PALLADON VENTURES LTD.

Annual Information Form
Year Ended February 28, 2003

(Updated to December 31, 2003)

February 5, 2004

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Annual Information Form

This annual information form contains forward-looking statements about the Issuer's plans for its operations. Forward-looking statements are those that are not historical facts but address future events and conditions or future financial performance and, accordingly, involve inherent risks and uncertainties. In some cases, forward-looking statements can be

identified by terminology such as "may", "will", "should", "expects", "plans", "anticipates" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks described in the section entitled "Risk Factors", that may cause the Issuer's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Some of these risk factors are described in further detail beginning on page 13 of this Annual Information Form.

THE ISSUER

Name and Incorporation

Palladon Ventures Ltd. ("Palladon" or the "Issuer") has its registered office at 21071 – 43A Avenue, Langley, British Columbia, V3A 8K4.

The Issuer was originally incorporated by Certificate of Incorporation issued pursuant to the provisions of the Company Act (British Columbia) on August 25, 1980 under the name Westgold Resources Ltd. Subsequently, the following changes were made to the Issuer's Memorandum and Articles:

1. Effective December 19, 1980 the Issuer changed its name to Totem Resources Ltd.;

2. Effective February 10, 1981 the Issuer changed its name to Goldwest Resources Ltd.;

3. Effective March 3, 1988, the name of the Issuer was changed to Consolidated Goldwest Resources Ltd., the shares were consolidated on a 2.5:1 basis and the authorized capital was increased to 100,000,000 common shares without par value;

4. Effective September 11, 1992, the name of the Issuer was changed to Tenby Developments Ltd., the shares were consolidated on a 7.5:1 basis and the authorized capital was increased to 100,000,000 common shares without par value;

5. Effective October 18, 1996, the name of the Issuer was changed to Porcher Island Gold Corporation;

6. Effective January 8, 1999 the name of the Issuer was changed to Tetra Metals Ltd., the shares were consolidated on a 5:1 basis and the authorized capital increased to 100,000,000 common shares without par value; and

7. Effective November 2, 2000 the name of the Issuer was changed to Palladon Ventures Ltd., the shares were consolidated on a 5:1 basis and the authorized capital increased to 100,000,000 common shares without par value.

The Common Shares were listed on the Vancouver Stock Exchange (now called The TSX Venture Exchange) on August 6, 1992 and currently trade under the symbol "PLL".

Intercorporate Relationships

The Issuer does not have any material interest in any direct or indirect subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

The Issuer is a mineral exploration company engaged in the location, acquisition, exploration and evaluation of mineral properties with the potential to host precision metals.

Three Year History

The Issuer was deemed "inactive" by the TSX Venture Exchange on June 4, 2001, due to a lack of capital and other material assets (See Risk Factors). Subsequent to this time, the Issuer has focused on acquiring a property of merit and restructuring its financial affairs. (See: "Significant Acquisitions and Dispositions" below).

During the fiscal year ended February 28, 2001, the Issuer was inactive, with the only material changes in its corporate

affairs being the resignation of Allan Schwabe and Marvin A. Mitchell as directors and the appointment of Allan Williams as President and director and Chris Dempster as Secretary and director.

During the fiscal year ended February 28, 2002, the following material events occurred:

- On May 22, 2001, the Issuer completed a non-brokered private placement of 1,000,000 Special Warrants, convertible into 1,000,000 common shares without par value of the Issuer and 640,000 Series "A" share purchase warrants;

- In August, 2001, Messrs. Lawrence D. Barr and William H. McConnachie resigned from the board of directors and Peter Ffoulkes-Jones and Ben VanRootselaar were appointed in their place;

- On November 1, 2001, Chris Dempster resigned as a director of the Issuer and Delton A. Campbell was appointed in his place;

- In November, 2001, the Issuer completed a private placement of 650,000 Special Warrants, convertible into 650,000 common shares and 650,000 share purchase warrants; and

- The Issuer entered into an oil and gas participation agreement which was subsequently abandoned (See: Note 12 of the February 28, 2002 financial statements).

During the fiscal year ended February 28, 2003, the following material events occurred:

- On July 15, 2002, Peter Ffoulkes-Jones, Ben VanRootselaar and Delton Campbell resigned as directors of the Issuer and Randy Butchard and Keith MacDougall joined the board of directors;

- On October 28, 2002, Randy Butchard resigned as a director of the Issuer and George S. Young was appointed a director and President of the Issuer and Douglas B. Silver was appointed Vice President - Business Development;

- On October 1, 2002, the Issuer entered into an agreement with Deseado, LLC, a Colorado limited liability company, to option a 51% interest in approximately 100,000 hectares of mineral property in Rio Negro, Chubut and Santa Cruz Provinces of Argentina. (See: "Significant Acquisitions and Dispositions" below).

Subsequent to the year ended February 28, 2003, the following material events occurred:

- On April 29, 2003, the Issuer completed a $100,000 loan transaction with an arm's length third party in order to provide working capital. The loan bears interest at a rate of 10% per annum. The loan is repayable within five days of the Issuer completing the next equity or debt financing and in any event, on the earlier of the date of written demand by the Lender or May 1, 2004. In consideration of the loan, the Issuer is required to pay a $10,000 fee to Pacific International Securities Inc. ($2,500 paid to date) and to issue the following securities:

    - as a bonus to the Lender, 40,000 units of securities of the Issuer, with each unit consisting of one common share and one non-transferable share purchase warrant, entitling the holder to purchase one additional common share at a price of $0.30 per share until May 1, 2004.

    - as part of a fee to Pacific International Securities Inc., 80,000 share purchase warrants to purchase up to 80,000 common shares at a price of $0.30 per share until May 1, 2004.

- On July 30, 2003 the TSX Venture Exchange advised the Issuer that is was no longer deemed inactive.

- On July 31, 2003, the Issuer completed a private placement of 3,309,000 units at a price of $0.25 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant exercisable for a period of two years at a price of $.030 in the first year and $0.50 in the second year. As consideration for Canaccord Capital Corporation acting as agent in the private placement, the Issuer issued 100,000 common shares as a corporate finance fee as well as 661,800 agent's warrants.

- On September 9, 2003 the Issuer granted 700,000 incentive stock options to directors, officers and employees at a price of $0.45 per share.

- On September 25, 2003 the Issuer entered into an agreement with Trendix, S.A., a private Argentine company, to option up to a 70% interest in the Cerro Choique and La Brecha projects near Los Menucos in Rio Negro Province, Argentina. (See: "Significant Acquisitions and Dispositions" below).

- On November 24, 2003 the Issuer entered into an agreement with the Western Utah Copper Company, a Utah corporation, to acquire a 65% interest in mineral rights in the Western Utah Copper District near Milford, Utah. (See "Significant Acquisitions and Dispositions" below).

- On November 26, 2003 the Issuer granted 150,000 incentive stock options to directors and officers at a price of $0.80 per share.

- On November 28, 2003 the Issuer closed a private placement of convertible debentures, for aggregate gross proceeds of $1,068,000. The convertible debentures bear interest at 8% per annum and have a term of three years. In addition, the Issuer paid a finders fee, consisting of the issuance of 154,782 common shares in consideration for the placement of the debentures. The principal amount and accrued interest of each debenture is convertible into units at a conversion price of $0.69 per unit, if converted during the first two years of the term of the debenture, and at a conversion price of $0.76 per unit if converted during the third year of the term of the debenture. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant shall entitle the holder to purchase one additional common share at a price of $0.86 per share for an exercise period of two years after the date of issue. The debentures shall mature on the third anniversary of the date of their issue.

Significant Acquisitions and Dispositions

Laguna Guadalosa Project

The Issuer holds an option to acquire a 51% interest in approximately 100,000 hectares of mineral property in Rio Negro, Chubut and Santa Cruz Provinces of Argentina.

The Issuer acquired its interest pursuant to an Exploration Agreement with Option to Joint Venture entered into as of October 1, 2002 with Deseado LLC, a private Colorado corporation. The foregoing agreement was amended by agreement made as of April 2, 2003. The foregoing agreements are hereinafter collectively called the "Option Agreement".

George S. Young, President of the Issuer is also President and a director of Deseado LLC and Douglas B. Silver, Vice President - Business Development of the Issuer is also a director of Deseado LLC. The Option Agreement was negotiated at arm's length prior to George S. Young becoming President and a director of the Issuer and Douglas B. Silver becoming an officer of the Issuer.

To exercise the option, the Issuer is required to complete expenditures as set out below and to issue a maximum of 1,800,000 shares from treasury: 600,000 shares on TSX Venture Exchange acceptance and 1,200,000 shares as expenditures requirements are completed.

For the purposes of the Option Agreement, the mineral properties are divided into two groups. The expenditure requirement to earn a 51% interest on the property group known as Laguna Guadalosa is as follows:

Expenditure	**US Dollar Amount**
On or before March 31, 2003	$30,000 (completed)
On or before March 31, 2004	an additional $270,000 (optional)

The expenditure requirement to earn a 51% interest in the balance of properties subject to the Option Agreement is as follows:

Expenditure	**US Dollar Amount**
On or before March 31, 2003	$40,000 (completed)
On or before March 31, 2004	an additional $160,000 (optional)

Should the Issuer earn an interest in any of the above properties, Deseado LLC and the Issuer have agreed that the operation of such properties shall be on the basis of a joint venture. A term of the joint venture is that the Issuer is required (but not obligated) to fund 100% of expenditures through to completion of feasibility. In addition, upon completion of any feasibility study recommending production from any property area, the Issuer issue a further 1,000,000 common shares to Deseado LLC for each favourable feasibility study prepared. Should the issuance of additional securities be required, the Issuer will need to obtain prior acceptance of the TSX Venture Exchange at that time.

Cerro Choique and La Brecha Projects

On September 25, 2003, the Issuer acquired an option to earn up to 70% of the Cerro Choique and La Brecha projects near Los Menucos in Rio Negro Province, Argentina. Cerro Choique covers 8,717 hectares and encompasses a low-sulfidation epithermal system comprising a large silica sinter cap hosting large areas of quartz veins, stockworks and hydrothermal brecciation. In previous work on the property performed by Sunshine Mining Company, at least 12 separate pulses of siliceous injection into the siner cap have been identified, one of which yielded economic values of gold in surface samples, while the others hosted anomalous values of interest.

The La Brecha project is a 13,783 hectare area located near Cerro Choique and also covers a large, lowsulfidation epithermal silica sinter cap. The Issuer also believes La Brecha is prospective for gold mineralization.

The option was entered into with a private Argentine company, Trendix, S.A. Terms of the option include a US$30,000 option payment for both projects combined, with a US$30,000 work commitment on Cerro Choique to be completed by January 31, 2004, and an additional US$270,000 to be completed by November 2004 for a 50% interest. The work commitment on La Brecha calls for US$40,000 to be completed by June 30, 2004 and an additional US$60,000 by

January 31, 2005 for a 50% interest. The Issuer has the option to spend an additional US$1.9 million to earn another 20% interest, giving Palladon a total 70% interest in both projects. The Issuer also paid a finder's fee of 75,000 shares in connection with the acquisition of the option.

Work will focus on identifying feeder structures for the hydrothermal fluids, and any leakage off such structures into favorable host horizons. Information generated from the initial work will help guide selection of areas for geophysics in order to delineate drilling targets and prepare specific sites for a drill program.

Western Utah Copper Project

On November 24, 2003 the Issuer entered into an option agreement to acquire a 65% interest in over 41,000 acres of mineral rights in Western Utah known as the Western Utah Copper District (the "District") near Milford, Utah from Western Utah Copper Company, a Utah corporation. The District has been the subject of historic production dating to the 1870's and more recent exploration by Noranda, Anaconda and Kennecott.

Previous reports prepared by predecessors of the Issuer have identified resources in the District that include copper, gold, and silver, as well as significant values of tungsten and molybdenum. Rock units in the District include sedimentary rocks of Paleozoic and Mesozoic age and igneous rocks of Tertiary age. All of the sedimentary and igneous units show the effects of varying degrees of hydrothermal alteration, with the sedimentary rocks being universally altered to diopside-garnet-wallastonite-magnetite skarns.

The Issuer intends to update and finalize the existing feasibility study within the next year to verify the resources and reserves included in the previous reports. At the same time, it will perform additional exploration and evaluation work.

The Issuer believes the District has tremendous exploration potential to host a large copper porphyry system in the rest of its 41,000 acres. The District has been consolidated for the first time by Western Utah Copper Company, making it possible now to conduct District-wide exploration that was impossible previously, despite several campaigns by major companies that have generated interesting results. Deep core holes drilled by Anaconda in the 1960's targeted a large zone with copper porphyry potential. Exploration work by Noranda in the 1960's and again in the 1990's encountered mineralization in several intervals.

The San Francisco area of the District hosts a large sulfide system and contains the historic Cactus Mine surrounded by a number of breccia pipes anomalous in gold and silver. Palladon plans to conduct systematic evaluation of previous work and available data, followed by strategic and intensive exploration targeted to identify significant copper and gold mineralization.

Terms of the option agreement call for the Issuer to update and finalize a feasibility study and, at the Issuer's option, arrange financing to place the current reserves into production and to expend US$4 million over a five-year period on the exploration areas within the balance of the 41,000 acres.

Trend Information

There are no trends, commitments, events or uncertainties known to management than can reasonably be expected to have a material effect on the Issuer's business other than those facing junior development stage resource companies generally and those relating to the fact the Issuer is currently only in the exploration phase of its development. See "Risk Factors".

NARRATIVE DESCRIPTION OF THE BUSINESS OPERATIONS

The Issuer is engaged in the business of exploring mineral properties and if warranted, placing such properties into

production. The Issuer currently holds interests in resource properties as described below and intends to seek and acquire additional properties worthy of exploration and development. None of the Issuer's properties are currently in production. As at February 28, 2003 the Issuer's only material property was the Laguna Guadalosa property in Argentina.

Laguna Guadalosa Property

The following information is based on a report entitled "Laguna Guadalosa Gold Project, Santa Cruz Province, Patagonia, Argentina" dated April 4, 2003 prepared by Donald C. White, C.P.G. (the "White Report"). The White Report has been filed on SEDAR and is hereby incorporated by reference.

Property Description and Location

The Laguna Guadalosa Gold Project is within eight contiguous mining properties called manifestaciones covering 50,728 hectares in the Gran Bajo de San Julian, Santa Cruz Province, Argentina. The total of the property is approximated as a rectangle 20km north-south by 25km east-west, centered at about 49°30´S, 68°20´W. All of the known veins anomalous in precious metals occur within the northwest quadrant of this property. Location of vein outcrops within the property have been verified in the field using the Global Positioning System.

Manifestaciones are filed with the Santa Cruz provincial Direccion de Minas (Directorate of Mines). The Laguna Guadalosa Gold Project property is held by Deseado LLC, a private Colorado company, through its wholly owned Argentine subsidiary, Magallanes,S.A. The Issuer has an option to acquire a 51% working interest by funding, work related expenditures on or in respect of the manifestaciones aggregating US $300,000 by March 31, 2004. On earning its interest, the Issuer is required (but not obligated) to fund 100% of expenditures through to completion of feasibility. On earning its interest, there is no specific time or funding requirement on the Issuer regarding future expenditures.

The eight Laguna Guadalosa manifestaciones were filed between June 28 and July 8, 2002; all were registered on August 8, 2002. With progression of field work and focusing of efforts on any discovery that may be made, these manifestaciones may be pared down to lesser size pertinencias of 100 hectares each. Ultimately, costs of holding pertinencias are payments of $1,500 Arg. Pesos (now less than $500 US) per pertinencia per year. Such payments do not commence until various exploration and filing procedures have run their course, averaging a couple years.

If production is achieved, the royalty due the government is capped at 3% NSR by federal law. It can be less, depending on the nature of the deposit and the success of negotiations with the provincial authorities.

Because surface rights are distinct from mineral rights, separate consideration must be given in Argentina to obtaining access and ultimately surface use rights. The Laguna Guadalosa situation is unusually favorable in this regard. The entire area of interest is controlled by one private owner, Senora Margarita Equiluz of Puerto San Julian, and the property is completely unoccupied and unused. It is all abandoned former sheep ranch terrain with no domesticated animals or grazing use now. Hence it is probably available for purchase on reasonable terms. Outright ownership is the simplest way to guarantee surface rights in Argentina.

Regulation of environmental impact is also to be contended with. Impact studies are required by the province at various stages of exploration, development, and mining. The environmental impact report necessary for exploration was filed February 24, 2003 and is in study by the Provincial Mining Directorate now. For exploration stage work, this mainly concerns limiting sizes of roads, drill sites, and camp area scars on the terrain.

Annual updates of the environmental impact report are required.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Laguna Guadalosa is only about 50 km southwest of Puerto San Julian but travel by that straight line is not possible. One can take RN3 south for 54km to the turnoff NW at Estancia Silvita to the gas pipeline compressor plant. From asphalt to Lag. Guadalosa is then about 32 km of meandering estancia tracks via Puesto Perejil and Estancia Meseta Chica, coming in to the east side of the prospect area. This takes at least two hours.

San Julian is the closest sizeable town and the logistical base for work at Laguna Guadalosa. It is a regional center, port city, and major stopover point. It has an airport but commercial service is spotty. Fuel, food, hotels, and most suppliers are readily available in San Julian. Other than water, available at Laguna Guadalosa, San Julian constitutes the closest real infrastructure.

Commercial air service extends from major cities of Argentina onward to Patagonia. A major hub is Commodoro Rivadavia in Chubut province. Rental vehicles and bus service are available there. It is a sizeable oil service town on the coast with a fishing industry as well. It is about a five-hour drive south via Ruta Nacional 3 from Commodoro to Puerto San Julian.

Vegetation is minimal. There is some creosote bush, a few cacti, very sparse grasses, spiny acacia bush, and some small, scraggly trees like salt cedar. Rainfall is lean. This part of Patagonia is arid, almost qualifying for classification as a desert. What few rains do occur are mostly in the winter months, April to September. October is traditionally the windiest month in this chronically windy part of the world. Winter temperatures often hover around freezing. Summer temperatures range from highs of ~25°C to 10°C.

The terrain is rolling hills with about 400 meters relief for the Gran Bajo overall; about 100 m relief within the property. That can be quite abrupt as the rock units are resistant and cut by mostly dry arroyos. Ledges and bluffs are common. It is enhanced by abundant blue water lagunas, stained by salts. The lagunas are shallow and ephemeral, coming and going seasonally. They can vary from totally dry to about 12 square kilometers in the case of the largest, Laguna Carbon.

History

The only known exploration at Laguna Guadalosa has all taken place during the late 1980s and 1990s. Following the discovery of and recognition of the importance of the Vanguardia deposits, a flurry of prospecting took place throughout the district. Epithermal veins across southern Patagonia were suddenly sampled for precious metals. The Argentine government (Direccion Nacional de Mineria) conducted the first mapping, sampling, analyses, and reporting on the area in 1987 and 1988. They kept on with return studies in the early 1990s, by which time a cateo (a form of mineral claim) was taken at Laguna Guadalosa by Minerales Patagonicos, S.A. The latter reported analyses on 17 rock chip samples and geologic observations (1992).

Mineralizes Patagonicos, S.A. was a private Argentine exploration company, founded by some individuals from the Argentine military's Fabricaciones Militares. They acquired properties throughout Argentina and then joint ventured them with expatriate firms for founding. Minerales Patagonicos became Ingeoma, S.A. which became affiliated with a subsidiary of Miramar Mining Corporation known as Northern Orion. The Argentine joint venture they had was called Grupo Minero Aconcagua, S.A. (G.M.A.). A small amount of work was conducted at Laguna Guadalosa in late 1994 under G.M.A. Immediately thereafter, Laguna Guadalosa, with two other Santa Cruz gold properties, was farmed out by joint venture with Triton Mining Corporation. Triton contracted Ingeoma personnel to conduct the first and only (until the past six months) serious, detailed geologic investigation. Geologist A.M. Mezzetti had a sampling crew there for 13 days of March-April, 1995, during which they mapped the Veta Guadalosa with G.P.S. and tape/compass techniques, including locations of 158 rock chip samples of 2-3 kg each. That work was then reviewed in the field by Triton management and geologic consultants in 1996, prior to their dropping out of the project. Without the joint venture finance, and without other joint venture candidates upon the wholesale exodus of foreign companies from Argentina in 1997-98, Ingeoma dropped the property. It has never been drilled.

Geological Setting

Epithermal precious metal occurrences in eastern Patagonia, Argentina, are hosted by two large mounds of Triassic and Jurassic, continental felsic and mafic volcanic rocks. These mounds are known as the Deseado and Somuncura massifs. The Laguna Guadalosa project area is within an outlier of the Deseado massif exposed in the depression of the Gran Bajo of San Julian. Together the two massifs and their outliers constitute the Chon Aike, or Tobifera large igneous province.

The Chon Aike large igneous province is one of the world's major mantle plumerelated silicic-alkalic volcanic provinces. It is comparable to many similar and more thoroughly studied large igneous provinces such as the Great Basin of the western USA. Low-sulfidation, quartz-adularia, epithermal precious metal deposits are the characteristic metal concentrations in these provinces worldwide.

The Deseado and Somuncura massifs are centered on grabens that trend northnorthwest from the Atlantic coast to the Andean Cordillera. The grabens are part of extension related to opening of the southern Atlantic ocean that began at the end of the Paleozoic. They have been successively filled with felsic and mafic volcanic rocks, mostly sub aerial, from Triassic through Jurassic. Cretaceous sedimentary rocks occupy basins and troughs within these grabens, notably the San Jorge basin between the two massifs and the Magallenes basin south of the Deseado massif.

The northwest-trending, continental-scale Gastre fault system, a dextral shear zone, separates the Deseado from the Somuncura massif. A similar structure is inferred south of the Deseado massif from basement studies of the Magallenes basin. It is however, not as well documented as the Gastre fault zone because of extensive sedimentary cover, and probably lesser interest by oil companies with major production centered on the San Jorge basin. The Laguna Guadalosa gold project is on the north edge of this more southerly, unnamed fault zone.

The Gastre fault system is a zone of anastamosing faults at least 40 km wide. It appears on the Atlantic coast at latitude 45°S and trends northwest toward the Chilean Lake Region at latitude 40°S. It consists of many vertical faults striking 125° to 130°. Extension fractures, breccias, and dikes strike consistently 165°. These trends and these characteristics are generally also accorded the fault system south of the Deseado massif.

In summary, the Laguna Guadalosa project area is within rocks and structures common to areas, in Argentina and throughout the world, that are characterized by low sulfidation epithermal precious metal occurrences. There are several such occurrences within the Deseado massif and two are currently in production.

Exploration

Exploration on behalf of the Issuer has yielded a far greater understanding of the Laguna Guadalosa area geology and mineralization than ever before. The 51 man-days of field work has yielded a geologic map of the structure of Vetas Guadalosa and Este-Oeste and sample coverage to reveal the extent of precious metals distribution along better than ten km of vein system. Samples have also been studied in thin section so that petrographic details of texture and alteration history may be revealed.

Exploration expenditures on the Laguna Guadalosa project, subsequent to the October 28, 2002 report, were as follows:

December, 2002 work	$ U.S.
7 field days – DCW fees	$ 3,000
Helper, 4x4, expenses	$ 2,000
Assays (31 @ $30.)	$ 1,000
February-March 2003 work	
DCW fees – January reporting, Feb.-Mar. 7	$22,000

in field, later Mar. reporting; 55 days	
RWH fees – Feb.-Mar 7 field, and later Mar.	$14,000
Petrography and reporting - ~34 days	
Airfares	$ 3,000
A.F.P. – Helper	$ 1,000
4x4 rental and repair	$ 3,000
Fuel	$ 1,000
Food and lodging for 3	$ 1,000
Communications	$ 1,000
Typing and duplicating	$ 1,000
Assays (122 @ $32.)	$ 4,000
Total exploration expenditures:	$57,000 U.S.

This total is exclusive of Miguel DiNanno and George Young and any overhead.

Mineralization

The region of Laguna Guadalosa has anomalous amounts of Au, Ag, As, Sb, and base metals in three geologic entities. In order of most anomalous to least anomalous these are:

1) Two arrays of anastamosing and bifurcating quartz-adularia veins named Veta Guadalosa and Veta Este-Oeste; and

2) Parallel and stockwork quartz-adularia veinlets, and

3) Linear breccia zones.

Veta Guadalosa and Veta Este-Oeste arrays of anastamosing and bifurcating quartz-adularia veins.

The Veta Guadalosa vein array is continuous in outcrop, coarse lag, and slightly displaced large pieces of quartz float for six km of northeast strike and almost vertical dip. The Veta Este-Oeste array is similarly exposed for almost five km of 90° strike and near vertical dip. The two vein arrays converge near their east ends. Veta Guadalosa is relatively straight at regional scale but sinuous at a more detailed scale. Veta Este-Oeste however has a sharp bend into a southwest strike at its west end. It can be followed in this direction, in outcrop, for almost half a km until covered by Quaternary gravels of a relatively high plateau. Veta Este-Oeste sensu stricto may persist under this cover west of the bend as there are scattered vein outcrops in arroyos dissecting the plateau. There is a similar bend, or branch, from Veta Este-Oeste at 0.75 km from its west end. In addition to these persistent arrays of veins that strike 60° and 90°, there are individual veins of more discontinuous outcrop that strike 340°, 360°, 40° and 120°.

Size, shape, texture, mineral assemblage, and wall rocks and hydrothermal alteration of veins of the arrays and of individual veins appear to be essentially similar, at the scale of current mapping (1:5,000) and of current petrographic study limited to 45 polished thin sections.

Size

Veta Guadalosa and Veta Este-Oeste vein arrays each exceed five km of almost continuously exposed strike length. Individual principal veins, the widest within arrays of veins, are from 10 cm to 3 m wide. Width of an array, including principal plus anastamosing and bifurcating veins, but excluding flanking parallel and stockwork veinlets, reaches 40m at GPS point A where Veta Guadalosa and Veta Este-Oeste appear to converge. Convergences and composites of

individual veins vary considerably in width but average 15m.

Convergences and composites of principal and secondary veins within each array of veins make prominent small hills.

Shape

The most striking aspect of shape is sinuosity along strike of the principal vein within a vein array. Wave, or curve, length of this sinuosity is 50 to 100 m and amplitude is 25 to 50 m. In several instances, the principal vein upon entering a convergence becomes a secondary vein upon exiting that convergence. Lenticular bodies of wall rock separate principal and secondary veins of comparable strike and in many instances have parallel and sub-parallel quartz veinlets. Commonly vein convergences involve several veins, not simply parallel principal and secondary veins, but rather secondary veins of disparate strike and sinuosity.

Textures and Mineral Assemblages in Veins

Textures of quartz and accessory minerals in veins of both the Veta Guadalosa and the Veta Este-Oeste arrays are similar and consistent, although discontinuous, along their respective strike lengths. There is, in general, a progression from fine-grained thinbanded margins to thicker banded interiors. Vertical relief in individual outcrops is only a few meters. Hence, observation of textural variability in the vertical sense is very limited.

The more detailed variability of texture in individual veins from sharp edges against wall rock inward as follows:

i) **Chalcedony and very fine -grained crystalline quartz in colloform bands.** Individual bands are from less than a mm to a cm wide with a composite thickness of up to 20 cm. They persist along strike for a few meters before fading into massive amorphous or extremely fine-grained chalcedony or massive finegrained quartz. Individual bands are colorless, white, or beige quartz. Grain size varies as does abundances of accessory magnetite, and very sparse calcite and adularia.

   Colloform bands at vein margins locally include bands of massive to coarsegrained milky quartz with medial open space, pinkish chalcedonic patches, and ghosts of bladed quartz. At several localities the colloform bands are brecciated and include fragments of wall rock and have open medial space lined with fine to medium-grained clusters of quartz grains. Less commonly crustiform bands of chalcedony and fine-grained crystalline quartz succeed colloform bands inward, lining cavities, surrounding clasts of wall rock and in places pseudomorphing blades of calcite.

ii) **Fine-grained quartz in parallel bladed and lattice bladed pseudomorphs of calcite.** Both bladed phases of fine-grained quartz occur together in bands 10 to 50 cm wide inboard of the colloform bands. Lattice bladed quartz is most common. Individual blades are up to five cm long and project into open cavities. Very fine grains of adularia occur within blades of the pseudomorphing quartz and interstices between blades of quartz are generally occupied with clear, medium to coarse-grained amethyst. Where the amethyst is coarse and in comb structures, faces of amethyst grains are outlined by fine amorphous carbon. Amethyst is also a common filling of vugs. It has no purple color on outcrop surface and to a depth of a few cm below surface, a depth to which magnetite is oxidized to hematite and limonite. There is a very minor amount of kaolinite as an infill between lattice bladed quartz pseudomorphs.

iii) **Crystalline quartz** is the common component of central bands within veins and is the major component of secondary veins that branch and anastamose within the vein arrays. White crystalline quartz crosscuts chalcedony of vein margins, is generally brecciated in jigsaw manner with minor separation of clasts and a matrix of limonite or fine-grained white or grey quartz. Crystalline quartz bands vary in width from a few cm to several m, persist along strike for several m, and appear to be lenticular in plan view. Where quartz veins

have prism and terminating faces, extremely fine amorphous carbon outlines growth rings of each crystal similar to that noted for crystalline amethyst in vug fillings.

In general, white crystalline quartz veins and veinlets cut chalcedony margins of veins and chalcedony veinlets.

iv) **Breccias** are common, although they occur sporadically along strike of the two vein arrays. They are most abundant where individual veins converge. There are two types of breccia. One type occurs along margins of principal veins and consists of fragments of either red or grey rhyolite supported by a matrix of mostly fine-grained white crystalline quartz, but commonly containing some bladed quartz. The second type of breccia is for the most part internal to principal veins and consists of fragments of pink to white chalcedonic and crystalline quartz that in turn make up larger clasts five cm in diameter. These large clasts are supported by a matrix of microbreccia and fine-grained quartz. The latter breccia type grades over a few cm into jig saw

breccia of white crystalline quartz. By conventional criteria, the first type is tectonic breccia at vein margin and the second type is hydrothermal breccia within the vein.

Wall Rocks and Hydrothermal Alteration

There are essentially two types of wall rock to veins of the arrays, peripheral parallel veinlets and stockworks, and linear breccia zones. Both rock types are vitric crystal ash flow tuffs that cover the Laguna Guadalosa region in gently dipping sheets tens of m in thickness. The uppermost sheet is a brick red to brown, columnar jointed, rhyolitic ash flow. Its underlying sheet is a grey, columnar jointed, rhyolitic ash flow. Columnar joints of both ash flows are continuous, suggesting that both flows cooled together as a unit.

At Cerro SW, the Veta Guadalosa quartz vein array outcrop is at the contact between red ash flow and grey ash flow. There are peripheral quartz veinlets in adjacent and overlying red ash flow. Locally, the principal vein appears to flare along the gently dipping contact between red and grey ash flows. The vein has planar joints paralleling the contact between red and grey rhyolite ash flow. At this locale, the vein may be in part a replacement body along the contact.

The red vitric crystal ash flow consists of glass bubble walls and pumice fragments, crystals of sanidine and crystals of quartz supported by a fluidal matrix of partly devitrified glass dust and fine magnetite. The magnetite is partly oxidized to hematite and limonite. Clast and crystal size vary from microscopic to a cm. The brick red color is a product of weathering of the magnetite. The rock is brownish on fresh surface.

Glass bubble walls and pumice fragments are only slightly flattened in red rhyolite ash flow and hence extent of compaction and welding is slight. This has left a primary porosity, space between bubble walls and medial pore space in pumice fragments, now filled by rims of adularia and cores of quartz. Sanidine clasts have progressively more potassic rims, and have spots of barite in their rims.

The grey vitric crystal ash flow consists of flattened glass bubble walls, sanidine crystals, and minor biotite accompanied by angular fragments of glass and quartz, plus quartz crystals, in a matrix of partly devitrified glass dust and trace magnetite. In grey rhyolite tuff, flat shards of glass are aligned in a foliation that in some instances, as on the south side of Laguna Entre Vetas, gives the rock a flaggy parting. Coarse sanidine grains are occupied by white mica. This foliation appears to be a product of compaction and a more dense welding of glassy material than in the red ash flow. Hence, the grey rhyolite ash flow has less primary porosity to be filled with quartz and adularia.

In summary, the presence of secondary quartz, adularia, barite, and white mica within sites of primary volcanic clasts and magmatic crystal clasts, and in fractures, is evidence of hydrothermal alteration. This is the typical hydrothermal alteration of low-sulfidation epithermal veins within felsic volcanic rocks. The less densely welded upper ash flow, now the red ash flow is least compacted and hence had greater primary porosity than the lower grey, more densely welded

ash flow. The former is now more siliceous and potassic than the latter, having had more pervasive fluid flow through its greater porosity. It is more brittle as a result and this probably accounts for its greater abundance of parallel and stockwork quartz adularia veinlets.

Parallel and stockwork quartz adularia veinlets.

These are confined for the most part to patches of silicic red rhyolite flanking Veta Guadalosa and Veta Este-Oeste quartz vein arrays. Parallel quartz adularia veinlets are from mm to tens of cm wide, vertical, continuous for a few meters and commonly spaced from tens of cm to a meter apart. Stockworks are a variation on parallel veinlets, and generally consist of planar veinlets connecting parallel veinlets at acute angles. In some instances they follow the polygonal outlines of upright columnar joints in rhyolite.

For the most part quartz-adularia veinlets are fine- grained crystalline quartz with trace adularia at vein margins. There are several generations of veinlets with youngest veinlets the most planar. The opaque mineral in these veinlets is magnetite.

The largest area of red rhyolite ash flow containing quartz-adularia veinlets is the hill south of the northeast arm of Laguna Silvia. It is interesting that this area of anomalous gold is adjacent to the suspected fault that disrupts and offsets both vein arrays. The line of fault on the shore of Laguna Silvia is marked by actively flowing springs.

Linear breccia zones within silicic rhyolite.

Linear breccia zones consist of clasts of red and grey rhyolite supported by a matrix of quartz, adularia, and white mica. They do not have persistent quartz veins or persistent quartz veinlets. One such breccia zone strikes northeast, this is between Veta Guadalosa and the branch of Veta Este-Oeste striking. Similar breccia zones strike northwest and west, south of Laguna Centro.

Breccia in this area has lithic clasts, probably of red rhyolite, mm to tens of mm in diameter, slightly rounded, consisting of fine-grained quartz and adularia, and supported by fine-grained quartz that is both crystalline and in bladed pseudomorphs.

The breccia zone at Laguna Centro has lithic clasts grey rhyolite, from less than a mm in diameter to tens of cm in diameter and supported by a microbreccia matrix of very fine-grained quartz, adularia, and white mica traversed by planar quartz veinlets. Metal-bearing minerals have not been identified in the preliminary petrography.

Drilling

There has been no drilling done to date.

Sampling and Analysis

The coverage of the Laguna Guadalosa veins were analyzed with the benefit of 158 rock samples with precious metal assays reported by Mezzetti and 153 rock samples taken on behalf of the Issuer. The White Report emphasis was on the thickest and strongest (most continuous) vein array, Veta Guadalosa. Of the 153 samples, 105 come from Veta Guadalosa, 10 from Veta Este-Oeste, 13 from structures in the Laguna Centro area (~5km SE from Veta Guadalosa) and 6 from near the west shore of Laguna Carbon (another ~5km S of Laguna Centro). The balance, 19 other samples, were taken from reconnaissance elsewhere within the Gran Bajo.

The many values from 25ppb to 633ppb (~0.6 g/t Au) are enriched relative to crystal abundances and compared to typical sterile quartz. 78% of the White Report samples (90 out of 116 from Vetas Guadalosa and Este-Oeste) reported

in excess of 25ppb Au. 36% (42 of 116) reported in excess of 100ppb Au. These are almost the same abundances of anomalous samples reported by Mezzetti for the same areas of sampling.

It is apparent that the best gold anomalies are:

a) mostly in Veta Guadalosa; and

b) specifically toward both extremes of the vein.

That is, the greatest frequencies of gold anomalies are closer to Cerro SW and the NE road crossing.

The White Report analyzed possible patterns of precious metal distribution across the strike a series of samples taken from select intervals, usually discriminated by lithology or changes in texture of the quartz. Where the lithology and texture were uniform, short intervals were sampled in search of variations in metal content.

What the White Report concluded was that the principal vein at each site is the principal bearer of metals. Parallel sheeted veinlets and adjacent stockwork zones are about one order of magnitude less metal rich. Within the principal veins there is no strong pattern of metals favoring walls versus core of vein or one wall versus the other. The White Report did not expect to find such preferred occurrences when better grade mineralization were located. Hence the White Report indicated that it would continue to sample selectively to identify patterns useful to track that mineralization.

Correlated with Au are Ag, As, and Sb as well as Pb and Zn. However, while some interesting Au anomalies occur all along the length of Veta Guadalosa and Veta Este-Oeste, the highest values of Ag, As, Sb, Pb, and Zn are almost all toward the SW extreme of Veta Guadalosa, specifically on Cerro SW.

Inversely correlated with Au are both Ba and Cu. These elements are relatively elevated in the middle portion of Veta Guadalosa where Au is more subdued.

All the indications are that all the vein occurrences at Laguna Guadalosa are more likely to hold Au potential then Ag potential. The White Report indicated Au elevated on its own in more places than Ag. The Ag that is anomalous occurs with Au but not by itself. Also, the Ag-Cu correlation of Mina Martha is not evident in the White Report analyses. Rather, the metal ratios of the more Au-rich Vanguardia seem more applicable. By analogy then, the Cerro SW end of Veta Guadalosa takes on more interest with its Ag-As-Sb-Pb-Zn support. These may be telling us we are a little deeper in the epithermal system to the SW.

The very highest As and Sb values actually occur in the Laguna Centro area where multiple samples yielded over 1,000ppm As and one value of 70ppm Sb was reported. The 120° striking structure there has the highest As and Sb but the nearby 90° structure has a monopoly on the anomalous Au (0.1 and 0.3 g/t).

Thus far the White Report indicated no real geochemical encouragement from silica occurrences further and wider in the Gran Bajo. Sampling at the Laguna Carbon area was anomalous in Ba only. All other occurrences have been chalcedonic breccias with no expectation of metal content but still providing encouragement that hydrothermal systems were active well beyond the Veta Guadalosa area. Furthermore, substantial areas of the Gran Bajo have yet to be reconnoitered.

Security of Samples

All rock samples were collected in the field by our geologist, Don White, or under Don White's direct supervision by Antonio Puig, hired helper. Each sample consisted of 2 to 4 kg of rock chips collected with a conventional rock hammer and/or with sledge and large chisel. Generally, as continuous a sequence of chips as possible was collected from the interval of interest, preferably outcrop. Compromises were made where continuity of sample was not

practical with the tools or time available and/or outcrop did not provide.

Samples were always bagged immediately upon collection. Impermeable 6-mil polyethylene sample bags were used with zip- loc plastic ties ("Marine Corp handcuffs") which are tamper-proof. Ten such samples, once accumulated, were collectively bagged inside opaque fiberglass strand bags ("rice-sacks") similarly bound securely with oneway plastic ties that require cutting off to access the contents.

Samples did not leave Don White's supervision until transfer to Miguel F. DiNanno, an officer of the company, who personally delivered the samples to the laboratory. All samples were prepared by ALS Chemex at their facility in Esquel, Chubut province, Patagonia, Argentina, followed by analyses at their laboratory in Santiago, Chile.

ALS Chemex' facilities in Esquel and Santiago are two of a large number of laboratories operated by Chemex in Canada, U.S.A., Chile, and Argentina. Chemex is a well renowned name for quality analyses. They were responsible for all aspects of sample receipt, preparation, analyses, and reporting. They retain the coarse rejects and pulps from all samples on our behalf in case of the need for further analyses or check assays.

The analyses requested and received for the White Report were for precious metals and a suite of transition elements of interest as exploration indicator elements. The precious metals gold and silver were assayed using fire assay fusion with atomic absorption spectroscopy analyses, all standard in the industry for low concentration exploration samples. The other elements' concentrations were determined using inductively coupled plasma-atomic emission spectroscopy (ICP-AES) yielding data on 34 elements. Chemex has their own rigid internal systems of quality control including laboratory standards, blanks, and repeat/check assays. For our purposes with 153 total rock samples, these quality controls are more than adequate.

Mineral Resource and Mineral Reserve Estimates

No resource or reserve information has yet been acertained. This is an early stage, (e.g., as yet undrilled) exploration project.

Exploration and Development

A $350,000 program that includes drilling a minimum of eight core holes averaging 140m each as -60° angle holes perpendicular to strike of the principal veins is recommended for the Laguna Guadalosa. These holes will intersect principal veins at 100-120m down dip and are intended to cross important sheeted and stockworked systems in both walls as well as test for possible blind offshoots and/or stratiform mineralization within litologies that cannot be anticipated from the surface.

It is also recommended that the Issuer budget for the equivalent of four additional holes which could then be used as hot pursuit of early finds, test of targets identified by ongoing surface exploration prior to and during drilling, or as infill of spacing along strike.

The proposed budget consists of:

	ITEM	**COST**
1)	Geological personnel, team of three over three months	$42,000
2)	Contract drilling 12 holes @ 140m x $120/m	$202,000
3)	Indirect drilling costs (bits, mud, etc.)	$20,000
4)	Road and site work, camp, lodging, food, vehicles, fuel, etc.	$48,000
5)	Analyses 500 samples @ $30 per sample	$15,000

		Sub-Total	$327,000
12)	Contingency (~7%)		$23,000
		Total	**$350,000**

This is a one-phase drilling program, as proposed, albeit with one-third of the drilling budget for discretionary or follow-up holes.

Competition

The primary competitive elements of mineral exploration include competition for suitable mineral properties to acquire as prospects for exploration and development projects, and for investment capital with which to fund such exploration and development projects.

Management of the Issuer believes that the Issuer is well-placed competitively for the acquisition of suitable mineral properties, given the Issuer's track record in previous acquisitions and the industry experience of senior management and consultants of the Issuer.

Risk Factors

Pending Financing

There can be no assurance that the pending brokered private placement to raise up to Cdn$3,850,000 will close. Closing is subject to market acceptance and other normal business conditions which are beyond the control of the Issuer.

Exploration and Development

All of the properties in which the Issuer has an interest are in the exploration stages only and are without a known body of commercial ore. Development of mineral properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Issuer's mineral exploration and development activities will result in any discoveries of bodies of ore. The long-term profitability of the Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract the metal from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Issuer and which cannot be accurately predicted, such as the proximity and capacity of milling facilities, mineral markets and processing equipment and governmental regulations including regulations relating to royalties, allowable production and importing and exporting of minerals.

Cash Flow

The Issuer's properties are currently being assessed for exploration and as a result, the Issuer has no source of operating cash flow. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration.

There can be no assurance that the Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. **The Issuer will require new capital to continue to operate its business and to continue exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all.**

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Issuer has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Issuer currently does not maintain liability insurance against such liabilities. Although the Issuer currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Issuer might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Issuer could incur significant costs that could have a materially adverse effect upon its financial condition.

Calculation of Reserves and Metal Recovery

There is a degree of uncertainty attributable to the calculation of ore reserves and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, quantity of reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on metal prices. Any material change in quantity of reserves, grade or recovery ratio may effect the economic viability of the Issuer's properties. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuating Prices

The Issuer's revenues, if any, may be derived from the mining and sale of precious and base metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Issuer's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of base metals, and therefore the economic viability of any of the Issuer's exploration projects, cannot accurately be predicted.

Environmental Factors

All phases of the Issuer's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed (15) projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations.

Competition

The mining industry is intensely competitive in all of its phases and the Issuer competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Issuer's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

Title to Mineral Properties

Mineral property interests may be subject to prior unregistered agreements, transfers or rights of others which are not known or discernable at the present time. In addition, title may be affected by undetected defects. The Issuer has no present knowledge of any material unregistered agreement, transfer, right of others or defect concerning title to properties in which it has or may acquire an interest.

Employees/Consultants

As at February 28, 2003, the Issuer had no employees and no consultants other than its directors and officers, who collectively attended to the management and daily operations of the Issuer.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Information

The following is selected consolidated financial data (in summary form) from the last three audited completed financial years of the Issuer.

	2003 ($)	**2002 ($)**	**2001 ($)**
Revenue	-	-	-
Income from continuing operations	-	-	-
Net loss	191,408	212,856	118,061
Net loss per share [(1)]	0.07	0.17	0.11
Total Assets	215,328	61,113	6,302
Total long-term debt	-	-	-
Dividends	-	-	-

(1) Fully diluted earnings (loss) per share does not differ materially from basic earnings (loss) per share for any of the above-noted periods, as the conversion or exercise of any potentially dilutive securities was either not dilutive or was not materially dilutive.

As at the balance sheet dates for each of the last three completed financial years the Issuer had no preferred shares outstanding, and during each of the last three completed financial years the Issuer reported extraordinary items and declared no cash dividends.

Dividend Policy

To date, the Issuer has not paid any dividends on its outstanding shares. The future payment of dividends will be dependent upon the financial requirements of the Issuer to fund future growth, the financial condition of the Issuer and other factors, which the Board of Directors of the Issuer may consider appropriate in the circumstances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

The Issuer intends, subject to conditions in the base metals market and the natural resources sector generally, to conduct further exploratory work on the Laguna Guadalosa Property in order to identify mineral reserves which warrant economic development. The Issuer may acquire additional mineral interests through direct staking, purchases, option arrangements and other arrangements. Such properties may be in Canada or any other jurisdiction where management believes the Issuer will receive a fair return on its investments and efforts. The Issuer's corporate strategy is to develop projects into strategic financial investments, which will in turn provide a strong base from which to develop further projects and add to the value of the Issuer as a whole.

Consolidated financial information for the Issuer's two most recently completed financial years is included in the Issuer's 2003 audited annual financial statements filed on SEDAR on July 18, 2003, which statements are incorporated herein by reference.

The Management Discussion and Analysis as set forth in BC 51-901F with respect to the financial statements of the Issuer for the year ended February 28, 2003 and the eight most recently completed quarters prior thereto, is incorporated herein by reference.

Quarterly Information

The following is selected unaudited consolidated financial data for the last eight quarters ending with February 28, 2003, the most recently completed financial year of the Issuer, in summary form.

	Financial year ended February 28, 2003[(1)]				**Financial year ended February 28, 2002[(1)]**			
	Feb. 28	**Nov. 30**	**Aug. 31**	**May 31**	**Feb. 28**	**Nov. 30**	**Aug. 31**	**May 31**
Revenue	-	-	-	-	-	-	-	-
Net earnings (loss)	(195,906)	(276,559)	(172,140)	(78,271)	(218,113)	(95,637)	(42,128)	(20,661)
Net loss per	0.07	0.04	0.03	0.01	0.17	0.03	0.01	0.01

share								
Total assets	215,328	1,294,762	1,022,858	341,691	61,113	105,522	35,750	55,667
Long term debt	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-

Note (1) All quarterly financial data presented in this table is cumulative.

Liquidity and Capital Resources

Historically, the Issuer's working capital has been provided by a limited number of sources, primarily the issuance of share capital for cash and / or in settlement of debt and by receipt of loans from related parties. The ability of the Issuer to generate adequate amounts of cash is therefore dependent on market forces beyond the control of the Issuer, on the ability of related parties to advance necessary funds and the ability and willingness of suppliers to either carry the Issuer's accounts payable beyond customary payment periods or to accept securities in settlement of debt. Any one or more of the foregoing factors can lead to unexpected fluctuations in the Issuer's liquidity.

The Issuer's requirement for working capital tends to increase with business activity, which in itself tends to increase as financing is available. Accordingly, in times of low business activity, working capital requirements can be significantly less than otherwise would be required to sustain operations. In addition, the Issuer has no full time employees or contracts related to overhead costs that cannot be terminated on less than 30 days notice.

The inability of the Issuer to raise funding in addition to that raised in fiscal 2002 and 2001 was primarily caused by an overall difficult financing environment for junior resource companies during those years. Reference is made to the heading "Risk Factors" for a summary of risks and uncertainties facing the Issuer.

Financial Condition and Results of Operations

The Issuer has not generated any material revenues from its operations to date, and has incurred losses since inception to the year ended February 28, 2003of $6,619,305. Management fees were $72,419 for the year ended February 28, 2003 compared to $46,500 during the year ended February 28, 2002 and travel and promotion expenses were $38,064 for the year ended February 28, 2003 compared to $31,113 during the year ended February 28, 2002 These expenses increased over the previous year due to the arranging of new management, efforts to raise funds through private placements and the review of potential acquisitions. As at February 28, 2003 the Issuer had a working capital deficiency of $174,648, compared to a working capital deficiency of $14,584 at February 28, 2002.

The Issuer incurred a net loss of $191,408 during the twelve months ended February 28, 2003, as compared to $212,856 during the same period in 2002. The decrease in net loss of $21,448 can be attributed to professional fees and transfer agent and filing fees being less during the year ended February 28, 2003. The loss per share for the year ended February 28, 2003 was $0.07 compared to $0.17 for the same period in 2002. There was an overall decrease in general and administrative expenses of $22,207, to $195,906 for the year ended February 28, 2003 from $218,113 for the year ended February 28, 2002.

Subsequent Events

On September 25, 2003 the Issuer entered into an agreement with Trendix, S.A., a private Argentine company, to option up to a 70% interest in the Cerro Choique and La Brecha projects near Los Menucos in Rio Negro Province, Argentina. (See: "Significant Acquisitions and Dispositions" above).

On November 28, 2003, the Company closed a private placement of convertible debentures, for aggregate gross proceeds of $1,068,000. The convertible debentures bear interest at 8% per annum and have a term of three years. In addition, the Company will pay a finders fee, consisting of the issuance of 154,782 common shares in consideration for the placement of the debentures. The principal amount and accrued interest of each debenture is convertible into units at a conversion price of $0.69 per unit, if converted during the first two years of the term of the debenture, and at a conversion price of $0.76 per unit if converted during the third year of the term of the debenture. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant shall entitle the holder to purchase one additional common share at a price of $0.86 per share for an exercise period of two years after the date of issue. The debentures shall mature on the third anniversary of the date of their issue. The proceeds of the private placement were used for the acquisition of a 65% interest in over 41,000 acres of mineral rights in Western Utah known as the Western Utah Copper District near Milford, Utah from Western Utah Copper Company, a Utah corporation. The District has been the subject of historic production dating to the 1870's and more recent exploration by Noranda, Anaconda and Kennecott. Terms of the acquisition call for Palladon to update and finalize a feasibility study and, at Palladon's option, arrange financing to place the current reserves into production and to expend US$4 million over a five-year period on the exploration areas within the balance of the 41,000 acres. (See "Significant Acquisitions and Dispositions" above).

On January 28, 2004, the Issuer agreed to terms of a best efforts brokered equity financing to raise up to Cdn$3,850,000 by issuance of 5,500,000 units of securities at a price of $0.70 per unit, with each unit consisting of one common share and one-half of one non-transferable share purchase warrant, entitling the holder to purchase one additional common share for one year following closing of the private placement at a price of Cdn$0.80 per share. Pacific International Securities Inc. is acting as lead agent, and Canaccord Capital Corporation is acting as secondary agent (collectively, the "Agents") in this private placement and to place the Units on a best efforts basis, subject to terms and conditions standard to offerings of like nature. On closing of the private placement, the Issuer will pay the Agents a 8% cash commission and agent's warrants ("Broker Warrants") equal to 15% of the number of Units being sold and $16,050 ($15,000 plus GST) as a corporate finance fee. The private placement has not closed as at the date of this AIF. (See "Risk Factors").

MARKET FOR THE SECURITIES OF THE ISSUER

The Common Shares of the Issuer are listed for trading on the TSX Venture Exchange (formerly the Canadian Venture Exchange) under the symbol "PLL".

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holding

The following table sets forth the name, municipality of residence, position held within the Issuer, principal occupations of each of the directors and officers within the past 5 years and the date the individual was first elected or appointed as a director. Each director is elected to serve until the next annual meeting of shareholders or until a successor is elected or appointed.

Name, Municipality of Residence and Position Held with the Issuer	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years	Date First Appointed a Director or Officer of the Issuer	Number of Shares Beneficially Owned[1]

Name, Municipality of Residence and Position Held with the Issuer	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years	Date First Appointed a Director or Officer of the Issuer	Number of Shares Beneficially Owned[1]
George S. Young Boulder, Colorado *President and Director*	Attorney at law under the Utah and Colorado State Bars and member of the firm Pruitt Gushee & Bachtell of Salt Lake City Utah. Mr. Young is the President and a director of MAG Silver Corp. a TSX Venture Exchange listed company	October 28, 2002	200,000[2]
Allan Williams Langley, BC *Director*	Self-employed business consultant with 20 years of involvement in the public company industry. Mr. Williams is a director of a number of other reporting companies.	August 25, 2002	376,699[3]
Keith MacDougall Vancouver, BC *Director*	Self-employed financial consultant. Formerly a financial advisor for various brokerage houses	July 15, 2002	5,000[4]
Douglas B. Silver Eaglewood, Colorado *Vice President Business Development*	Certified general appraiser, holds a M.Sc from the University of Arizona and a Bachelor's degree from the University of Vermont. Mr. Silver has been the president and owner of Balfour Holdings, Inc. since February, 1991 and a director of Rockwell Ventures Inc. since March, 1998.	October 28, 2002	200,000[5]
Chris Dempster Mission, BC *Secretary*	Manager at School Board for New Westminster	July 15, 2002	Nil

Note (1) The information as to shares beneficially owned, not being within the knowledge of the Issuer, has been furnished by the respective nominees.
(2) This figure does not include 250,000 shares issuable pursuant to stock options.
(3) This figure does not include 200,000 shares issuable pursuant to stock options.
(4) This figure does not include 100,000 shares issuable pursuant to stock options.
(5) This figure does not include 150,000 shares issuable pursuant to stock options.

The Issuer does not have an appointed Executive Committee. The Issuer's Board of Directors is responsible for reviewing the structure of the Issuer's executive compensation and for establishing compensation of the Issuer's executive officers. Pursuant to the provisions of the *Company Act* (British Columbia), the Issuer is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Issuer's system of internal controls, to review the results of the external audit, and to resolve any potential dispute with the Issuer's auditors. The audit committee of the Issuer currently consists of George Young, Allan Williams and Keith MacDougall.

As at December 31, 2003, the directors and officers of the Issuer, as a group, beneficially owned, directly or indirectly, 781,699 common shares or approximately 7.36% of the issued and outstanding common shares, based on 10,619,577 common shares issued and outstanding as at December 31, 2003.

Corporate Cease Trade Orders and Bankruptcies

None of the directors or officers of the Issuer or shareholders holding sufficient shares to materially affect the control of the Issuer are, or within the previous 10 years, have been a director or officer of any other issuer that, while acting in such capacity, (i) was subject to a cease trade or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or (ii) became bankrupt, made a proposal under any legislation related to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such issuer except as follows:

Penalties and Sanctions

Within the previous 10 years, none of the directors or officers of the Issuer or shareholders holding sufficient shares to materially affect the control of the Issuer have been subject to (i) any penalties or sanctions proposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) have been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Individual Bankruptcies

Within the previous 10 years, none of the directors or officers of the Issuer or shareholders holding sufficient shares to materially affect the control of the Issuer or a personal holding company of any such persons have become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflicts of Interest

There are potential conflicts of interest for some of the directors and officers of the Issuer who are or may become engaged from time to time in the mineral exploration business on their own behalf or on behalf of other companies for which they may serve in their capacity as directors, officers or promoters. To any extent such conflicts arise from time to time, they will be governed by and resolved in accordance with the applicable provisions of the Issuer's governing corporate legislation.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, principal holders of the Issuer's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Issuer's Information Circular prepared in respect of the Annual General Meeting of Shareholders held on August 22, 2003. Additional financial information is provided in the Issuer's comparative consolidated financial statements for the year ended February 28, 2003, a copy of which is appended hereto.

Upon request the Issuer will provide to any person:

1. when the securities of the Issuer are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a proposed distribution of its securities,

    i. one copy of the Issuer's latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;

ii. one copy of comparative financial statements of the Issuer for the Issuer's most recently completed financial year in respect of which such financial statements have been issued together with the report of the auditor thereon and one copy of any interim financial statements of the Issuer subsequent to the financial statements for its most recent financial year;

iii. one copy of the Information Circular of the Issuer in respect of the most recent annual meeting of shareholders of the Issuer which involved the election of directors; and

iv. one copy of any other documents which are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or

2. at any other time, a copy of the documents referred to in clauses i, ii, and iii above, for which the Issuer may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Issuer.

For additional copies of this Annual Information Form and the materials listed in the preceding paragraphs please contact:

Palladon Ventures Ltd.
21071-43A Avenue
Langley, British Columbia, V3A 8KA

Telephone: (604) 532-3010