



**British Columbia
Securities Commission**

**QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)**

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INCORPORATED AS PART OF:

 X Schedule A

 Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
PALLADON VENTURES LTD.	February 29, 2004	04/07/15

ISSUER'S ADDRESS **21071 – 43A Avenue**

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Langley	BC	V3A 8KA	604-514-0184	604-532-3010

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
George Young	President	801-541-0183

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
N/A	N/A

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

"Allan Williams"	ALLAN WILLIAMS	04/07/15
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

"George Young"	GEORGE YOUNG	04/07/15
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

(Electronic signatures should be entered in "quotations")

PALLADON VENTURES LTD.

REPORT AND FINANCIAL STATEMENTS

February 29, 2004 and February 28, 2003

TERRY AMISANO LTD.

KEVIN HANSON, CA

AMISANO HANSON
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders,
Palladon Ventures Ltd.

We have audited the balance sheets of Palladon Ventures Ltd. as at February 29, 2004 and February 28, 2003 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2004 and February 28, 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
June 21, 2004

"Amisano Hanson"
Chartered Accountants

PALLADON VENTURES LTD.
BALANCE SHEETS
February 29, 2004 and February 28, 2003

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Current			
Cash – Note 12	\$	5,568,912	\$ 8,911
GST receivable		5,551	4,091
Prepaid expenses		9,358	2,125
Loans receivable – Notes 3 and 12		1,165,006	-
		<hr/>	<hr/>
		6,748,827	15,127
Deferred finance charge – Note 10		96,416	-
Capital assets – Note 4		448	1,223
Resource properties – Note 5 and Schedule 1		1,058,651	198,978
		<hr/>	<hr/>
	\$	<u>7,904,342</u>	\$ <u>215,328</u>
		<hr/> <hr/>	<hr/> <hr/>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities – Notes 7 and 10	\$	132,009	\$ 114,434
Due to related parties – Note 7		94,414	75,341
		<hr/>	<hr/>
		226,423	189,775
Convertible debentures – Note 10		1,068,000	-
		<hr/>	<hr/>
		1,294,423	189,775
		<hr/> <hr/>	<hr/> <hr/>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Notes 6 and 11		13,799,728	6,630,163
Contributed surplus		14,695	14,695
Deficit		(7,204,504)	(6,619,305)
		<hr/>	<hr/>
		6,609,919	25,553
		<hr/>	<hr/>
	\$	<u>7,904,342</u>	\$ <u>215,328</u>
		<hr/> <hr/>	<hr/> <hr/>

Nature and Continuation of Operations – Note 1
Commitments – Notes 5,6, 10 and 11
Subsequent Events – Note 11

APPROVED BY THE DIRECTORS:

“Allan Williams”

_____, Director

“George Young”

_____, Director

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
for the years ended February 29, 2004 and February 28, 2003

	<u>2004</u>	<u>2003</u>
General and Administrative Expenses		
Amortization	\$ 775	\$ 775
Bank charges	1,142	827
Consulting fees – Note 7	-	15,970
Interest	48,174	-
Management fees – Note 7	184,206	72,419
Office and administration – Note 7	10,397	13,500
Professional fees	110,357	33,319
Rent – Note 7	10,800	3,200
Shareholder information	3,017	1,324
Telephone	17,253	8,644
Transfer agent and filing fees	102,102	7,864
Travel and promotion	111,578	38,064
	<hr/>	<hr/>
Loss before Other	(599,801)	(195,906)
Other:		
Interest income	17,847	728
Gain (loss) on foreign exchange	(3,245)	3,770
	<hr/>	<hr/>
Net loss for the year	(585,199)	(191,408)
Deficit, beginning of the year	(6,619,305)	(6,427,897)
	<hr/>	<hr/>
Deficit, end of the year	\$ (7,204,504)	\$ (6,619,305)
	<hr/>	<hr/>
Basic and diluted loss per share	\$ (0.03)	\$ (0.07)
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
STATEMENTS OF CASH FLOWS
for the years ended February 29, 2004 and February 28, 2003

	<u>2004</u>	<u>2003</u>
Operating Activities		
Net loss for the year	\$ (585,199)	\$ (191,408)
Items not involving cash:		
Amortization	775	775
Shares issued for interest expense	22,384	-
	<hr/>	<hr/>
Changes in non-cash working capital items:	(562,040)	(190,633)
GST receivable	(1,460)	2,906
Prepaid expenses	(7,233)	(2,125)
Accounts payable and accrued liabilities	17,575	92,611
	<hr/>	<hr/>
Cash used in operating activities	(553,158)	(97,241)
	<hr/>	<hr/>
Investing Activities		
Acquisition of capital assets	-	(453)
Resource property costs	(649,673)	(198,978)
Loan receivable	(1,165,006)	-
	<hr/>	<hr/>
Cash used in investing activities	(1,814,679)	(199,431)
	<hr/>	<hr/>
Financing Activities		
Advances from related parties	19,073	23,012
Issuance of shares for cash	6,840,765	230,000
Convertible debentures	1,068,000	-
	<hr/>	<hr/>
Cash provided by financing activities	7,927,838	253,012
	<hr/>	<hr/>
Increase (decrease) in cash during the year	5,560,001	(43,660)
Cash, beginning of the year	8,911	52,571
	<hr/>	<hr/>
Cash, end of the year	\$ 5,568,912	\$ 8,911
	<hr/> <hr/>	<hr/> <hr/>
Supplemental disclosure of cash flow information;		
Cash paid for:		
Interest	\$ -	\$ -
	<hr/>	<hr/>
Income taxes	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

Non-cash Transactions – Note 9

SEE ACCOMPANYING NOTES

PALLADON VENTURES LTD.
SCHEDULE OF RESOURCE PROPERTIES
for the years ended February 29, 2004 and February 28, 2003

	Argentina						Utah, USA	2004 Total	2003 Total
	Choique La Brecha	Gran Bajo	Laguna Guadalosa	Tres Hermanas	Rio Deseado	Other			
Acquisition costs									
Balance beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs:									
Shares issued	-	35,000	35,000	35,000	35,000	70,000	-	210,000	-
Cash paid	40,953	-	-	-	-	-	-	40,953	-
Balance ending	40,953	35,000	35,000	35,000	35,000	70,000	-	250,953	-
Exploration expenditures									
Claim fees	30,641	14,146	33,431	68,076	27,007	16,607	83,259	273,167	16,500
Geological consulting	48,216	10,385	16,002	76,685	25,563	4,849	25,343	207,043	96,168
Field Costs	-	-	-	-	-	-	-	-	3,881
Miscellaneous	4,194	1,936	4,577	9,318	3,697	2,273	-	25,995	15,341
Salaries and wages	10,808	4,989	11,794	24,013	9,526	5,858	-	66,988	18,710
Travel	5,732	2,646	6,255	12,735	5,052	3,107	-	35,527	48,288
	99,591	34,102	72,059	190,827	70,845	32,694	108,602	608,720	198,978
Balance, beginning	-	-	198,978	-	-	-	-	198,978	-
Balance, ending	99,591	34,102	271,037	190,827	70,845	32,694	108,602	807,698	198,978
Total	\$140,544	\$ 69,102	\$306,037	\$225,827	\$105,845	\$102,694	\$108,602	\$1,058,651	\$ 198,978

PALLADON VENTURES LTD.
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2004 and February 28, 2003

Note 1 Nature and Continuance of Operations

Palladon Ventures Ltd. (the "Company") is a public company incorporated on August 25, 1980 under the Company Act of British Columbia and is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. As at February 29, 2004, the Company was in the exploration stage and had interests in properties located in Argentina and Utah, USA. The Company is listed on the TSX Venture Exchange (the "Exchange").

The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

The financial statements have been prepared using Canadian generally accepted accounting principles applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at February 29, 2004, the Company has not yet achieved profitable operations and has accumulated losses of \$7,204,504 since its inception. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Financial Instruments

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

Note 2 Significant Accounting Policies – (cont'd)

(b) Capital Assets and Amortization

Capital assets are recorded at cost. The Company provides for amortization using the following rate:

Office furniture and equipment	3 year straight-line method
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(c) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

(d) Basic and Diluted Loss Per Share

Basic loss per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Note 2 Significant Accounting Policies – (cont'd)

(e) Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 6, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company applies the “settlement method” of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Effective for fiscal years beginning on or after January 1, 2002, public companies are required to adopt the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for Canadian Stock-based Compensation. These new requirements require that all stock based payments to non-employees and direct awards of stock to employees be accounted for using a fair value based method of accounting. However, the new standard permits the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees with the addition of pro forma information. The Company has elected to apply the pro forma disclosure provisions of the new standard to awards granted on or after March 1, 2002.

(f) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

(g) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

Note 3 Loans receivable

	<u>2004</u>	<u>2003</u>
Loan receivable of US\$800,000 with interest at 12% per annum due on November 20, 2004, secured by real property located in Utah, USA	\$ 1,082,924	\$ -
Loan receivable of US\$60,000 with interest at 12% per annum, unsecured with no payment terms	82,082	-
	<u>\$ 1,165,006</u>	<u>\$ -</u>

Note 4 Capital Assets

	<u>2004</u>			<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Office furniture and equipment	\$ 2,130	\$ 1,682	\$ 448	\$ 1,223

Note 5 Resource Properties – Notes 6, 10 and 11

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

All other properties

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

Note 5 Resource Properties – Notes 6, 10 and 11 – (cont'd)

Argentina – (cont'd)

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

Utah, USA

The Company has entered into an option agreement dated November 20, 2003 to acquire a 65% 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.

Note 6 Share Capital – Notes 5, 10 and 11

Authorized:

100,000,000 common shares without par value

Issued:		<u>Number of Shares</u>	<u>Amount</u>
Balance, February 28, 2002		1,295,244	\$ 6,070,163
For cash:			
– pursuant to exercise of warrants	– at \$0.20	675,000	135,000
	– at \$0.25	380,000	95,000
Conversion of special warrants	– at \$0.20	1,650,000	330,000
Balance, February 28, 2003		<u>4,000,244</u>	<u>6,630,163</u>
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 placement	– 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 placement	– 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		<u><u>19,429,252</u></u>	<u><u>\$13,799,728</u></u>

Escrow Shares

As at February 29, 2004, 37,500 (2003: 37,500) common shares are held in escrow subject to direction for their release by regulatory authorities.

Commitments:

Stock-based compensation

The Company grants stock options in accordance with the policies of regulatory authorities. The Company applies the “settlement method” of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Note 6 Share Capital – Notes 5, 10 and 11 – (cont'd)

Commitments: – (cont'd)

Stock-based compensation – (cont'd)

A summary of the stock options granted is presented below:

	Years ended		Years ended	
	February 29, 2004		February 28, 2003	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of year	-	-	-	-
Granted	850,000	\$0.51	-	-
Outstanding, end of year	850,000	\$0.51	-	-

Share purchase options outstanding at February 29, 2004 are as follows:

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

As disclosed in its accounting policies note, the Company does not record compensation expense on the granting of stock options to employees. Disclosure of pro forma loss and loss per share had the Company elected to follow the fair value method using the Black-Scholes option pricing model is as follows:

	Years ended	
	February 29, 2004	February 28, 2003
Loss for the year as reported	\$ (585,199)	\$ (191,408)
Stock-based compensation	(350,797)	-
Pro forma loss for the year	<u>\$ (935,996)</u>	<u>\$ (191,408)</u>
Pro forma basic and diluted loss per share	<u>\$ (0.05)</u>	<u>\$ (0.07)</u>

Note 6 Share Capital – Notes 5, 10 and 11 – (cont'd)

Commitments: – (cont'd)

Stock-based compensation – (cont'd)

The following assumptions were used for the Black-Scholes model:

	<u>2004</u>	<u>2003</u>
Risk free rate	3.89%	-
Dividend yield	0%	-
Expected volatility	107%	-
Weighted average expected stock option life	5 years	-

Share Purchase Warrants

As at February 29, 2004, the Company had 10,437,230 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>2004</u>
May 1, 2004	\$0.30	40,000
September 12, 2004/2005	\$0.30/\$0.50	1,537,900
September 29, 2004	\$0.36	833,333
February 27, 2005	\$0.80	4,194,197
July 31, 2005/2006	\$0.30/\$0.50	3,831,800
		<u>10,437,230</u>

Note 7 Related Party Transactions – Note 5

The Company incurred the following transactions with related parties consisting of current and/or former directors or private companies controlled by them:

	Years ended	
	February 29, <u>2004</u>	February 28, <u>2003</u>
Consulting fees	\$ -	\$ 15,970
Furniture rental fees	-	300
Management fees	184,206	72,419
Rent	10,800	-
Total	<u>\$ 195,006</u>	<u>\$ 88,689</u>

The charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

As at February 29, 2004, accounts payable included \$9,243 (2003: \$65,122) owing to related parties.

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

Note 8 Income Taxes

The Company is subject to federal and provincial taxes in Canada. The Company has estimated accumulated resource property expenditure amounts of \$3,724,543 and non-capital losses of approximately \$1,957,602 for income tax purposes, which are available for carryforward to reduce future years' taxable income. The income tax losses expire as follows:

2005	\$ 404,025
2006	307,538
2007	116,190
2008	160,675
2009	192,587
2010	195,588
2011	580,999
	<u>\$ 1,957,602</u>

Note 8 Income Taxes – (cont'd)

	<u>2004</u>	<u>2003</u>
Future income tax assets		
Net operating loss carryforwards	\$ 696,906	\$ 618,572
Capital assets	1,281	907
Share issue costs	4,955	4,490
Resource property expenditures	1,325,937	949,057
	<hr/>	<hr/>
	2,029,079	1,573,026
Less: future income tax asset valuation allowance	(2,029,079)	(1,573,026)
	<hr/>	<hr/>
Net future income tax assets	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

Management believes there is sufficient uncertainty regarding the realization of future income tax assets such that a full valuation allowance has been provided.

Note 9 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 year ended February 29, 2004, the following transactions were excluded from the statement of cash flows:

- a) The Company issued 399,215 common shares pursuant to brokered private placement share issuance costs.
- b) The Company issued 154,782 common shares at \$0.69 per share as a finder's fees for the convertible debentures.
- c) The Company issued 700,000 common shares at \$0.30 per share for acquisition of resource properties.
- d) The Company issued 40,000 common shares at \$0.30 per share related to a loan agreement.

Note 10 Convertible Debentures – Notes 6 and 11

Convertible debentures payable of \$1,068,000 with interest at 8% per annum due November 20, 2006 are unsecured. As at February 29, 2004, accrued interest of \$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.

Note 10 Convertible Debentures – Notes 6 and 11 – (cont'd)

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 11 Subsequent Events – Notes 5, 6 and 10

Subsequent to February 29, 2004:

- a) The Company issued 604,500 common shares at \$0.30 per share pursuant to the exercise of warrants.
- b) The Company issued 498,220 common shares at \$0.69 per share pursuant to the conversion of convertible debentures.
- c) 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 5480 acres in Utah and Nevada in consideration for 250,000 common shares. The Company will issue 50,000 shares for each property it intends to maintain its option within 180 days of regulatory approval. This option agreement is subject to regulatory approval.
- d) 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 is due on signing with the balance due over four years. This option agreement is subject to regulatory approval.

Note 12 Financial Instruments

a) Credit risk:

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 February 29, 2004, cash totalling \$83,612 (2003: \$825) was held in US dollars and loans receivable totalling \$1,165,006 were held in US dollars.



**British Columbia
Securities Commission**

**QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)**

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6731), P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2. Toll Free in British Columbia 1-800-373-6393.

INCORPORATED AS PART OF:

_____ Schedule A

 X Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
PALLADON VENTURES LTD.	February 29, 2004	04/07/15

ISSUER'S ADDRESS **21071 - 43A Avenue**

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Langley	BC	V3A 8KA	604-514-0184	604-532-3010

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
George Young	President	801-541-0183

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
N/A	N/A

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

"Allan Williams"	ALLAN WILLIAMS	04/07/15
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

"George Young"	GEORGE YOUNG	04/07/15
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

(Electronic signatures should be entered in "quotations")

PALLADON VENTURES LTD.
YEAR END REPORT – FORM 51
for the year ended February 29, 2004

Schedule A. Financial Statements
– See attached financial statements

Schedule B. Supplementary Information

1. Analysis of expense and deferred costs:

Resource property costs

– See Schedule of Resource Properties included with attached financial statements.

General and administrative expenses

– See attached financial statements

2. Related party transactions:

– See Note 7 to the attached financial statements

3. Summary of securities issued and options granted during the year:

a) The following common shares were issued during the period:

<u>Date of Issue</u>	<u>Type of Issue</u>	<u>Number</u>	<u>Price</u>	<u>Total Proceeds</u>	<u>Type of Consideration</u>	<u>Commission</u>
Mar 28/ 03	Exercise of warrants	10,000	\$0.25	\$2,500	Cash	\$Nil
Apr 17/03	Exercise of warrants	25,000	\$0.25	\$6,250	Cash	\$Nil
Apr 21/03	Exercise of warrants	100,000	\$0.25	\$25,000	Cash	\$Nil
Apr 25/03	Exercise of warrants	25,000	\$0.25	\$6,250	Cash	\$Nil
May 12/03	Exercise of warrants	75,000	\$0.25	\$18,750	Cash	\$Nil
Jul 29/03	Brokered private Placement	3,309,000	\$0.25	\$827,250	Cash	\$101,883
Jul 29/03	Brokered private Placement	100,000	\$Nil	\$Nil	\$Nil	\$Nil
Aug 13/03	Loan agreement	40,000	\$0.30	\$12,000	Cash	\$Nil
Aug 14/03	Option agreement	600,000	\$0.30	\$180,000	Property	\$Nil
Aug 26/03	Property agreement	100,000	\$0.30	\$30,000	Property	\$Nil
Sep 9/03	Brokered private Placement	1,317,000	\$0.25	\$329,250	Cash	\$33,925
Oct 2/03	Private placement	833,333	\$0.27	\$222,900	Cash	\$Nil
Dec 9/03	Exercise of warrants	25,000	\$0.30	\$7,500	Cash	\$Nil
Dec 11/03	Exercise of warrants	60,000	\$0.30	\$18,000	Cash	\$Nil
Jan 14/04	Convertible debenture	154,782	\$0.69	\$106,800	Finders fee	\$Nil
Jan 20/04	Exercise of warrants	26,000	\$0.30	\$7,800	Cash	\$Nil
Jan 23/04	Exercise of warrants	5,000	\$0.30	\$1,500	Cash	\$Nil
Jan 26/04	Exercise of warrants	25,000	\$0.30	\$7,500	Cash	\$Nil
Jan 29/04	Exercise of warrants	1,500	\$0.30	\$450	Cash	\$Nil
Jan 30/04	Exercise of warrants	40,000	\$0.30	\$12,000	Cash	\$Nil

Feb 9/04	Exercise of warrants	19,000	\$0.30	\$5,700	Cash	\$Nil
Feb 25/04	Brokered private placement	7,959,178	\$0.70	\$5,571,424	Cash	\$264,664
Feb 25/04	Private placement	220,000	\$0.70	\$153,212	Cash	\$Nil
Feb 26/04	Exercise of warrants	40,000	\$0.30	\$12,000	Cash	\$Nil
Feb 27/04	Brokered private placement	299,215	\$Nil	\$Nil	\$Nil	\$Nil
Feb 27/04	Exercise of warrants	20,000	\$0.30	\$6,000	Cash	\$Nil

b) The following common share purchase options were granted during the year:

<u>Date granted</u>	<u>Optionee</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Sep. 9/03	Allan Williams	200,000	\$0.45	Sep. 9/08
Sep. 9/03	George Young	200,000	\$0.45	Sep. 9/08
Sep. 9/03	Douglas Silver	100,000	\$0.45	Sep. 9/08
Sep. 9/03	Keith MacDougall	100,000	\$0.45	Sep. 9/08
Sep. 9/03	Miguel Di Nanno	100,000	\$0.45	Sep. 9/08
Nov. 26/03	George Young	50,000	\$0.80	Nov. 26/08
Nov. 26/03	Douglas Silver	50,000	\$0.80	Nov. 26/08
Nov. 26/03	Miguel Di Nanno	50,000	\$0.80	Nov. 26/08

4. Summary of securities outstanding as at the end of the reporting period:

a) Authorized:

– See Note 6 to the attached financial statements

b) Number and recorded value for shares issued and outstanding:

– See Note 6 to the attached financial statements

c) Description of options, warrants and convertible securities outstanding:

– See Note 6 to the attached financial statements

d) Number of shares in each class of shares subject to escrow or pooling agreements:

– See Note 6 to the attached financial statements

5. List of Directors and Officers: George Young, President and Director
 Doug Silver, Vice President Business Development
 Allan Williams, Director
 Keith MacDougall, Director
 Chris Dempster, Secretary

Schedule C. Management Discussion

– See attached

PALLADON VENTURES LTD.
YEAR END REPORT – FORM 51
for the year ended February 29, 2004

Schedule C: Management Discussion and Analysis

Nature of Business

The Company, since inception, has been in the business of acquiring, exploring and if warranted, developing natural resource properties with a view to achieving commercial production.

Operating Results

The Company's loss for the year was \$585,199 (February 28, 2003: \$191,408). The loss was comprised of routine administrative, regulatory and office costs involved in maintaining a public company. The increase in the loss over 2003 was due to increased management fees, travel and promotion, transfer agent fees, and associated costs as a result of the increased acquisition and exploration activities of the Company.

The Company issued 13,638,511 common shares in brokered and non-brokered private placements for gross proceeds of \$7,104,037. In addition, the Company issued convertible debentures in the amount of \$1,068,000 as described below.

The ability of the Company to survive as a going concern will depend on management's success in acquiring assets for the Company and to obtain financing to maintain the assets acquired, pay operating expenses and develop its assets.

The Company was reclassified as "active" by the TSX on August 1, 2003, as a result of the fulfilment of the requirements therefor, including the filing and acceptance of a Qualifying Report on the property described below.

On October 28, 2002, the Company announced that, subject to regulatory approval, it had reached an agreement to option a 51% interest in approximately 100,000 hectares of mineral property in Rio Negro, Chubut and Santa Cruz Provinces of Argentina. To exercise the option, the Company is

required to issue a maximum of 1,800,000 shares from treasury: 600,000 shares immediately and 1,200,000 shares as expenditure requirements are completed. The agreement was amended in April 2003 for description of mineral properties only all of which are located in the Santa Cruz and Chubut Provinces. Pursuant to the agreement, 600,000 shares were issued on August 14, 2003, and the Company began systematic exploration of the properties throughout the rest of the year, incurring \$398,600 of expenditures thereon. A part of the work on the properties included the preparation, finalization and filing of an approved Qualifying Report on National Instrument Form 43-101 covering the Laguna Guadalosa Project in Santa Cruz province, Argentina, one of the properties subject to the agreement. The report was filed and accepted on June 24, 2003, and is filed on SEDAR. For the purposes of the option agreement, the mineral properties are divided into two groups. The expenditure requirement to earn an option to acquire a 51% interest on the two property groups known as Laguna Guadalosa and Gran Bajo is as follows:

<u>Expenditure</u>	<u>US Dollar Amount</u>
On or before March 31, 2003	\$30,000 (optional)
On or before March 31, 2004	an additional \$270,000 (optional)

Subject to advance or completion of the initial US\$30,000 in expenditures on the Laguna Guadalosa properties being made by March 31, 2003, the Company will acquire an option to earn a 51% interest in the balance of the properties as follows:

<u>Expenditure</u>	<u>US Dollar Amount</u>
On or before March 31, 2003	\$40,000 (optional)
On or before March 31, 2004	an additional \$160,000 (optional)

On completion of the foregoing expenditures, the vendor and the Company shall form a joint venture to advance the properties on industry terms. The expenditure requirements described above have been met by the Company as of March 31, 2004, and the parties are now finalizing the terms of the joint venture agreement.

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 in 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 by January 31, 2004 and US\$270,000 by November 30, 2004, and on La Brecha US\$40,000 by June 30, 2004 and US\$60,000 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 will be paid. The agreement is subject to regulatory approval.

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 is due on signing with the balance due over four years. The agreement is subject to regulatory approval.

The Laguna Guadalosa and Gran Bajo property groups cover 50,700 hectares within the Jurassic rhyolite ash flows of the Deseado Massif of southern Argentina. The prospects encompass outcropping gold-bearing quartz veins on multiple trends extending over six kilometres in length and up to four metres in thickness. The veins are accompanied by parallel, sheeted and stockworked veinlets and sillification. Previous sampling has yielded grades in outcrop up to 1.4 g/t with 160 g/t of silver.

Please refer to the Company's news release dated October 28 2002 and to the Qualifying Report filed on June 24, 2003 on SEDAR for more information.

Work on Laguna Guadalosa and Gran Bajo during the fiscal year included intensive geologic mapping, geochemical sampling, and detailed petrographic work and analysis. Mapping was conducted in sufficient detail, and vein textures and geochemical signatures were determined to be sufficient to delineate a number of drill sites for drilling later in 2004 on the Laguna Guadalosa vein. In addition, additional structures were identified for a second round of exploration to be conducted on the Gran Bajo area to be conducted later in 2004. The Company expects to advance to delineate drill sites in the Gran Bajo area as it prepares to drill, and undertakes drilling on, the Laguna Guadalosa vein. A total of \$116,427 was spent on these projects during the fiscal year.

Work conducted on the other property groups included mapping, sampling and detailed petrographic work on numerous outcropping structures on the Rio Deseado and Tres Hermanas project areas. In addition, the Company was able to gain access to the core and sample pulps from previous drilling conducted on the Rodino property within the Tres Hermanas project area, and reassays were undertaken with excellent results. The Company acquired an option to purchase the Rodino area and

now has a number of additional areas ready for drill site delineation in addition to those being identified on the balance of the Tres Hermanas property. A total of \$282,173 was spent on these properties in the fiscal year. In 2004, the Company plans to perform further work and prepare for a drilling program to be conducted in early 2005. Similarly, during 2004, the Company will advance further on the Rio Deseado property to delineate drill targets on that project, which has similar geology and is in relative close proximity to Tres Hermanas.

In November of 2003, the Company 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 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 option agreement call for Palladon to update and finalize an existing feasibility study and, at Palladon's option, arrange financing to place the current reserves into production. In a separate structure for its earn-in, Palladon may at its option expend the sum of US\$4 million over a five-year period on the balance of the district. During the fiscal year, the Company advanced or expended \$108,602 in exploration expenditures on the district, and increased the holdings to in excess of 60,000 acres.

Previous reports prepared by predecessor companies on portions of the property have identified resources in the district that include gold, copper, silver, tungsten and molybdenum. Rock units in the district include sedimentary rocks of Paleozoic and Mesozoic age and igneous rocks of Tertiary age. All of these rock units show the effects of varying degrees of hydrothermal alteration, with the sedimentary rocks being universally altered to diopside-garnet-wallastonite-magnetite mineralized zones. Palladon is reviewing the previous reports and preparing a Qualifying Report in compliance with National Instrument 43-101 in order to cover the existing identified resources and reserves. Existing identified resources in the district as reported in the previous reports include 64,700,000 tons at a copper equivalent grade of 2.3% Cu, including 2.4 billion pounds of copper, 750,000 ounces of gold, 105,000,000 ounces of silver, as well as significant values of tungsten and molybdenum. Within the identified resources are contained 15,234,000 tons of proven and probable reserves at a copper equivalent grade of 2.24% Cu, containing 509 million pounds of copper, 194,000 ounces of gold and 19,000,000 ounces of silver.

Palladon intends to conduct a feasibility study during 2004 to determine the economics of placing the current reserves into production. At the same time, it will perform additional exploration and evaluation work in order to elevate the status of the remaining resources to the proven and probable reserve category.

In addition to the identified resources and reserves, the District has tremendous exploration potential to host a major 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 generated interesting results. Deep core holes drilled by Anaconda in the 1980's targeted a large zone with copper porphyry potential. DH AMC-26 cut nearly 900 feet of mineralization with 486 feet grading 0.70% Cu and 0.017 ounces per ton Au. Exploration work by Noranda in the 1960's and again in the 1990's encountered mineralization in several intervals. Hole NRH-11, drilled in the 1960's cut anomalous gold grades over a depth of 225 feet, with the interval from 125-225 feet averaging 0.015 ounces per ton in skarned sediments and intrusive rocks. Several intercepts in the historic Maria Mine over 50 feet in length averaged above 0.50 ounces per ton Au. Kennecott's gold exploration subsidiary, Bear Creek, performed exploration on the area known as the OK-11 Target, cutting strong potassic and phyllic alteration containing up to 0.20% copper. 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.

Investor Relation Activities

During the year, directors have handled investor relations. These activities have consisted primarily of responding to shareholder enquiries and discussions with potential participants in financing of the Company. Subsequent to the fiscal year end, the Company hired full-time investor relations personnel and entered into two investor relation agreements for assistance in promotion of the Company.

Liquidity and Financing

As at February 29, 2004, the Company had working capital of \$6,522,404. Management believes the Company has sufficient working capital to conduct business for the next year.

Subsequent to February 29, 2004, additional financings have been arranged as follows.

The Company issued 604,500 shares at \$0.30 each for total proceeds of \$181,350 received on the exercise of warrants previously outstanding.

Related Party Transactions

Refer to Note 7 to the attached financial statements

Subsequent Events

Refer to Note 11 to the attached financial statements.