

NORTHLINKS LIMITED

QUARTERLY SHAREHOLDER REPORT

Unaudited Results for the Three month period ended March 31, 2004

1. Management Discussion and Analysis
2. Financial Statements

TSXV – “NLX”

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended March 31, 2004

This discussion and analysis of financial condition and results of operations for the quarter ended March 31, 2004 should be read in conjunction with the interim unaudited financial statements for the three months ended March 31, 2004; the audited financial statements of the Company and notes thereto and the Management Discussion and Analysis of the Company for the year ended December 31, 2003.

Date: This Management's Discussion and Analysis is dated as of May 25, 2004

OVERVIEW

Northlinks Limited is a public company which is being restructured and refinanced to become an oil and gas exploration and production company with operations in Australia.

Prior to February 2004, Northlinks was involved in the mobile television production and satellite uplink business through its wholly owned subsidiary, C-Connect Productions Ltd. ("C-Connect"). C-Connect in the past had a long-term contract with Heartland Livestock Services, which expired on June 30, 2003, which historically kept the satellite uplink truck utilized from September to May of each year. This contract was not renewed. The business of C-Connect was terminated in February, 2004 following the disposal of all operating assets.

Northlinks has one employee, the CEO of the Company.

RESULTS OF OPERATIONS

Northlinks incurred a loss of \$54,246 compared to a loss of \$853 a year ago.

Revenue

Revenues for 2004 were \$2,061 compared to \$85,315 in 2003. Revenue during 2004 comprised recharged expenses to a customer and a gain of \$1,337 realized upon the disposal of capital assets for resale. The decline in revenue reflects the loss of the cattle auction satellite uplink contract at the end of June 2003 and the termination of C-Connects operations in February, 2004.

Operating expenses

There were no operating costs for the period to date compared to \$39,724 during 2003. This reflects no operating activity during the period. 2003 costs comprised C-Connect's contract truck operator, maintenance costs, the cost of subcontracting a second truck in certain situations, direct operating salaries and benefits and office costs.

General and administrative

General and administrative expenses were \$49,672 during 2004 compared to \$14,040 during 2003. General and administrative expenses include management compensation, corporate, public company, office and professional costs incurred by the parent company. The increase compared to 2003 reflects accrued management compensation.

Depreciation and amortization

There was no depreciation and amortization expense in 2004 compared to \$21,314 in 2003. The satellite truck was reclassified at December 31, 2003 as a current asset and therefore no depreciation was charged during 2004. The truck was sold in February 2004. The depreciation expense in 2003 relates primarily to depreciation on the satellite truck.

Interest

Interest expense was \$4,635 for the first quarter in 2004 compared to \$11,090 during 2003. The decrease reflects the repayment of the amounts owed under the equipment lease in February 2004.

QUARTERLY COMPARISON

	<u>2004</u> Q1	<u>2003</u> Q4	<u>2003</u> Q3	<u>2003</u> Q2	<u>2003</u> Q1	<u>2002</u> Q4	<u>2002</u> Q3	<u>2002</u> Q2
Revenues	\$2,061	\$21,544	\$27,946	\$50,998	\$85,315	\$189,053	\$39,808	\$64,988
Net(loss) income	\$(52,246)	\$(157,463)	\$(52,323)	\$(28,027)	\$(853)	\$12,622	\$(56,161)	\$(76,329)
Net loss per share (basic and fully diluted)	\$(0.01)	\$(0.02)	\$(0.01)	-	-	-	\$(0.01)	\$(0.01)

LIQUIDITY AND FINANCIAL CONDITION

A decision was made in during the third quarter of 2003 to dispose of the assets of C-Connect and recover funds from the sale of its satellite uplink truck in order to meet the buy out liability on the capital lease and repay other liabilities. In February 2004 the Company sold the uplink truck and related equipment to a third party in the United States and ceased operations in C-Connect. Net proceeds from the sale totaled \$287,500 US, and the proceeds were used to repay the amount owed under the equipment lease, bank debt, certain accounts payable and a portion of the loan from a director.

The working capital deficiency at March 31, 2004 was \$329,864 compared to \$277,618 at December 31, 2003. The cash position at March 31, 2004 was \$604 compared to \$175 at December 31, 2003.

On March 31, 2004, Northlinks entered into agreements to convert \$40,000 of notes payable and \$178,000 of deferred compensation and management fees into common shares of Northlinks at \$0.05 per share. These agreements are subject to shareholder approval at the shareholder meeting to be held on June 7, 2004.

Before changes in non-cash working capital, during the period there was a cash outflow from operations of \$52,246 compared to a cash inflow from operations of \$20,461 during 2003. The cash outflow reflects the termination of operations in C-Connect and management compensation recorded in 2004. The change in non-cash working capital for the period was an increase (inflow) of \$11,431, reflecting changes in accounts receivable, prepaid expenses and accounts payable.

Investing inflows during the period consisted of \$367,961 and related to proceeds received from the sale of the satellite truck and equipment.

Financing outflows during the period consisted of \$54,191 of repayment of the operating bank loan, the \$73,097 repayment of a loan from a director and officer, and \$199,429 relating to the lease payment and final buyout of the capital lease on the satellite truck. Upon the repayment the bank loan, the credit facility of \$55,000 was cancelled.

At March 31, 2004, the Company has a working capital deficiency, and has incurred operating losses. Future operations are dependant upon the results of current restructuring of the company, and the support of lenders and shareholders.

CONTRACTUAL OBLIGATIONS

The current portion of long term debt comprises \$40,000 of notes payable. On March 31, 2004, Northlinks entered into agreements to convert these notes into common shares of Northlinks at \$0.05 per share. These agreements are subject to shareholder approval at the shareholder meeting to be held on June 7, 2004.

RELATED PARTY TRANSACTIONS

- a) During the three months ended March 31, 2004, \$1,329 (2003 - \$2,808) of interest was accrued on loans from a director and an officer. The balance of the loans at March 31, 2004 was \$120,491 (2003 - \$59,321). These loans bear interest at 10% per annum.
- b) On March 31, 2004, Northlinks entered into agreements to convert \$119,000 of deferred compensation, management fees and consulting fees owed to two officers of the Company into common shares of Northlinks at \$0.05 per share. These agreements are subject to shareholder approval at the shareholder meeting to be held on June 7, 2004.
- c) During the three months ended March 31, 2004, \$58,500 (2003 - \$nil) in legal fees were incurred and are owed to a legal firm in which an officer of Northlinks is a partner. These fees related principally to the restructuring and refinancing of the Company.

PROPOSED TRANSACTIONS, CAPITAL RESOURCES AND SUBSEQUENT EVENTS

- a) On March 31, 2004 Northlinks executed a sponsorship and agency agreement with respect to financings for Northlinks. The terms of the agreement include a Short Form Offering Document offering to issue up to 2,666,600 post consolidation common shares at \$0.75 per share for gross proceeds of \$1,999,950, and concurrently a Private Placement to issue a minimum of 2,666,600 and a maximum of 6,666,600 Units at \$0.75 per share for gross proceeds of minimum of \$1,999,950 and maximum of \$4,999,950. Each Unit will comprise one Common Share and one half-share purchase warrant. Each warrant entitles the holder to acquire one Common Share at a price of \$1.00 for a period of 12 months from the closing. A commission of up to 8% will be payable to agents in connection with the financings. The agents will also be granted an option to acquire 10% of the shares issued at a price of \$0.75 per share for a period of 18 months from the closing of the financings. These financings are subject to shareholder and regulatory approval. A shareholder meeting has been scheduled for June 7, 2004 to approve this transaction.
- b) On April 1, 2004 Northlinks executed an agreement to sell its wholly owned subsidiary C-Connect Productions Ltd. to a company owned by Alastair Robertson, a director of Northlinks, for nominal consideration and the forgiveness by Northlinks of the obligations to it of C-Connect. The net liabilities of C-Connect at March 31, 2004 were \$81,294. Completion of the transaction, expected by June 15, 2004, is subject to the approval of the shareholders of Northlinks. A shareholder meeting has been scheduled for June 7, 2004 to approve this transaction.
- c) On April 2, 2004, the Company completed a private placement for the issuance of 24,558,797 common shares at a price of \$0.015 for gross proceeds of \$368,382. Net proceeds to the Company were approximately \$345,000.
- d) On April 5, 2004 Northlinks executed an agreement to restructure and refinance the Company. The principal terms of the agreement include the acquisition, through a reverse takeover, of all of the issued and outstanding shares of an Australian oil and gas company, Ausam Resources Limited ("ARL"), a name change to Ausam Energy Corporation, the disposal of C-Connect Productions Ltd., the consolidation of common shares on a 1 for 30 basis and the completion of financings of a minimum of \$4 million.

Completion of the transaction is subject to a number of conditions, including, but not limited to, TSX Venture Exchange approval, financing, Northlinks' shareholder approval, ARL shareholder approval, and Australian court and regulatory approval. A shareholder meeting has been scheduled for June 7, 2004 to approve this transaction. The Information Circular with respect to the meeting, which fully describes these transactions and the impact upon the Company, was mailed to shareholders on April 28, 2004. The transaction is expected to be completed by June 30, 2004

Following completion of the transaction, ARL will be a wholly-owned subsidiary of Ausam Energy Corporation (“AEC”) and AEC will trade as a public company on the TSX Venture Exchange. AEC, as the successor company, will have interests in oil and natural gas resource properties in eastern Australia, a larger capitalization which will enable it to finance its proposed exploration and development program, create the potential for increased cash flow, enhance its ability to raise capital and provide for increased liquidity.

Consolidated Financial Statements of

NORTHLINKS LIMITED

Three month ended March 31, 2004 and 2003

Consolidated Financial Statements of
NORTHLINKS LIMITED

Consolidated Balance Sheets

	March 31 <u>2004</u> (unaudited)	December 31 <u>2003</u> (audited)
Assets		
Current assets		
Cash	\$ 604	\$ 175
Accounts receivable	2,006	7,302
Prepaid expenses	1,500	2,100
Capital assets for resale (note 3)	-	367,961
Deferred costs (note 4)	<u>103,970</u>	<u>-</u>
	<u>\$ 108,080</u>	<u>\$ 377,538</u>
Liabilities & Shareholders' Equity		
Current liabilities		
Bank indebtedness (note 5)	\$ -	\$ 54,191
Accounts payable	257,453	147,948
Due to director and officers (note 7)	140,491	213,588
Current portion long term debt (note 6)	<u>40,000</u>	<u>239,429</u>
	<u>437,944</u>	<u>655,156</u>
Shareholders' equity		
Common shares (note 8)	1,234,655	1,234,655
Contributed surplus	74,880	74,880
Deficit	<u>(1,639,399)</u>	<u>(1,587,153)</u>
	<u>(329,864)</u>	<u>(277,618)</u>
Future operations (note 2)		
Related party transactions (note 7)		
Subsequent events (note 9)		
	<u>\$ 108,080</u>	<u>\$ 377,538</u>

See accompanying notes to consolidated financial statements.

**Consolidated Statement of Operations and Deficit (unaudited)
For the three months ended March 31**

	<u>2004</u>	<u>2003</u>
Revenue		
Sales	\$ 724	\$ 85,315
Gain on sale of capital assets	<u>1,337</u>	<u>-</u>
	2,061	85,315
Expenses		
Operating	-	39,724
General & administration	49,672	14,040
Interest	4,635	11,090
Depreciation	<u>-</u>	<u>21,314</u>
	<u>54,307</u>	<u>86,168</u>
Loss for the period	<u>(52,246)</u>	<u>(853)</u>
Deficit, beginning of period	<u>(1,587,153)</u>	<u>(1,348,487)</u>
Deficit, end of period	<u>\$(1,639,399)</u>	<u>\$(1,349,340)</u>
Loss per share:		
Basic and diluted	<u>\$(0.01)</u>	<u>\$ 0.00</u>

**Consolidated Statements of Cash Flows (unaudited)
For the three months ended March 31**

	<u>2004</u>	<u>2003</u>
Cash provided by (used for):		
Operations		
Loss from operations	\$ (52,246)	\$ (853)
Add: non cash item		
Depreciation	<u>-</u>	<u>21,314</u>
In (outflow) from operations	<u>(52,246)</u>	<u>20,461</u>
Change in non-cash working capital	<u>11,431</u>	<u>(12,563)</u>
Cash from operations	<u>(40,815)</u>	<u>7,898</u>
Investing activities		
Proceeds from sale of capital assets for resale	367,961	-
Financing activities		
(Decrease) increase in bank loan	(54,191)	8,818
(Decrease) increase in director/officer loan	(73,097)	5,099
Payments on capital lease	<u>(199,429)</u>	<u>(20,833)</u>
	<u>(326,717)</u>	<u>(6,916)</u>
Increase in cash	429	982
Cash, beginning of period	<u>175</u>	<u>333</u>
Cash, end of period	<u>\$ 604</u>	<u>\$ 1,315</u>

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying financial statements have been prepared by management, without audit or review by the Company's auditor, in accordance with Canadian generally accepted accounting principles for interim financial statements. These financial statements follow the same accounting policies and methods of applications as the most recent audited financial statements dated December 31, 2003. These statements should be read in conjunction with the Company's December 31, 2003 audited financial statements and notes thereto.

2. Future Operations

The financial statements have been prepared on a basis applicable for a going concern. At March 31, 2004, the Company has a working capital deficiency, and has incurred operating losses. Future operations are dependant upon the successful restructuring and refinancing of the Company, the support of lenders and shareholders, and attaining profitable operating activities. If the going concern basis was not appropriate, adjustments would be necessary to recorded assets and liabilities and reported revenues and expenses.

3. Capital assets for resale

During the fourth quarter of 2003, the Company determined that due to continued losses and the loss of major contract it would be in the best interests of the Company to cease operations in C-Connect and dispose of all capital assets relating to C-Connect's business. These assets comprised the satellite uplink truck, related uplink equipment and portable video cameras. The assets were marketed as a package and a sale was completed for all assets on February 13, 2004.

These assets were reclassified at December 31, 2003 to equipment held for sale and an impairment loss was recognized to reduce the assets carrying value to fair value less selling costs.

4. Deferred costs

Deferred costs comprise legal, accounting, financing and other costs incurred with respect to the restructuring and refinancing of the Company, which ultimately will be recorded as share issue costs upon the completion of the transactions.

5. Line of credit

At December 31, 2003 the Company had a maximum \$55,000 revolving operating line of credit of which \$54,191 was utilized at December 31, 2003, which bears interest at bank prime rate plus 4.0%. The line was fully paid off and cancelled on February 17, 2004.

6. Long-term debt

		March 31, 2004 (unaudited)	December 31, 2003
Long-term lease (a)	\$	-	\$ 199,429
Notes payable (b)		40,000	40,000
		40,000	239,429
Less: current portion		(40,000)	(239,429)
	\$	-	\$ -

(a) The long-term lease is secured against the satellite truck and by a personal guarantee from a director and officer of the Company. The Company is obligated to monthly payments of \$10,789 and has an

option to purchase the truck on April 6, 2004 for \$172,721. The lease expires on April 6, 2004. The lessor agreed to an early buyout of the lease, which was exercised in February 2004.

- (b) On March 31, 2004 agreements were executed with respect to the notes payable regarding the acquisition of the shares in Home Media Corp. to convert this debt to common shares (see also note 10 (a)). These agreements are subject to shareholders approval.

7. Related party transactions

- a) During the three months ended March 31, 2004, \$1,329 (2003 - \$2,808) of interest was accrued on a loans from a director and an officer. The balance of the loans at March 31, 2004 was \$120,491 (2003 - \$59,321). These loans bear interest at 10% per annum.
- b) On March 31, 2004, Northlinks entered into agreements to convert \$119,000 of deferred compensation, management fees and consulting fees owed to two officers of the Company into common shares of Northlinks at \$0.05 per share. These agreements are subject to shareholder approval at the shareholder meeting to be held on June 7, 2004.
- a) During the three months ended March 31, 2004, \$58,500 (2003 - \$nil) in legal fees were incurred and are owed to a legal firm in which an officer of Northlinks is a partner.

8. Share Capital

- (a) Authorized:
Unlimited number of common shares without nominal or par value and unlimited number of preferred shares, issuable in series.

- (b) Issued – common shares:

	Shares	Amount
Balance, March 31, 2004 and December 31, 2003	8,217,872	\$ 1,234,655

- (c) Stock options:
The following table summarizes the change in the outstanding options during the three months ended March 31, 2004.

Fixed options	2004	
	Options	Weighted average exercise price
Outstanding, beginning of year	315,000	\$ 0.10
Cancelled during the period	(315,000)	0.10
Outstanding, March 31, 2004	-	

- (d) Earnings per share:
Earnings per Common Share is calculated using the weighted average number of Common Shares outstanding during the year. The weighted average number of Class A Common Shares outstanding at March 31, 2004 and December 31, 2003 are as follows:

Weighted average number of common shares outstanding during the period	8,217,872
Diluted weighted average number of common shares outstanding during period	8,217,872

- (e) Escrow shares:
Founders' shares aggregating 302,415 are subject to escrow conditions and were released on April 17, 2004.

9. Subsequent events

- a) On March 31, 2004 the Company executed agreements to convert of \$40,000 notes payable and approximately \$178,000 of other debt into 4,357,460 common shares of the Company at a price of \$0.05 per common share. Completion of these transactions, expected by June 15, 2004, is subject to the approval of the shareholders of Northlinks.
- b) On March 31, 2004 Northlinks executed a sponsorship and agency agreement with respect to financings for Northlinks. The terms of the agreement include a Short Form Offering Prospectus offering to issue up to 2,666,600 post consolidation common shares at \$0.75 per share for gross proceeds of \$1,999,950, and concurrently a Private Placement to issue a minimum of 2,666,600 and a maximum of 6,666,600 Units at \$0.75 per share for gross proceeds of minimum of \$1,999,950 and maximum of \$4,999,950. Each Unit will comprise one Common Share and one half-share purchase warrant. Each warrant entitles the holder to acquire one Common Share at a price of \$1.00 for a period of 12 months from the closing. A commission of up to 8% will be payable to agents in connection with the financings. The agents will also be granted an option to acquire 10% of the shares issued at a price of \$0.75 per share for a period of 18 months from the closing of the financings. These financings are subject to shareholder and regulatory approval.
- c) On April 1, 2004 Northlinks executed an agreement to sell its wholly owned subsidiary, C-Connect Productions Ltd., to a company owned by Alastair J. Robertson, a director of Northlinks. The price to be paid to Northlinks will be \$1 plus the release to Northlinks of all guarantees of C-Connect. Completion of the transaction, expected by June 15, 2004, is subject to the approval of the shareholders of Northlinks.
- d) On April 2, 2004, Northlinks completed a private placement for the issuance of 24,558,797 common shares at a price of \$0.015 for gross proceeds of \$380,000. Net proceeds to Northlinks was approximately \$360,000.
- e) On April 5, 2004 Northlinks executed an agreement to restructure and refinance the Company. The principal terms of the agreement include the acquisition, through a reverse takeover, of all of the issued and outstanding shares of an Australian oil and gas company, a name change to AusAm Energy Corporation, the disposal of C-Connect Productions Ltd., the consolidation of common shares on a 1 for 30 basis and the completion of financings of a minimum of \$4 million. Completion of the transaction is subject to a number of conditions, including, but not limited to, TSX Venture Exchange approval, financing and shareholder approval.