) Kern County, USA, Pioneer Canal 61-9 Prospect

During the year ended May 31, 1998, the company entered into an option agreement whereby the company earned a 27.933% working interest in the Pioneer Canal 61-9 Prospect, located in Kern County, California.

The company's working interest is reduced to 18.99444% when the cash investment is recovered from the net production proceeds. The company has the right to participate in further wells drilled on the property.

On February 6, 1999, the oil and gas well commenced production. The working interest is subject to a total royalty burden of 22.5% and an ad valorem tax of 1.5%. The company earned net revenues of \$39,682 and \$115,203 on the prospect for the years ended May 31, 2002 and 2001 respectively, while in the nine months ended February 28, 2003 it earned \$49,463.

	<u>February 28,</u> <u>2003</u>	<u>May 31, 2002</u>
Acquisition	\$ 229,442	\$ 229,442
Drilling	131,359	131,359
Engineering	7,440	7,440
Finder's fee	35,659	35,659
Reports and mapping	7,457	7,457
Surface equipment	249,014	249,014
	<u>660,371</u>	<u>660,371</u>
Less: accumulated amortization	(483,282)	(483,282)
Total	<u>\$ 177,089</u>	<u>\$ 177,089</u>

(b) Kern County, USA, Pioneer Canal 12-10 Prospect

During the year ended May 31, 2000, the company entered into an option agreement whereby the company earned a 27.836% working interest in the Pioneer Canal 12-10 Prospect, located in Kern County, California. In the three months ended August 31, 2002, the company acquired a further 9.77% working interest at a cost of \$3,905.

The company's working interest is reduced to 25.49% when the cash investment is recovered from net production proceeds.

The well was shut in as non-economic to produce due to high production of formation water. During the nine months ended February 28, 2003, management of the company wrote-off all associated costs to the Pioneer Canal 12-10.

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 3 Resource Property Costs – (cont'd)

Oil and Gas Properties – (cont'd)

(b) Kern County, USA, Pioneer Canal 12-10 Prospect – (cont'd)

	<u>Feb. 28, 2003</u>	<u>May 31, 2002</u>
Acquisition	\$ 246,691	\$ 246,691
Drilling	78,782	63,588
Reports and mapping	5,096	5,096
Surface equipment	101,397	101,397
	<u>431,966</u>	<u>416,772</u>
Return of capital investment	(55,004)	(55,004)
Less: accumulated amortization	(376,962)	(255,500)
Total	<u>\$ -</u>	<u>\$ 106,268</u>

(c) Kern County, USA, Pioneer Canal Pipeline

On May 15, 2001, the company entered into a joint venture operating agreement whereby the company earned a 15.158% interest in Pioneer Canal Pipeline (the "Pipeline") located in Kern County, California.

Pursuant to the agreement, the company will pay its proportionate share of the costs to construct the Pipeline by selling gas from the Pioneer Canal 61-9 and Pioneer Canal 12-10. The Pipeline commenced operations in August 2001. Management has written-off 100% of Pipeline costs as there is no expectation of return of capital expected.

(d) Solana County, USA, Travis Gas Project

During the year ended May 31, 2001, the company acquired, from a company with directors in common (at the time), a 1.5% working interest in wells located in Solana County, USA. During the year ended May 31, 2002, the company abandoned the Emigh 3-34 well and wrote-off all associated costs. The company earned no revenues for the nine months ended February 28, 2003 and May 31, 2002.

<u>Well</u>	<u>Field Costs</u>	Write-off of		
		<u>Resource Property Costs</u>	<u>2002 Total</u>	<u>2001 Total</u>
Pale Rider, 3-26	\$ 55,259	\$ -	\$ 55,259	\$ 42,082
Emigh, 3-34	<u>965</u>	<u>(965)</u>	<u>-</u>	<u>965</u>
	<u>\$ 56,224</u>	<u>\$ (965)</u>	<u>\$ 55,259</u>	<u>\$ 43,047</u>

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 3 Resource Property Costs – (cont'd)

Oil and Gas Properties – (cont'd)

(e) Solana County, USA, Travis Gas Project – (cont'd)

During the nine months ended February 28, 2003, the company wrote-off 100% of its investment in this prospect. The write-off of \$55,259 was charged to amortization of resource properties on the operating statement.

(f) Stephens County, USA, Green Ranch Project

On February 4, 2002, the company entered into an operating agreement whereby it acquired a 5% working interest and 3.9% net revenue interest in the initial Z-1 well, located in Stephens County, Texas. The company has the right to participate in further wells drilled on the property by paying its proportionate percentage of the Project costs.

As at February 28, 2003, the company had advanced \$30,049 for field costs on the initial test well Z-1. At February 28, 2003, the commercial viability of the well has not been established.

Note 4 Capital Assets

Management has determined that no capital assets are in the possession of the company at February 28, 2003, therefore 100% of the capital assets have been written-off.

	<u>Cost</u>	<u>Accumulated Amortization</u>	Feb. 28, 2003 <u>Net Book Value</u>	May 31, 2002 <u>Net Book Value</u>
Furniture and fixtures	\$ 12,660	\$ (12,660)	\$ -	\$ 6,788
Computer equipment	6,852	(6,852)	-	3,088
	<u>\$ 19,512</u>	<u>\$ (19,512)</u>	<u>\$ -</u>	<u>\$ 9,877</u>

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 5 Loans Payable

	<u>Feb. 28, 2003</u>	<u>May 31, 2002</u>
Loans owing to a company with common directors unsecured, non-interest bearing and has no specific terms of repayment	\$ 33,762	\$ 28,343
Loans owing to a private company is unsecured, non-interest bearing and has no specific term of repayment	<u> 31,026</u>	<u> 7,712</u>
	<u>\$ 64,788</u>	<u>\$ 36,055</u>

Note 6 Debenture Payable

On May 23, 2001, the company entered into Convertible Debenture Series “A” agreements whereby the company borrowed a total of \$333,250 (US\$215,000). The debentures bears interest at 12% per annum payable quarterly and are due May 23, 2004.

The lenders have the right to convert principal amount of this debenture into fully paid common shares of the company as follows:

- US\$0.12 per share on or before May 23, 2003
- US\$0.15 per share on or before May 23, 2004

The debentures are secured by a floating charge on the company’s interests in the following wells in the State of California, USA, including proceeds of production:

- Pioneer Canal 61-9;
- Pioneer Canal 12-10;
- Pale Rider 3-26.

As an additional security, the company is required to establish a US\$5,000 per month sinking fund. As at February 28, 2003, the company has not established the required sinking fund and the company is in default of the interest payable on these debentures.

Note 7 Share Capital

a) Authorized:

200,000,000 common shares without par value

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 7 Share Capital - (cont'd)

b)			
<u>Issued:</u>		<u>#</u>	<u>\$</u>
Balance, August 31, 2002		16,258,379	5,963,017
Share consolidation 16:1		(15,242,230)	-
Balance, February 28, 2003		<u>1,016,149</u>	<u>5,963,017</u>

c) Escrow:

The Company has no escrow shares outstanding.

d) Commitments:

i) Share Purchase Options

On October 18, 2002, all share purchase options were voluntarily cancelled.

ii) Share Purchase Warrants

At February 28, 2003, there were 148,229 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant at follows:

<u>#</u>	<u>Exercise Price</u>	<u>Expiry date</u>
96,354	\$ 2.80	April 23, 2003
<u>51,875</u>	<u>\$ 1.60</u>	November 26, 2003
<u>148,229</u>		

Note 8 Related Party Transactions

(a) During the nine months ended February 28, 2003 and the year ended May 31, 2002, the company had the following transactions with directors or officers of the company or with companies with directors or officers in common:

	<u>Feb. 28, 2003</u>	<u>May 31, 2002</u>
Interest income	\$ 9,096	\$ 12,232
Consulting fees	7,207	-
Management fees	3,666	92,137
Rent	1,335	7,103
	<u>\$ 21,304</u>	<u>\$ 111,472</u>

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 8 Related Party Transactions – (cont'd)

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

- b) At February 28, 2003 and May 31, 2002, the company had the following amounts due to (from) directors and a former director of the company or companies with directors in common:

	<u>Feb. 28, 2003</u>	<u>May 31, 2002</u>
Accounts receivable	\$ -	\$ (57,795)
Accounts payable and accrued liabilities	33,306	41,510
Loans payable	33,762	28,343
	<u>\$ 67,068</u>	<u>\$ 12,058</u>

- c) At February 28, 2003 and May 31, 2002 debentures payable include \$100,000 (US\$65,000) due to a company with common directors.

Note 9 Segmented Information

Geographic Information

Revenues from operations in the period were derived from oil and gas sales in the United States.

The company's non-current assets in geographic locations are as follows:

	<u>Feb. 28, 2003</u>	<u>May 31, 2002</u>
Canada	\$ -	\$ 9,877
United States	207,138	379,545
	<u>\$ 207,138</u>	<u>\$ 389,422</u>

First Goldwater Resources Inc.
Notes to the Financial Statements
February 28, 2003 and 2002

Note 10 Income Taxes

The company has accumulated non-capital losses totalling \$1,724,784 available to reduce taxable income of future years. These losses expire as follows:

2003	184,047
2004	92,806
2005	146,609
2006	279,963
2007	435,599
2008	372,787
2009	212,973
	<hr/>
	\$ 1,724,784
	<hr/> <hr/>

The company has accumulated capital losses totalling \$174,647 available to reduce capital gains of future years.

At May 31, 2002, the company has accumulated Foreign and Canadian Exploration and Development Expenses of \$3,367,140 which may be applied against certain future years taxable income at various rates per year.

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

Note 11 Subsequent Events

Subsequent to February 28, 2003, the company:

- 1) 96,354 share purchase warrants with an exercise price of \$2.80 per share expired unexercised; and
- 2) the company announced a 5,000,000 unit private placement at a price of \$0.10 per share subject to regulatory approval.