

**NORMISKA CORPORATION
INTERIM STATEMENT OF
CONSOLIDATED
LOSS AND DEFICIT
9 Months Ended
July 31, 1999
(unaudited)**

	Third Quarter ended 07/31/99	Nine Months ended 07/31/99
Revenue	\$295,716	\$752,747
Cost of Sales	\$189,559	\$329,848
Gross Profit	\$106,157	\$422,899
General, Administration & Selling Expenses		
Salaries & Benefits	\$27,678	\$88,383
Selling & Travel	\$47,934	\$93,010
Office & Administration	\$6,897	\$87,905
Marketing	\$43,679	\$105,476
Consulting	<u>\$9,327</u>	<u>\$62,743</u>
	<u>\$135,515</u>	<u>\$437,517</u>
Operating profit (loss) from operations before depreciation & interest	<u>(\$29,358)</u>	<u>(\$14,618)</u>
Depreciation	\$48,448	\$145,422
Interest	<u>\$31,337</u>	<u>\$61,650</u>
	<u>\$79,785</u>	<u>\$207,072</u>
Net Loss from Operations	<u>(\$109,143)</u>	<u>(\$221,690)</u>
Deficit, Beginning of Period	<u>(\$610,972)</u>	<u>(\$498,425)</u>
Deficit, End of Period	<u>(\$720,115)</u>	<u>(\$720,115)</u>

Note: The Corporation was not a reporting issuer prior to August 1998 and comparative financial information is not available.

**NORMISKA CORPORATION
INTERIM CASH FLOW STATEMENT
9 MONTHS ENDED
JULY 31, 1999
(unaudited)**

	Quarter ended 7/31/99	Nine Months ended 7/31/99
Cash Flow From Operating Activities		
Net Loss for Period	(\$109,143)	(\$221,690)
Items Not Affecting Cash Flow		
Depreciation & Amortization	\$48,448	\$145,442
	<u>(\$60,695)</u>	<u>(\$76,268)</u>
Other Sources (uses) of Cash From Operations		
Accounts Receivable	(\$127,086)	(\$171,070)
Prepays	\$6,440	(\$13,706)
Inventory	(\$196,602)	(\$315,408)
Accounts Payable	<u>\$163,018</u>	<u>\$125,861</u>
	<u>(\$154,230)</u>	<u>(\$374,323)</u>
Cash Flow From Investing Activities		
Capital Asset Additions	(\$192,231)	(\$323,849)
Expenditures on Bog Development	<u>(\$16,065)</u>	<u>(\$16,065)</u>
	<u>(\$208,296)</u>	<u>(\$339,914)</u>
Cash Flow From Financing Activities		
Long Term Debt	\$307,925	\$417,543
Increase (Decrease) In Cash	<u>(\$115,296)</u>	<u>(\$372,962)</u>
Cash, Beginning of Period	<u>\$48,772</u>	<u>\$208,944</u>
Cash, End of Period	<u>(\$164,018)</u>	<u>(\$164,018)</u>

Note: The Corporation was not a reporting issuer prior to August, 1998 and comparative financial information is not available

***NORMISKA
CORPORATION
Watch us grow!***

THIRD QUARTER REPORT

JULY 31, 1999

STOCK SYMBOLS
(CANADIAN DEALING NETWORK INC.)

**COMMON SHARES- NORP
WARRANTS-NORP.WT**

Sales & Administration Office
5580 Timberlea Blvd., Mississauga, ON, Canada L4W 4M6
Plant
951 McIrvine Rd., Fort Frances, ON, Canada P9A 3N1

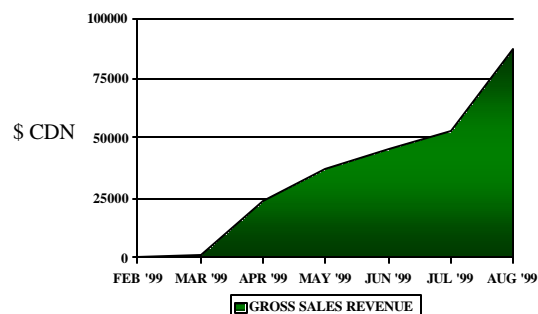


NORMISKA CORPORATION

Commentary

Product sales of Normiska Materials began during the third quarter of the company's year ending October 31, 1999. Total revenue in the third quarter was \$295,000 which was a 20% increase over the second quarter. The second quarter contained a one time payment from Abitibi of \$107,000 which was an adjustment of estimated bark receipts to actual bark receipts based on a six month test period.

Product sales have shown steady growth through the first nine months of the start – up year (see sales-revenue graph below)



The company took delivery of two double nozzle peat harvesters in late June and began its initial commercial harvesting operations at that time. Higher than normal precipitation during this period resulted in lower than anticipated peat production. However, the quality of the peat, its amenability to processing, and its acceptance by our customers has been encouraging. At the time of this report, all peat has been sold with delivery ongoing into November 1999.

During this quarter the processing plant in Fort Frances was prepared for the installation of a compressed peat baling line. The baling line is scheduled to be installed in March 2000 in order to package peat harvested in the spring of 2000. This will put Normiska in a position to improve its profit margin on peat sales. Transportation costs per cubic yard delivered will drop by approximately one half as a result of compressed baling. Market demand appears sufficient within the present market region to take up most of our anticipated production in the next 2 - 4 years. The decrease in transportation costs will also allow the development of more distant markets.

The company is developing a niche within the professional grower market in the mid-western United States. As anticipated, our products are now being tested for consistency of quality and specification. Initial indications are encouraging as repeat sales to all sectors of our regional market, both to smaller and larger customers, have been achieved. It is reasonable to expect a larger share of their business in the future. To achieve this goal the company has two experienced marketing and sales representatives in place to cover the States of Michigan, Minnesota, Wisconsin, North and South Dakota, Iowa, Illinois and Missouri.

Future Developments:

The company is pleased to report that on September 15, 1999 it signed a letter of agreement to acquire the operating assets of V.I.L. vermiculite Inc. Founded in 1920, V.I.L. is one of the largest suppliers of horticultural grade vermiculite and perlite in Canada. V.I.L. had sales in 1998 of \$5,500,000 and earnings prior to depreciation and income taxes (EBDT) of \$645,000. Sales to July 31, 1999 are \$3,570,000 with EBDT of \$550,000. V.I.L. has a December 31st year end.

The acquisition of the V.I.L. product lines of vermiculite and perlite will compliment Normiska's line of professional quality sphagnum peat moss, pine bark composts and mulches. Vermiculite and perlite are mineral feedstocks which are blended with peat moss and bark in the manufacture of value added, blended, soil-less growing mediums.

Normiska has retained Dominick & Dominick Securities Inc. as agent to raise the required funds for this acquisition.

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The company is also pleased to report that it has signed a long term production lease agreement with Abitibi Consolidated Inc. on a 3,565 acre (1,426 hectare) peat bog located in the Thunder Bay District of Northwestern Ontario. After a 60 day due diligence period, a \$10,000 lease payment will allow Normiska to occupy the property for the purposes of a preliminary feasibility study.

The company has made a site visit to the bog and has sampled it on surface in three widely spaced locations. Analysis by an independent laboratory and visual examination confirms that the bog hosts near surface sphagnum peat at these locations. The initial field studies will confirm the lateral extent, continuity to depth, quality and overall amenability to development. Contingent on the results of this initial survey a marketing study and processing tests will be carried out previous to a production decision.

Normiska's mission is profitable, responsible natural resource management. We recognize opportunity in environmental solutions.

WATCH US GROW!

On behalf of the Board of Directors

“David B. Graham”
President and C.E.O.
September 28, 1999

NORMISKA CORPORATION CONSOLIDATED BALANCE SHEET 9 Months Ended July 31, 1999 (unaudited)

ASSETS	\$
Current Assets	579,065
Fixed Assets	1,418,910
Deferred Development & Marketing Costs	<u>1,155,533</u>
	<u>3,153,508</u>
LIABILITIES & SHAREHOLDERS'S EQUITY	
LIABILITIES	
Current Liabilities	549,337
Long-term Debt	<u>1,139,427</u>
	<u>1,688,764</u>
SHAREHOLDER'S EQUITY	
Shareholder's Equity	2,184,859
Deficit	<u>(720,115)</u>
	<u>1,464,744</u>
	<u>3,153,508</u>

