

PALLADON VENTURES LTD.
INTERIM FINANCIAL STATEMENTS

May 31, 2004

(Unaudited – See Notice to Reader)

NOTICE TO READER

We have compiled the interim balance sheet of Palladon Ventures Ltd. as at May 31, 2004 and the interim statements of operations and deficit and cash flows for the three months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, Canada
July 20, 2004

“Amisano Hanson”
Chartered Accountants

PALLADON VENTURES LTD.
INTERIM BALANCE SHEET
 May 31, 2004 and February 29, 2004
 (Unaudited – See Notice to Reader)

	<u>ASSETS</u>	May 31, <u>2004</u>	February 29, <u>2004</u>
Current			
Cash		\$ 3,415,912	\$ 5,568,912
GST receivable		9,151	5,551
Prepaid expenses		4,631	9,358
Loans receivable – Note 3		1,853,907	1,165,006
		<hr/>	<hr/>
		5,283,601	6,748,827
Deferred finance charge – Note 6		60,495	96,416
Capital assets		42,823	448
Resource properties – Note 4 and Schedule I		2,346,090	1,058,651
		<hr/>	<hr/>
		\$ 7,733,009	\$ 7,904,342
		<hr/> <hr/>	<hr/> <hr/>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities – Notes 3 and 5		\$ 108,342	\$ 132,009
Due to related parties – Note 5		60,614	94,414
		<hr/>	<hr/>
		168,956	226,423
Convertible debentures – Note 6		734,250	1,068,000
		<hr/>	<hr/>
		903,206	1,294,423
		<hr/> <hr/>	<hr/> <hr/>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Notes 6, 7 and 9		14,216,060	13,799,728
Contributed surplus		14,695	14,695
Deficit		(7,400,952)	(7,204,504)
		<hr/>	<hr/>
		6,829,803	6,609,919
		<hr/>	<hr/>
		\$ 7,733,009	\$ 7,904,342
		<hr/> <hr/>	<hr/> <hr/>
Subsequent Event – Note 9			

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
for the three months May 31, 2004 and 2003
(Unaudited – See Notice to Reader)

	<u>2004</u>	<u>2003</u>
Administrative Expenses		
Amortization	\$ 1,819	\$ 61
Bank charges	319	178
Interest	38,356	-
Management fees – Note 5	140,428	16,066
Marketing	90,746	-
Office and administration	2,939	6,992
Professional fees	18,768	13,889
Rent – Note 5	1,200	6,000
Telephone	4,032	-
Transfer agent and filing fees	12,325	11,996
Travel and promotion	76,154	23,089
	<hr/>	<hr/>
Loss before other items:	(387,086)	(78,271)
Interest income	69,637	327
Gain on foreign exchange	121,001	13,552
	<hr/>	<hr/>
Net loss for the period	(196,448)	(64,392)
Deficit, beginning of the period	(7,204,504)	(6,619,305)
	<hr/>	<hr/>
Deficit, end of the period	\$ (7,400,952)	\$ (6,683,697)
	<hr/>	<hr/>
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
INTERIM STATEMENTS OF CASH FLOWS
for the three months May 31, 2004 and 2003
(Unaudited – See Notice to Reader)

	<u>2004</u>	<u>2003</u>
Cash flow used in Operating Activities		
Net loss for the period	\$ (196,448)	\$ (64,392)
Items not affecting cash		
Amortization	1,819	61
Unrealized foreign exchange gain	(94,096)	-
	<u>(288,725)</u>	<u>(64,331)</u>
Changes in non-cash working capital items:		
Increase in GST receivable	(3,600)	(2,004)
Decrease in prepaid expenses	4,727	638
Decrease in deferred finance charge	35,921	-
Increase (decrease) in accounts payable and accrued liabilities	(23,667)	2,489
	<u>(275,344)</u>	<u>(63,208)</u>
Cash used in operating activities		
Cash flows from Investing Activities		
Acquisition of capital assets	(44,194)	-
Increase in resource property costs	(1,287,439)	(82,989)
Loan receivable	(594,805)	-
	<u>(1,926,438)</u>	<u>(82,989)</u>
Cash used in investing activities		
Cash flows from Financing Activities		
Deferred financing cost	-	(16,916)
Advances from related parties	(33,800)	29,516
Increase in loan payable	-	100,000
Issuance of shares for cash	82,582	58,750
	<u>(48,782)</u>	<u>171,350</u>
Cash provided by financing activities		
Change in cash during the period	(546,023)	25,153
Cash, beginning of the period	5,568,912	8,911
Cash, end of the period	<u>\$ 3,415,912</u>	<u>\$ 34,064</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Non-cash Transaction – Note 8

SEE ACCOMPANYING NOTES

SCHEDULE I

PALLADON VENTURES LTD.
RESOURCE PROPERTIES
for the three months May 31, 2004

	<u>Argentina</u>						<u>USA</u>	May 31,	February 29,
	<u>Choique La Brecha</u>	<u>Gran Bajo</u>	<u>Laguna Guadalosa</u>	<u>Tres Hermanas</u>	<u>Rio Deseado</u>	<u>Other</u>	<u>Utah</u>	<u>2004 Total</u>	<u>2004 Total</u>
Acquisition costs									
Balance beginning	\$ 40,953	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 70,000	\$ -	\$ 250,953	\$ -
Costs:									
Shares issued	-	-	-	-	-	-	-	-	210,000
Cash paid	153,395	-	-	54,530	47	54,596	469,103	731,672	40,953
Balance ending	194,348	35,000	35,000	89,530	35,047	124,596	469,104	982,625	250,953
Exploration expenditures									
Claim fees	-	-	-	-	-	-	40,476	40,476	273,167
Geological consulting	209,218	-	-	6,039	1,556	-	138,286	355,099	207,043
Field costs	28,012	-	-	-	-	-	80,246	108,258	-
Miscellaneous	3,827	64	46	404	1,361	-	965	6,667	25,995
Salaries and wages	-	-	-	-	-	-	-	-	66,988
Travel	5,397	-	81	10,417	2,388	-	26,984	45,267	35,527
	246,454	64	127	16,860	5,305	-	286,957	555,767	608,720
Balance, beginning	99,591	34,102	271,037	190,827	70,845	32,694	108,602	807,698	198,978
Balance, ending	346,045	34,166	271,164	207,687	76,150	32,694	395,559	1,363,465	807,698
Total	\$ 540,393	\$ 69,166	\$ 306,164	\$ 297,217	\$ 111,197	\$ 157,290	\$ 864,664	\$2,346,090	\$ 1,058,651

PALLADON VENTURES LTD.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
May 31, 2004
(Unaudited – See Notice to Reader)

Note 1 Interim Reporting

While the information presented in the accompanying interim 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 for the interim period presented. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the company's audited February 29, 2004 financial statements. Except as noted below, these statements follow the same accounting policies and methods of their application as the company's audited February 29, 2004 annual financial statements.

Note 2 Changes in Accounting Policy

Stock-based Compensation Plan

In January 2004, the Company adopted the amended CICA Handbook Section 3870 – “Stock-based Compensation and Other Stock-based Payments”. This change in accounting policy has been applied retroactively with no restatement of prior periods presented for the statements of loss and deficit and cash flows.

Under this amended standard, the Company must account for compensation expense based on the fair value of rights granted under its stock-based compensation plan. Under this method, compensation costs attributable to share options granted to employees or directors is measured at fair value at the grant date, and expensed over the expected exercise time from with a corresponding increase to contributed surplus. Upon exercise of stock options, consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Previously, the Company accounted for stock-based compensation using the settlement method. No compensation costs were recorded in the financial statements for stock options granted as the options had no intrinsic value at the date of grant. Consideration paid by employees on the exercise of stock options and purchase of stock is credited to share capital.

Note 3 Loans receivable

	May 31, <u>2004</u>
Loan receivable of US\$800,000 with interest at 12% per annum due on November 20, 2004, secured by real property located in Utah, USA.	\$ 1,159,739
Loan receivable of US\$496,266 with interest at 12% per annum, unsecured with no payment terms.	694,168
	<u>\$ 1,853,907</u>

Note 4 Resource Properties

Argentina

- a) By agreement dated October 1, 2002, and amended April 11, 2003, the Company entered into an option agreement with Deseado LLC (“Deseado”) to earn up to a 51% interest in approximately 100,000 hectares of mineral properties located in the Santa Cruz, Rio Negro and Chubut provinces of Argentina. Deseado has a director in common with the Company.

As consideration for the option, the Company issued 600,000 shares at \$0.30 per share and is required to issue up to 1,200,000 shares as expenditures are completed. The Company also issued 100,000 shares at \$0.30 per share for finder’s fees. The properties are divided into two groups with expenditure requirements as follows:

Laguna Guadalosa Property Group

- US\$30,000 on or before March 31, 2003 (paid);
- An additional US\$270,000 on or before March 31, 2004 (paid)

All other properties

- US\$40,000 on or before April 30, 2003 (paid)
- An additional US\$160,000 on or before March 31, 2004 (paid)

Note 4 Resource Properties – (cont'd)

Argentina – (cont'd)

- b) By agreement dated July 30, 2003, the Company entered into an option agreement to acquire up to a 70% interest in approximately 8,717 hectares of mineral properties known as the Cerro Choique and La Brecha properties located in Rio Negro province, Argentina. Consideration for the first 50% is US\$30,000 (paid) and exploration expenditures on Cerro Choique of US\$30,000 (paid) by January 31, 2004 and US\$270,000 (paid) by November 30, 2004, and on La Brecha US\$40,000 (paid) by June 30, 2004 and US\$60,000 (paid) by January 31, 2005. An additional 20% can be earned by further expenditures of US\$1.9 million. A finder's fee of 75,000 shares has agreed to be paid. This agreement is subject to regulatory approval.
- c) By agreement dated March 19, 2004, the Company entered into an option agreement to acquire a 100% interest in approximately 830 hectares known as the Rodino property located in Argentina. Consideration payable is US\$500,000 of which US\$40,000 (paid) is due on signing with the balance due over four years. This option agreement is subject to regulatory approval.

Utah, USA

- a) The Company has entered into an option agreement dated November 20, 2003 to acquire a 50% interest in approximately 40,000 acres of mineral rights located in Beaver County, Utah. As consideration the Company will update and finalize a feasibility study and expend up to US\$4,000,000 over five years with a minimum of US\$120,000 to be spent in the first year. Any property in the new exploration areas in which a feasibility study has been completed, the Company shall have the right to a 65% interest.
- b) On May 7, 2004, the Company entered into an option agreement for the right to acquire a 100% interest in five mineral exploration properties covering 5,480 acres in Utah and Nevada in consideration for 250,000 common shares. The Company will issue 50,000 shares for each property it intends to maintain its option within 180 days of regulatory approval. This option agreement is subject to regulatory approval.

Note 5 Related Party Transactions

- a) For the three months ended May 31, 2004, the Company incurred and accrued management fees of \$140,428 to directors and officers of the Company (2003: \$16,066) and rent of \$1,200 (2003: \$6,000) to a director of the Company.
- b) Included in accounts payable as at May 31, 2004 is \$54,279 (February 29, 2004: \$9,243) due to related parties.

Note 5 Related Party Transactions – (cont'd)

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange value.

Note 6 Convertible Debentures

Convertible debentures payable of \$734,250 (February 29, 2004: \$1,068,000) with interest at 8% per annum due November 20, 2006 are unsecured. As at May 31, 2004, accrued interest of \$30,975 (February 29, 2004: \$9,571) is included in accounts payable. The principal amount and accrued interest outstanding can be converted into units at a conversion price of \$0.69 per unit if converted by November 20, 2005 or \$0.76 per unit if converted before November 20, 2006. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at \$0.86 per share for two years.

The Company issued 154,782 common shares at \$0.69 per share as a finder's fee. The amount of \$106,800 has been deferred and is being amortized over the life of the debenture. Amounts not yet amortized will be charged to share capital upon conversion.

During the three months ended May 31, 2004, the Company issued 498,220 shares for conversion of \$343,772 of the debentures and accrued interest.

Note 7 Share Capital

Authorized

100,000,000 common shares without par value

Issued	<u>Number of of Shares</u>	<u>Amount</u>
Balance, February 28, 2003	4,000,244	\$ 6,630,163
For cash:		
– pursuant to exercise of warrants	235,000	58,750
	– at \$0.30	78,450
– pursuant to brokered private placements	4,626,000	1,156,500
	– at \$0.70	5,571,425
– brokerage firm shares	399,215	-
Less: share issue costs	-	(400,472)
– pursuant to private placements	833,333	222,900
	– at \$0.70	153,212
Pursuant to resource property option agreement	600,000	180,000
Pursuant to loan agreement	40,000	12,000
Pursuant to resource property agreement	100,000	30,000
Pursuant to convertible debenture finder's fee	154,782	106,800
	<hr/>	<hr/>
Balance, February 29, 2004	19,429,252	13,669,728
For cash:		
– pursuant to exercise of warrants	338,500	101,550
Pursuant to conversion of convertible debenture	498,220	343,772
Less: share issue costs	-	(28,990)
	<hr/>	<hr/>
Balance, May 31, 2004	20,265,972	\$14,216,060
	<hr/> <hr/>	<hr/> <hr/>

Escrow Shares

As at May 31, 2004, 37,500 (February 29, 2004: 37,500) common shares are held in escrow subject to direction for their release by regulatory authorities.

Note 7 Share Capital – (cont'd)

Commitments

No share purchase options were granted or exercised during the three months ended May 31, 2004 and 2003. Share purchase options outstanding as at May 31, 2004 are as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
700,000	\$0.45	September 9, 2008
150,000	\$0.80	November 26, 2008
<u>850,000</u>		

Share Purchase Warrants

As at May 31, 2004, the Company had 10,347,840 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>2004</u>
September 12, 2004/2005	\$0.30/\$0.50	1,358,200
September 29, 2004	\$0.36	833,333
February 27, 2005	\$0.80	4,194,197
July 31, 2005/2006	\$0.30/\$0.50	3,713,000
April 26, 2006	\$0.86	249,110
		<u>10,347,840</u>

Note 8 Non-cash Transaction

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statements. During the three months ended May 31, 2003, the following transaction was excluded from the statement of cash flows:

- The Company issued 448,220 shares at \$0.69 per share pursuant to the conversion of convertible debentures.

Note 9 Subsequent Event

Subsequent to May 31, 2004, the Company issued 846,000 common shares at \$0.30 per share pursuant to the exercise of warrants.

PALLADON VENTURES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
for the three months May 31, 2004

1.1 Date of Report: June 30, 2004

1.2 Overall Performance

The Company is in the business of acquiring, exploring, and if warranted developing mineral resource properties with a view to achieving commercial production.

The Company's primary assets consist of mineral rights on the 70,000 acre Western Utah Copper Project, near Milford, Utah, and 130,000 hectares in the Deseado Massif region of Patagonia.

Previous reports on The Western Utah Copper District have identified resources that include Copper, Gold, Silver, as well as significant amounts of Tungsten and Molybdenum. The District has been the subject of historic mining production dating to the 1870's with more recent exploration by companies such as Noranda, Anaconda, and Kennecott. The Company intends to perform additional exploration and evaluation work while updating and finalizing the existing feasibility study to verify the resources and reserves included in previous reports, in order to determine the economics of bringing a portion of the area into production.

The Deseado Massif region of Patagonia in Argentina hosts multiple epithermal precious metal occurrences. The land package consists of six projects on which initial exploration has commenced at Laguna Guadalosa and Tres Hermanas. The Laguna Guadalosa project had already progressed to drill-ready status with activities planned for corresponding Argentine summers.

Discovering mineral deposits is dependent on a number of factors including the technical skill of the exploration team. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors including size, grade, and proximity to infrastructure, as well as metal prices. The more recent price appreciation of most metals has facilitated the increase in exploration budgets as well as improving access to investment capital.

During this period the Company achieved key business objectives. Since becoming a reporting issuer on July 31, 2003, the company successfully raised sufficient capital to acquire an option on an attractive mineral asset land package in Utah. (Western Utah Copper District) The Company focused its efforts in the final quarter of FY2003 on raising sufficient capital to commence and continue exploration activities in Utah and Argentina.

In April 2004 the Company commenced a drilling program in the Western Utah Copper District to expand areas of previously-identified reserves/resources at the Maria, Hidden Treasure, and Candy B target areas. The Company also began delineating the Valley Skarn and Comet Breccia Deposit Areas. Twenty-eight holes averaging 200 feet were planned, at intervals ranging between 50 to 100 meters. The Company also expanded the original claim block from 41,000 acres to 60,000 acres to include areas with known copper porphyry potential.

The first 4 drill holes at Hidden Treasure and first 3 at Maria all intercepted significant, near-surface copper mineralization, with gold, silver, molybdenum, and tungsten values.

In addition, the first 3 holes drilled at the Comet Breccia area all intercepted significant near-surface gold, silver, and copper mineralization. Surface mapping and geochemical studies were also initiated to further expand understanding of the area. Exploration continues to establish value in the district. During this period the company contracted former Gold Fields Senior Geologist Rick Russell to assist the Company in the Western Utah Copper District.

In April the Company expanded the Argentine land position to 130,000 hectares with the addition of a 100% interest in the Rodino Property. The Company identified 3 different targets within the Tres Hermanas project, all of which have revealed through early stage analysis to host anomalous gold. Exploration will continue throughout the Argentine summer.

The Company plans to continue exploration work throughout the year in both hemispheres.

1.3 Selected Annual Information

The following financial data are selected information for the Company for the three most recently completed financial years:

	Years ended		
	February 29, 2004	February 28, 2003	February 28, 2002
Total revenues	\$ -	\$ -	\$ -
Loss before discontinued operations and extraordinary items	\$ (585,199)	\$ (191,408)	\$ (212,856)
Basic and diluted loss per share before discontinued operations and extraordinary items	\$ (0.03)	\$ (0.07)	\$ (0.17)
Net loss	\$ (585,199)	\$ (191,408)	\$ (212,856)
Basic and diluted loss per share	\$ (0.03)	\$ (0.07)	\$ (0.17)
Total assets	\$ 7,904,342	\$ 215,328	\$ 61,113
Total long-term liabilities	\$ 1,068,000	\$ -	\$ -
Cash dividends per share	\$ -	\$ -	\$ -

1.4 Results of Operations

Quarter Ended May 31, 2004

Activities in the quarter were focused on exploration initiatives in Utah and Argentina. Administrative expenses during the quarter ending May 31, 2004 were \$196,448, as a result of increased travel requirements, professional fees, and marketing expenditures. Expenditures are expected to increase as the Company continues to engage in the exploration and evaluation of mineral properties.

Year Ended February 29, 2004

Operations in the year ended Feb. 29, 2004 were focused on funding the acquisition of a portfolio of mineral properties including the Western Utah Copper Project, with year end initiatives focusing on financing exploration programs into 2004.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q1 May 31 2004	Q4 Feb 29, 2004	Q3 Nov 30, 2003	Q2 Aug 31, 2003	Q1 May 31 2003	Q4 Feb 28, 2003	Q3 Nov 30, 2002	Q2 Aug 31, 2002
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before discontinued operations and extraordinary items:								
Total	\$(196,448)	\$(196,906)	\$(276,559)	\$(172,140)	\$(78,271)	\$(218,113)	\$(95,637)	\$(42,128)
Per share	\$(0.01)	\$(0.07)	\$(0.04)	\$(0.01)	\$(0.01)	\$(0.17)	\$(0.03)	\$(0.01)
Per share, fully diluted	\$(0.01)	\$(0.07)	\$(0.04)	\$(0.03)	\$(0.01)	\$(0.17)	\$(0.03)	\$(0.01)
Net loss:								
Total	\$(196,448)	\$(196,906)	\$(276,559)	\$(172,140)	\$(78,271)	\$(218,113)	\$(95,637)	\$(42,128)
Per share	\$(0.01)	\$(0.01)	\$(0.04)	\$(0.03)	\$(0.01)	\$(0.17)	\$(0.03)	\$(0.01)
Per share, fully diluted	\$(0.01)	\$(0.07)	\$(0.04)	\$(0.03)	\$(0.01)	\$(0.17)	\$(0.03)	\$(0.00)

1.6 Liquidity

At May 31, 2004, the Company had \$3,415,912 in cash and \$2,346,090 in resource properties. The Company intends to continue to engage in exploration and evaluation work on its properties.

The Company has a working capital of \$5,114,645. Management believes the Company has sufficient working capital to conduct business for the next year.

1.7 Capital Resources

The capital resources of the Company include mineral properties, valued at \$2,346,090. The Company's intention is to commit further funds for continuing acquisition and exploration activities, as detailed in section 1.2.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

For the three months ended May 31, 2004, the Company incurred and accrued management fees of \$140,428 to directors and officers of the Company (2003: \$16,066) and rent of \$1,200 (2003: \$6,000) to a director of the Company.

Included in accounts payable as at May 31, 2004 is \$54,279 (February 29, 2004: \$9,243) due to related parties.

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange value.

1.10 Fourth Quarter

Fourth quarter results do not differ significantly from other quarters.

1.11 Proposed Transactions

The Company will continue to allocate funds to the continuing evaluation and acquisition, and exploration of attractive properties in Utah and Argentina.

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies

In January 2004, the Company adopted the amended CICA Handbook Section 3870 – “Stock-based Compensation and Other Stock-based Payments”. This change in accounting policy has been applied retroactively with no restatement of prior periods presented for the statements of loss and deficit and cash flows.

Under this amended standard, the Company must account for compensation expense based on the fair value of rights granted under its stock-based compensation plan. Under this method, compensation costs attributable to share options granted to employees or directors is measured at fair value at the grant date, and expensed over the expected exercise time from with a corresponding increase to contributed surplus. Upon exercise of stock options, consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Previously, the Company accounted for stock-based compensation using the settlement method. No compensation costs were recorded in the financial statements for stock options granted as the options had no intrinsic value at the date of grant. Consideration paid by employees on the exercise of stock options and purchase of stock is credited to share capital.

1.14 Financial Instruments and Other Instruments

The carrying value of the Company’s financial instruments, consisting of cash, loans receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company is exposed to fluctuations in foreign currencies through its operations in the United States and Argentina. The Company monitors this exposure, but has no hedge positions.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Data

a) Authorized:

100,000,000 common shares without par value

b) Common shares issued: Number \$

Balance, May 31, 2004 20,265,972 14,216,060

c) Commitments:

As at May 31, 2004, the Company had 10,347,840 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share.

No share purchase options were granted or exercised during the three months ended May 31, 2004. Share purchase options outstanding as at May 31, 2004 are as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
700,000	\$0.45	September 9, 2008
150,000	\$0.80	November 26, 2008
<u>850,000</u>		

Subsequent Event

Subsequent to May 31, 2004, the Company issued 846,000 common shares at \$0.30 per share pursuant to the exercise of warrants.