PALLADON VENTURES LTD.

INTERIM FINANCIAL STATEMENTS

November 30, 2004

(Unaudited)

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2004 AND 2003 HAVE NOT BEEN REVIEWED OR AUDITED BY THE COMPANY'S AUDITORS.

PALLADON VENTURES LTD.
INTERIM BALANCE SHEETS
November 30, 2004 and February 29, 2004
(Unaudited)

ASSETS	November 30, 2004	February 29, 2004
Current		
Cash	$ 2,160,727	$ 5,568,912
GST receivable	11,306	5,551
Prepaid expenses	5,378	9,358
Loans receivable – Note 3	-	1,165,006
	2,177,411	6,748,827
Loans receivable – Note 3	1,606,656	-
Deferred finance charge – Notes 6 and 7	48,235	96,416
Capital assets	42,198	448
Resource properties – Note 4 and Schedule I	3,924,736	1,058,651
	$ 7,799,236	$ 7,904,342
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 3, 5 and 6	$ 104,460	$ 132,009
Due to related party – Note 5	2,938	94,414
	107,398	226,423
Convertible debentures – Note 6	734,250	1,068,000
	841,648	1,294,423
SHAREHOLDERS' EQUITY		
Share capital – Notes 6 and 7	15,418,066	13,799,728
Contributed surplus	504,688	14,695
Deficit	(8,965,166)	(7,204,504)
	6,957,588	6,609,919
	$ 7,799,236	$ 7,904,342

Subsequent Event – Note 10

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.

INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

for the three and nine months ended November 30, 2004 and 2003

(Unaudited)

	Three months ended November 30,		Nine months ended November 30,	
	2004	2003	2004	2003
Administrative Expenses				
Amortization	$ 2,048	$ 175	$ 5,789	$ 412
Bank charges	91	4,472	950	6,927
Interest	20,701	-	79,986	20,000
Management fees – Note 5	100,373	28,967	295,165	64,923
Marketing	23,163	-	123,844	-
Office and administration	21,020	21,140	51,593	43,646
Professional fees	23,623	11,715	67,852	37,041
Rent – Note 5	6,513	1,200	16,131	7,200
Shareholder information	33,724	-	61,684	-
Stock-based compensation – Note 7	139,196	-	139,196	-
Telephone	8,145	-	19,625	-
Transfer agent and filing fees	6,289	1,893	27,641	20,197
Travel and promotion	56,281	34,857	213,584	76,213
Loss before other items:	(441,167)	(104,419)	(1,103,040)	(276,559)
Interest income	59,461	558	181,918	1,055
Loss on foreign exchange	(436,452)	(15,990)	(488,743)	(7,475)
Net loss for the period	(818,158)	(119,851)	(1,409,865)	(282,979)
Deficit, beginning of the period	(8,147,008)	(6,782,433)	(7,204,504)	(6,619,305)
Accounting change for stock-based compensation – Note 2	-	-	(350,797)	-
Deficit, end of the period	$ (8,965,166)	$ (6,902,284)	$ (8,965,166)	$ (6,902,284)
Basic and diluted loss per share	$ (0.03)	$ (0.02)	$ (0.(	$ (0.03)

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
INTERIM STATEMENTS OF CASH FLOWS
for the three and nine months ended November 30, 2004 and 2003
(Unaudited)

	Three months ended November 30, 2004	Three months ended November 30, 2003	Nine months ended November 30, 2004	Nine months ended November 30, 2003
Cash flow used in Operating Activities				
Net loss for the period	$ (818,158)	$ (119,851)	$ (1,409,865)	$ (282,979)
Items not affecting cash				
Amortization	2,048	175	5,789	412
Deferred finance charge	6,097	-	48,181	-
Stock-based compensation	139,196	-	139,196	-
Unrealized foreign exchange loss	124,398	-	47,495	-
	(546,419)	(119,676)	(1,169,204)	(282,567)
Changes in non-cash working capital items:				
Decrease (increase) in GST receivable	4,327	(1,560)	(5,755)	(7,737)
Decrease in prepaid expenses	3,805	497	3,980	1,630
Increase (decrease) in accounts payable and accrued liabilities	7,685	(14,342)	(27,549)	(28,432)
Cash used in operating activities	(530,602)	(135,081)	(1,198,528)	(317,106)
Cash flows used in Investing Activities				
Acquisition of capital assets	-	-	(47,539)	-
Resource property costs	(322,455)	(223,990)	(2,748,585)	(564,935)
Loans receivable	-	-	(489,145)	-
Cash used in investing activities	(322,455)	(223,990)	(3,285,269)	(564,935)

…/Cont'd

SEE ACCOMPANYING NOTES

Continued

PALLADON VENTURES LTD.
INTERIM STATEMENTS OF CASH FLOWS
for the three and nine months ended November 30, 2004 and 2003
(Unaudited)

Cash flows from Financing Activities				
Advances from related parties	6,769	772	(91,476)	(49,936)
Increase in loan payable	-	(100,000)	-	-
Issuance of shares for cash	351,402	505,325	1,167,088	(49,936)
Cash provided by financing activities	358,171	406,097	1,075,612	1,390,845
Increase (decrease) in cash during the period	(494,886)	47,026	(3,408,185)	508,804
Cash, beginning of the period	2,655,613	470,689	5,568,912	8,911
Cash, end of the period	$ 2,160,727	$ 517,715	$ 2,160,727	$ 517,715
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	$ -	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -	$ -

Non-cash Transactions – Note 8

SEE ACCOMPANYING NOTES

SCHEDULE I

PALLADON VENTURES LTD.

RESOURCE PROPERTIES

for the nine months ended November 30, 2004 and the year ended February 29, 2004

(Unaudited)

	Argentina						USA		November 30, 2004	February 29, 2004
	Choique La Brecha	Gran Bajo	Laguna Guadalosa	Tres Hermanas	Rio Deseado	Other	Utah	Genesis Gold	Total	Total
Acquisition costs										
Balance beginning	$ 40,953	$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 70,000	$ -	$ -	$ 250,953	$ -
Costs:										
Shares issued	-	-	-	-	-	-	-	117,500	117,500	210,000
Cash paid	290,795	-	-	91,363	47	-	639,961	-	1,022,166	40,953
Recovery	-	-	-	-	-	(70,000)	-	-	(70,000)	-
Balance ending	331,748	35,000	35,000	126,363	35,047	-	639,961	117,500	1,320,619	250,953
Exploration expenditures										
Claim fees	-	-	-	-	-	-	162,838	-	162,838	273,167
Geological consulting	225,747	4,175	1,276	6,688	1,556	-	290,542	24,865	554,849	207,043
Field costs and drilling	32,153	-	2,600	-	9,615	-	774,453	-	818,821	-
Miscellaneous	13,394	598	1,858	748	3,037	-	217,108	-	236,743	25,995
Recovery	-	-	-	-	-	(32,694)	-	-	(32,694)	-
Salaries and wages	-	-	-	-	-	-	26,984	-	-	66,988
Travel	10,419	335	1,038	12,022	5,064	-	-	-	55,862	35,527
	281,713	5,108	6,772	19,458	19,272	(32,694)	1,471,925	24,865	1,796,419	608,720
Balance, beginning	99,591	34,102	271,037	190,827	70,845	32,694	108,602	-	807,698	198,978
Balance, ending	381,304	39,210	277,809	210,285	90,117	-	1,580,527	24,865	2,604,117	807,698
Total	$ 713,052	$ 74,210	$ 312,809	$ 336,648	$ 125,164	$ -	$2,220,488	$142,365	$ 3,924,736	$ 1,058,651

PALLADON VENTURES LTD.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
November 30, 2004
(Unaudited)

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 Change 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 operations and deficit and cash flows. As the result, deficit and contributed surplus have been increased by $350,797 at March 1, 2004.

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

	November 30, 2004	February 29, 2004
Loan receivable of US$800,000 with interest at 12% per annum, secured by real property located in Utah, USA	$ 1,065,766	$ 1,082,924
Loan receivable of US$416,266 with interest at 12% per annum, secured by real property located in Utah, USA	540,890	-
Loan receivable of US$60,000 with interest at 12% per annum, unsecured with no payment terms	-	82,082
	1,606,656	1,165,006
Current portion	-	(1,165,006)
	$ 1,606,656	$ -

During the three-months ended November 30, 2004, the Company completed an arrangement with its joint venture partner, Western Utah Copper Company ("WUCC"), for the securitizing of the default loans payable to the Company. In that arrangement, WUCC conveyed to the Company an undivided 50% interest in its Murdock Railroad Property, which is valued by certified appraisal at US$8.2 million net value. The Company's net interest is therefore worth US$4.1 million. The Company and WUCC intend to finalize a US$3.1 million loan against that property (that would be secured by the property and would be non-recourse to the Company) being negotiated at the present time. The proceeds of the loan (approximately US$1.5 million to the Company) would be available for use by the Company at its own discretion. Upon the funding of such a loan and the receipt of the proceeds by the Company, the due dates for the loans receivable by the Company from WUCC (in the amounts of US$800,000 and US$416,000, each of which bear interest at 12% per annum) would be deferred until the commencement of production, but would remain outstanding and payable. The amounts due on those loans would be payable from half of WUCC's portion of the proceeds of production until paid.

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)

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.

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.

Note 4 Resource Properties – (cont'd)

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 (issued) and a further 1,300,000 shares in stages on or before the third anniversary.

Note 5 Related Party Transactions

During the nine months ended November 30, 2004, the Company incurred and accrued management fees of $295,166 to directors and officers of the Company (2003: $64,923) and rent of $3,600 (2003: $7,200) to a director of the Company. These transactions were in the normal course of operations and were measured at the exchange value.

Included in accounts payable as at November 30, 2004 is $17,963 (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.

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 November 30, 2004, accrued interest of $60,345 (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.

Note 6 Convertible Debentures – (cont'd)

During the nine months ended November 30, 2004, the Company issued 498,220 shares on conversion of $343,772 of the debentures and accrued interest.

Note 7 Share Capital

Authorized

Unlimited common shares without par value
Unlimited class A preference shares without par value

Issued: Common shares		Number of of Shares	Amount
Balance, February 28, 2003		4,000,244	$ 6,630,163
For cash:			
– pursuant to exercise of warrants	– at $0.25	235,000	58,750
	– at $0.30	261,500	78,450
– pursuant to brokered private placements	– at $0.25	4,626,000	1,156,500
	– at $0.70	7,959,178	5,571,425
– brokerage firm shares		399,215	-
Less: share issue costs		-	(400,472)
– pursuant to private placements	– at $0.27	833,333	222,900
	– at $0.70	220,000	153,212
Pursuant to resource property option agreement	– at $0.30	600,000	180,000
Pursuant to loan agreement	– at $0.30	40,000	12,000
Pursuant to resource property agreement	– at $0.30	100,000	30,000
Pursuant to convertible debenture finder's fee	– at $0.69	154,782	106,800
Balance, February 29, 2004		19,429,252	13,799,728
For cash:			
– pursuant to exercise of warrants	– at $0.30	3,953,520	1,186,056
Pursuant to resource property agreement	– at $0.47	250,000	117,500
Pursuant to conversion of convertible debenture	– at $0.69	498,220	343,772
Less: share issue costs related to convertible debenture		-	(28,990)
Balance, November 30, 2004		24,130,992	$ 15,418,066

Escrow Shares

As at November 30, 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

The Company may grant share purchase options to directors, officers or employees to acquire shares of the Company. Share purchase option activities for the nine months ended November 30, 2004 and the year ended February 29, 2004 are summarized as follows:

	Nine months ended November 30, 2004		Year ended February 29, 2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	850,000	0.51	-	-
Granted	140,000	0.50	700,000	0.45
Granted	350,000	0.70	150,000	0.80
Outstanding, end of period	1,340,000	0.56	850,000	0.51

As at November 30, 2004, there were 1,340,000 employee and director share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

Number of Options	Exercise Price	Expiry Date
700,000	$0.45	September 9, 2008
150,000	$0.80	November 26, 2008
140,000	$0.50	October 22, 2009
350,000	$0.70	October 22, 2009
1,340,000		

The fair value of the share purchase options granted during the nine months ended November 30, 2004 included in operating expenses is $139,196 and has been determined, using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	74%
Risk-free interest rate	3.85%
Weighted average expected term in years	5 years

Note 7 Share Capital – (cont'd)

Commitments – (cont'd)

The Black-Scholes option pricing model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

Share Purchase Warrants

As at November 30, 2004, the Company had 6,732,819 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

Number	Exercise Price	Expiry Date
44,860	$0.50	September 12, 2005
833,333	$0.36	September 29, 2005
4,194,196	$0.80	February 27, 2005
1,411,320	$0.30/$0.50	July 31, 2005/2006
249,110	$0.86	April 26, 2006
6,732,819		

Note 8 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statements. During the nine months ended November 30, 2004, the following transactions were excluded from the statement of cash flows:

– The Company issued 498,220 shares at $0.69 per share pursuant to the conversion of convertible debentures.

– The Company issued 250,000 shares at $0.47 per share pursuant to a resource property acquisition agreement.

During the nine months ended November 30, 2003, the following transactions were excluded from the statement of cash flows:

– The Company issued 700,000 common shares at $0.30 per share for acquisition of resource properties.

– The Company issued 40,000 common shares at $0.30 per share related to a loan agreement.

Note 8 Non-cash Transactions – (cont'd)

– The Company issued 100,000 common shares pursuant to brokered private placement share issuance costs.

Note 9 Financial Instruments

a) Credit risk:

For loans receivable, the Company estimates, on a continuing basis, the probable losses, and provides a provision for losses based on the estimated realizable value.

b) Foreign currency risk:

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. As at November 30, 2004, cash totalling $1,340,222 (February 29, 2004: $83,612) was held in US dollars and $543,634 in Argentine Pesos (February 29, 2004: $Nil) and loans receivable totalling $1,606,656 (February 29, 2004: $1,165,006) were held in US dollars.

Note 10 Subsequent Event

The Company and WUCC have entered into an agreement with Iron Ore Mines LLC ("IOM") to purchase all of its iron mineral properties and interests in Iron County, in southwestern Utah (the "JV Property"), situated west of Cedar City, Utah.

The purchase price for the JV Property is US$10.0 million, of which $50,000 was paid on signing, $1.3 million will be a credit at closing for the amount of the reclamation bond obligation to be assumed by the Company and WUCC, and $8.65 million will be paid in cash at closing, scheduled for on or before April 9, 2005. The Company anticipates that the financing for the acquisition's purchase price will be from a combination of secured debt and equity financing. The acquisition remains subject to the approval of the TSX Venture Exchange.

Prior to entering into the agreement with IOM, the Company and WUCC entered into a Joint Venture Agreement, which provides that the Company shall have a 65 % interest in the JV Property, and WUCC shall have a 35 % interest in the JV Property.

PALLADON VENTURES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
for the nine months ending November 30, 2004

1.1 Date of Report: January 31, 2005

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, 5420 acres of gold projects in Utah and Nevada, and 130,000 hectares in the Deseado Massif and Somuncurah Massif regions of Patagonia, Argentina and the Tacalto Project in Northern Argentina. The Company also recently announced the signing of an agreement to purchase a 65% joint venture interest in the Iron Springs District in southwestern Utah.

The Iron Springs Property contains approximately 2,560 hectares of net mineral and surface acres, including 162 hectares of irrigated farm land valuable principally for its water rights. This landholding covers all of the Comstock / Mountain Lion deposit, and most of the Rex deposit. The existing iron stockpiles are also located on the Property. The measured iron resources, including all of the Rex and Comstock/Mountain Lion deposits and the stockpiles, total 126,617,000 mt averaging 40.9% iron. The total of the measured iron resources, including the stockpiles, contain 51,780,000 mt of Fe (iron metal). All resource determinations referred to in the Company's recent Press Release are "historical estimates" as described in Section 2.4 of National Instrument 43-101. The sources of these estimates are various mining and processing pre-feasibility studies conducted by Geneva Steel or its predecessors or engineering consultants which Palladon believes are reliable and confirms are relevant. Palladon has no more recent estimates or data which would alter these estimates.

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 and Somuncurah Massif regions of Patagonia in Argentina host multiple epithermal precious metal occurrences. The land package consists of six projects on which initial exploration has commenced at Laguna Guadalosa and Tres Hermanas, as well as the more recently-acquired Cerro Choique project. 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 fiscal 2004 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. Thirty-five holes were drilled at various locations and depths. The Company also expanded the original claim block from 41,000 acres to 70,000 acres to include areas with known copper porphyry potential. Seven holes were drilled in and offsetting the Sunrise Deposit, each of which encountered significant mineralization. Three holes in the PZ Area offset the Valley area,; six holes were drilled in and extending the Hidden Treasure pit, each of which encountered significant mineralization; three holes were drilled in the Comet Breccia, as described below; two holes were drilled in the OK-11 area; and 14 holes were drilled in the WP area west of the OK Mine, which encountered a near-surface chalcocite blanket.

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. The Company continued its exploration activities during the quarter and commenced an extensive 3D IP geophysics survey accompanied with ground magnetics to further delineate drill targets on the major areas of interest in discovering a large copper porphyry deposit.

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	Years ended February 28, 2003	Years ended 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 November 30, 2004

Activities in the quarter were focused on exploration initiatives in Utah and Argentina. Administrative expenses during the quarter ending November 30, 2004 were $441,167, as a result of stock-based compensation and 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 February 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

	Q3 Nov 30 2004	Q2 Aug 31 2004	Q1 May 31 2004	Q4 Feb 29, 2004	Q3 Nov 30, 2003	Q2 Aug 31, 2003	Q1 May 31 2003	Q4 Feb 28, 2003
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Net loss before discontinued operations and extraordinary items:								
Total	$(818,158)	$(395,259)	$(196,448)	$ (302,220)	$ (119,851)	$(98,736)	$(64,329)	$(96,470)
Per share	$(0.03)	$(0.02)	$(0.01)	$(0.02)	$(0.02)	$(0.02)	$(0.01)	$(0.02)
Per share, fully diluted	$(0.03)	$(0.02)	$(0.01)	$(0.02)	$(0.02)	$(0.02)	$(0.01)	$(0.02)
Net loss:								
Total	$(818,158)	$(395,259)	$(196,448)	$(302,220)	$(119,851)	$(98,736)	$(64,329)	$(96,470)
Per share	$(0.03)	$(0.02)	$(0.01)	$(0.02)	$(0.02)	$(0.02)	$(0.01)	$(0.02)
Per share, fully diluted	$(0.03)	$(0.02)	$(0.01)	$(0.02)	$(0.02)	$(0.02)	$(0.01)	$(0.02)

1.6 Liquidity

At November 30, 2004, the Company had $2,160,727 in cash and $3,924,736 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 $2,070,013. Management believes the Company has sufficient working capital to conduct business for the next year, except for the purchase of the Iron Springs Property, for which additional capital will have to be raised. The Company anticipates that it will finance that acquisition with secured debt and additional equity financing, and is also pursuing alternative forms of financing. Refer to Section 1.7 below with respect to debt and additional financing.

1.7 Capital Resources

The capital resources of the Company include mineral properties, carried at $3,924,736. The Company's intention is to commit further funds for continuing acquisition and exploration activities, as detailed in section 1.2.

In the three-months ended November 30, 2004, the Company completed an arrangement with its joint venture partner, Western Utah Copper Company ("WUCC"), for the securitizing of the default loans payable to the Company. In that arrangement, WUCC conveyed to the Company an undivided 50% interest in its Murdock Railroad Property, which is valued by certified appraisal at US$8.2 million net value. The Company's net interest is therefore worth US$4.1 million. The Company and WUCC intend to finalize a US$3.1 million loan against that property (that would be secured by the property and would be non-recourse to the Company) being negotiated at the present time. The proceeds of the loan (approximately US$1.5 million to the Company) would be available for use by the Company at its own discretion. Upon the funding of such a loan and the receipt of the proceeds by the Company, the due dates for the loans receivable by the Company from WUCC (in the amounts of US$800,000 and US$416,000, each of which bear interest at 12% per annum) would be deferred until the commencement of production, but would remain outstanding and payable. The amounts due on those loans would be payable from half of WUCC's portion of the proceeds of production until paid.

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 nine months ended November 30, 2004, the Company incurred and accrued management fees of $295,166 to directors and officers of the Company (2003: $64,923) and rent of $3,600 (2003: $7,200) to a director of the Company.

Included in accounts payable as at November 30, 2004 is $17,963 (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

N/A

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

Loans Receivable

Loans receivable are carried at their face amount less provision for any permanent impairment in value. Management has determined that at this time no provision for impairment is required.

1.13 Change 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 operations 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, 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 fair value of the loans receivable cannot be readily determined, as they have no fixed repayment date.

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:

Unlimited common shares without par value
Unlimited class A preference shares without par value

b) Common shares issued:	Number	$
Balance, November 30, 2004	24,130,992	15,418,066

c) Commitments:

As at November 30, 2004, the Company had 6,732,819 share purchase warrants outstanding.

The Company may grant share purchase options to directors, officers or employees for the shares of the Company. Share purchase options activities for the nine months ended November 30, 2004 and the year ended February 29, 2004 are summarized as follows:

	Nine months ended November 30, 2004		Year ended February 29, 2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	850,000	0.51	-	-
Granted	140,000	0.50	700,000	0.45
Granted	350,000	0.70	150,000	0.80
Outstanding, end of period	1,340,000	0.56	850,000	0.51

Subsequent Event

The Company and WUCC have entered into an agreement with Iron Ore Mines LLC ("IOM") to purchase all of its iron mineral properties and interests in Iron County, in southwestern Utah (the "JV Property"). The JV Property, situated west of Cedar City, Utah, contains two large iron deposits, the Comstock / Mountain Lion and the Rex deposits, and several large, low-grade iron stockpiles. The JV Property occupies much of the Iron Springs District, the largest-tonnage and highest-grade productive iron district in the western United States, with a history of iron production extending from 1852 to 1995.

The purchase price for the JV Property is US$10.0 million, of which $50,000 was paid on signing, $1.3 million will be a credit at closing for the amount of the reclamation bond obligation to be assumed by the Company and WUCC, and $8.65 million will be paid in cash at closing, scheduled for on or before April 9, 2005. The Company anticipates that the financing for the acquisition's purchase price will be from a combination of secured debt and equity financing. The acquisition remains subject to the approval of the TSX Venture Exchange.

The JV Property contains approximately 2,560 hectares of net mineral and surface acres, including 162 hectares of irrigated farm land valuable principally for its water rights. This landholding covers all of the Comstock / Mountain Lion deposit, and most of the Rex deposit. The existing iron stockpiles are also located on the JV Property. The measured iron resources, including all of the Rex and Comstock/Mountain Lion deposits and the stockpiles, total 126,617,000 mt averaging 40.9 % iron. The total of the measured iron resources, including the stockpiles, contain 51,780,000 mt of Fe (iron metal). All resource determinations referred to in this Press Release are "historical estimates" as described in Section 2.4 of National Instrument 43-101. The sources of these estimates are various mining and processing pre-feasibility studies conducted by Geneva Steel or its predecessors or engineering consultants which Palladon believes are reliable and confirms are relevant. Palladon has no more recent estimates or data which would alter these estimates

Prior to entering into the purchase agreement with IOM, the Company and WUCC entered into a Joint Venture Agreement, which provides that the Company shall have a 65 % interest in the JV Property, and WUCC shall have a 35 % interest in the JV Property.

Both the Comstock / Mountain Lion and Rex deposits were extensively investigated over many years by IOM and its affiliated / parent company Geneva Steel Company, as well as by their predecessors in interest including U. S. Steel and other companies. The Comstock / Mountain Lion deposit produced iron ore for shipment to steel mills in Utah and Colorado for several decades before shutting down in 1995. The deposit remains as it was left. The total remaining open-pitable measured iron resource in this deposit is 25,031,000 mt averaging 47.1 % iron. The Rex deposit has never been mined. This deposit contains an open-pitable measured iron resource of 89,066,000 mt averaging 39.0 % iron. In the general vicinity of the Comstock / Mountain Lion deposit are several low-grade stockpiles, estimated in total to contain 12,520,000 mt averaging 42.0 % iron.

The Company and WUCC believe that acquisition of the JV Property with its large, high-grade measured iron resources represents an exceptional business opportunity. At the present time there is no established market for iron ore from the JV Property. For this reason, the Company and WUCC believe that the best use for the measured iron resources of the JV Property may be to process the iron-bearing rock on-site to produce direct-reduced iron nuggets (95 % iron) or "hot metal" (liquid pig iron) as feed for an adjoining steel plant, with the steel products to be sold into the growing markets of the southwestern United States. The southwestern U. S. is a large and growing market for iron and steel, which to date has been supplied predominantly by foreign steel. Production from the centrally-located JV Property will give the operation substantial transportation cost advantages throughout the southwestern U. S. over imported iron and steel.

The Company and WUCC intend to immediately undertake assembling the information contained in numerous feasibility studies on the JV Property to investigate the commercial viability of the measured iron resources.