GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

APRIL 30, 2004 AND 2003

ELLIS FOSTER
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of

Golden Peaks Resources Ltd.

We have audited the consolidated balance sheets of Golden Peaks Resources Ltd. as at April 30, 2004 and 2003 and the consolidated statements of loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ellis Foster

Vancouver, British Columbia, Canada
September 1, 2004

CHARTERED ACCOUNTANTS

GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED BALANCE SHEETS

AS AT APRIL 30

	2004 $	2003 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	4,528,822	1,526,546
Amounts receivable and prepaids (Note 7(b))	63,085	31,971
Marketable securities (Note 4)	35,423	209,590
	4,627,330	1,768,107
EQUIPMENT, net of accumulated amortization of $78,318 (2003 - $70,455)	19,739	20,416
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Note 5)	1,678,473	3,811,204
	6,325,542	5,599,727
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	56,369	133,060
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 6)	13,014,416	9,099,503
CONTRIBUTED SURPLUS	231,485	25,826
DEFICIT	(6,976,728)	(3,658,662)
	6,269,173	5,466,667
	6,325,542	5,599,727

APPROVED BY THE BOARD

"Scott Emerson" , Director

"Kieran Downes" , Director

The accompanying notes form an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

FOR THE YEARS ENDED APRIL 30

	2004 $	2003 $ (Note 3)
EXPENSES		
Accounting and administration	17,485	13,825
Amortization	4,652	7,891
Audit	5,900	10,900
Directors fees	40,000	70,000
Filing fees and transfer agent	18,787	15,238
Legal	6,690	1,551
Management fees	60,000	60,000
Office and general	42,135	38,075
Office rent	22,024	22,766
Shareholder communications	12,763	11,146
Salaries and benefits	59,724	60,279
Stock-based compensation	205,659	2,673
Travel and related costs	22,115	19,308
	517,934	333,652
LOSS BEFORE THE FOLLOWING	(517,934)	(333,652)
INTEREST AND OTHER INCOME	36,249	32,104
WRITE-OFF OF MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Note 5(a))	(2,805,797)	-
PROVISION ON MARKETABLE SECURITIES	(21,127)	(12,186)
FOREIGN EXCHANGE GAIN (LOSS)	(9,457)	43,628
LOSS FOR THE YEAR	(3,318,066)	(270,106)
DEFICIT - BEGINNING OF YEAR	(3,658,662)	(3,388,556)
DEFICIT - END OF YEAR	(6,976,728)	(3,658,662)
BASIC AND DILUTED LOSS PER COMMON SHARE	$(0.21)	$(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,093,252	15,770,856

The accompanying notes form an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30

	2004 $	2003 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Loss for the year	(3,318,066)	(270,106)
Items not involving cash		
Amortization	4,652	7,891
Stock-based compensation	205,659	2,673
Write-off of mineral properties and deferred exploration costs	2,805,797	-
Provision on marketable securities	21,127	12,186
Gain on sale of marketable securities	-	(3,919)
	(280,831)	(251,275)
Increase in amounts receivable and prepaids	(31,114)	(532)
Decrease in accounts payable and accrued liabilities	(76,691)	(160,022)
	(388,636)	(411,829)
FINANCING ACTIVITIES		
Issuance of common shares	4,189,998	35,200
Share issuance costs	(275,085)	-
	3,914,913	35,200
INVESTING ACTIVITIES		
Expenditures on mineral properties and deferred exploration costs	(669,855)	(821,702)
Equipment purchases	(7,186)	(13,687)
Proceeds from sale of marketable securities	153,040	669,252
	(524,001)	(166,137)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	3,002,276	(542,766)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,526,546	2,069,312
CASH AND CASH EQUIVALENTS - END OF YEAR	4,528,822	1,526,546
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	319,858	625,522
Term deposits	4,208,964	901,024
	4,528,822	1,526,546
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid in cash	-	-
Income taxes paid in cash	-	-

The accompanying notes form an integral part of these consolidated financial statements.

GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS

	2004						2003
	Sierra de las Minas $	Tanque Negro $	La Fortuna $	Nik $	Others $	Total $	Total $
BALANCE - BEGINNING OF YEAR	3,329,999	5,407	-	-	-	3,335,406	2,526,661
EXPENDITURES DURING THE YEAR							
Accounting and audit	-	2,234	2,234	13,400	2,234	20,102	16,720
Airfares and travel	-	24,124	11,995	2,235	9,558	47,912	42,532
Amortization	-	-	-	3,211	-	3,211	2,599
Assaying	-	12,154	-	15,110	-	27,264	61,447
Backhoe	-	-	-	-	-	-	2,027
Communications	-	667	573	77	516	1,833	3,499
Sampling	-	62,367	-	-	-	62,367	-
Drilling	-	142,157	-	1,956	-	144,113	166,562
Equipment and supplies	-	1,566	-	469	-	2,035	1,857
Field personnel and supervision	-	55,119	44,865	40,702	16,890	157,576	219,829
Geochemistry	-	-	-	2,067	-	2,067	-
IVA refundable tax	-	34,302	-	9,633	-	43,935	196,480
Satellite imaging	-	4,912	4,458	-	-	9,370	-
Land management	-	2,821	2,820	3,400	2,820	11,861	6,159
Legal	-	532	532	23,143	532	24,739	9,472
Magnetic / IP survey	-	3,649	-	16,019	5,422	25,090	-
Maps, logs and related costs	-	2,722	4,242	5,226	4,858	17,048	19,538
Professional and consulting	-	-	-	-	-	-	300
Project management	-	15,000	-	15,000	-	30,000	30,000
Transportation	-	10,124	3,881	754	4,580	19,339	29,724
	-	374,450	75,600	152,402	47,410	649,862	808,745
LESS: WRITE-OFF	(2,805,797)	-	-	-	-	(2,805,797)	-
	(2,805,797)	374,450	75,600	152,402	47,410	(2,155,935)	808,745
BALANCE - END OF YEAR	524,202	379,857	75,600	152,402	47,410	1,179,471	3,335,406

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral properties and deferred exploration costs represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs for the 2005 fiscal year. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. CHANGE IN ACCOUNTING POLICY

Effective May 1, 2003, the Company prospectively adopted the fair value method of accounting for stock options granted to employees and directors, as recommended by Section 3870 *Stock-Based Compensation and Other Stock Based Payments* of the Canadian Institute of Chartered Accountants' Handbook ("CICA 3870"). CICA 3870 provides alternative methods of transition for the adoption of the fair value method and, as permitted, the Company has elected prospective application, which allows the fair value method to be applied to stock options granted, modified or settled on or after May 1, 2003 to employees and directors. During the 2003 fiscal year the Company did not grant any stock options. However, it did reprice existing stock options. Pro-forma disclosure for repricing of stock options prior to May 1, 2003, as required by the CICA 3870, had the Company used the fair value method, is presented in Note 6(c).

The fair value of stock options is determined using the *Black-Scholes Option Pricing Model* with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of stock options is determined by the quoted market price of the Company's common shares.

For stock options granted to other than employees and directors, the Company continues to apply the fair value method.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Argentinean subsidiaries, Golden Peaks Argentina S.A. and Golden Peaks Minera S.A. Intercompany balances and transactions are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Cash Equivalents

Cash includes cash and short-term deposits maturing within 90 days of the original date of acquisition.

Marketable Securities

Marketable securities are recorded at the lower of cost and market value.

Mineral Properties and Deferred Exploration Costs

Mineral property costs and exploration, development and field support costs directly relating to mineral properties are deferred until the property to which they directly relate is placed into production, sold or abandoned. The deferred costs will be amortized over the useful life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company also accounts for foreign value added taxes paid as part of mineral properties and deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in carrying costs of mineral properties and deferred costs.

From time to time, the Company acquires or disposes of properties pursuant to the terms of options agreements. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

Equipment

Equipment is depreciated based on estimated useful life using the straight-line method at annual rates of between 20% and 25%.

Foreign Currency Translation

Monetary assets and liabilities are translated into Canadian dollars at the balance sheet date rate of exchange and non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at appropriate transaction date rates except for depletion and amortization, which are translated at historical rates. Gains and losses in translation are included in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Long-lived Assets Impairment

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants or share option arrangements would be anti-dilutive.

Comparative Figures

Certain of the 2003 fiscal year figures have been reclassified to conform with the presentation used in the current year.

4. MARKETABLE SECURITIES

	2004		2003	
	Number of Shares	Amount $	Number of Shares	Amount $
Resources Investment Trust PLC	19,999	35,423	99,999	209,590

As at April 30, 2004, the quoted market value of the Resources Investment Trust PLC shares was $50,149 (2003 - $209,590).

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	2004			2003		
	Mineral Property	Deferred Exploration Costs *(see schedule)*	Total Costs	Mineral Property	Deferred Exploration Costs	Total Costs
	$	$	$	$	$	$
Sierra de las Minas	475,798	524,202	1,000,000	475,798	3,329,999	3,805,797
Tanque Negro	-	379,857	379,857	-	5,407	5,407
La Fortuna	20,473	75,600	96,073	-	-	-
Nik	-	152,402	152,402	-	-	-
Others	2,731	47,410	50,141	-	-	-
	499,002	1,179,471	1,678,473	475,798	3,335,406	3,811,204

(a) *Sierra de las Minas Project*

The Company and Mitsubishi Materials Corp. ("Mitsubishi") currently hold 56.33% and 43.67% joint venture interests, respectively, in a group of exploration properties, located in Northwest Argentina, known collectively as the Sierra de las Minas Project. The Sierra de las Minas Project covers approximately 14,986 hectares and consists of 26 properties.

In February 2003, the Company received notice from Mitsubishi that it was divesting itself of all junior exploration projects. On April 15, 2004, the Company entered into an agreement with Mitsubishi whereby the Company could acquire a 100% undivided interest in the Corral 1 and Corral Neuvo claims (2,660 hectares) forming part of the Sierra de las Minas Project. Under the terms of the agreement the Company is required to expend US $100,000 on exploration by April 1, 2006.

No exploration was conducted on the Sierra de las Minas Project during the 2004 fiscal year.

During the 2004 fiscal year, the carrying cost of the Sierra de las Minas Project was reviewed and a decision made to write-down the carrying cost by $2,805,797 to $1,000,000, to better reflect management’s estimate of the intrinsic value of the Sierra de las Minas Project.

(b) *Tanque Negro Project*

In February 2003, the Company entered into an option agreement to acquire up to 100% of the Tanque Negro Property from Rio Tinto Mining and Exploration Ltd (“Rio Tinto”). The Tanque Negro Property covers 1,600 hectares and is located in the province of Rio Negro, Argentina, The Company may acquire an initial 70% interest in the property by expending US $1 million on exploration and making option payments totalling US $70,000, as follows:

Date	Option Payments US $	Work Expenditures US $	
September 13, 2003	-	100,000	(incurred)
September 13, 2004	-	200,000	
September 13, 2005	30,000	300,000	
September 13, 2006	40,000	400,000	
	70,000	1,000,000	

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)

Upon earning the initial 70% interest, the Company may elect to earn a 100% interest in the property by completing a bankable feasibility study over three years, or may elect to fund its 70% share of a joint venture with Rio Tinto. If the Company acquires a 100% interest in the property, Rio Tinto will retain a 2% net smelter royalty, half of which can be purchased for US $1 million within 90 days of the completion of the bankable feasibility study.

Subsequent to April 30, 2004, the Company incurred sufficient work expenditures to meet the September 13, 2004 commitment.

(c) *La Fortuna Property*

In January 2004, the Company entered into an option agreement to acquire a 100% interest in the La Fortuna Property, covering approximately 5,000 hectares, located in the province of Chubut, Argentina. The Company may acquire a 100% interest in the property by making option payments totalling US $350,000 over three years as follows:

Date	**Option Payments** US $	
December 19, 2003	15,000	(paid)
June 19, 2004	15,000	
December 19, 2004	50,000	
December 19, 2005	100,000	
December 19, 2006	170,000	
	350,000	

The Company is also required to pay US $1 per ounce of proven economically recoverable gold or silver equivalent to a maximum of US $4 million. A minimum of US $1 million is payable after 3.5 years. The remaining monies are payable if and when additional ounces of proven and economically recoverable gold or silver equivalent are identified.

Subsequent to April 30, 2004, the Company paid the US $15,000 option payment due on June 19, 2004.

(d) *Nik Claim*

The Nik Claim consists of one cateo acquired by the Company, comprising 2,900 hectares located in the province of La Rioja, Argentina.

6. SHARE CAPITAL

Authorized - 100,000,000 common shares without par value

Issued -	2004		2003	
	Shares	$	Shares	$
Balance - beginning of year	15,829,946	9,099,503	15,765,946	9,064,303
Issued during the year				
For cash				
Private placement	4,189,998	4,189,998	64,000	35,200
Less share issue costs	-	(275,085)	-	-
	4,189,998	3,914,913	64,000	35,200
Balance - end of year	20,019,944	13,014,416	15,829,946	9,099,503

(a) During the 2004 fiscal year, the Company completed a brokered private placement of 4,189,998 units at $1.00 per unit for $4,189,998 gross proceeds. Each unit comprised one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of two years, at a price of $1.25 per share on or before April 8, 2005 and at $1.50 on or before April 8, 2006. 640,000 units were purchased by directors of the Company. The Company paid $205,250 commission and incurred $69,835 of costs relating to the financing. The Company has also granted warrants to the broker to purchase 205,250 common shares on the same terms and basis as the private placement warrants.

The Company applied the residual approach and allocated the total proceeds of $4,189,998 to the common shares and $nil to the warrants.

(b) During the 2003 fiscal year, the Company completed a non-brokered private placement of 64,000 units at $0.55 per unit for proceeds of $35,200. Each unit comprised one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.69 per share on or before April 3, 2005. All of the private placement was purchased by directors of the Company.

The Company applied the residual approach and allocated the total proceeds of $35,200 to the common shares and $nil to the warrants.

6. SHARE CAPITAL (continued)

(c) A summary of the Company's stock options at April 30, 2004 and 2003 and the changes for the years ending on those dates is presented below:

	2004		2003	
	Options Outstanding	**Weighted Average Exercise Price $**	**Options Outstanding**	**Weighted Average Exercise Price $**
Balance, beginning of year	1,005,000	0.85	1,005,000	0.85
Granted	650,000	0.61	-	-
Cancelled / expired	(1,030,000)	0.84	-	-
Balance, end of year	625,000	0.62	1,005,000	0.85

The following table summarizes information about the stock options outstanding and exercisable at April 30, 2004:

Exercise Price $	**Options Outstanding**	**Expiry Date**
0.85	25,000	June 30, 2005
0.56	400,000	October 24, 2005
0.70	200,000	January 6, 2006
	625,000	

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the 2004 fiscal year:

Risk-free interest rate	2.5% - 3.15%
Estimated volatility	82% - 100 %
Expected life	1 year
Expected dividend yield	0%

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the period to the Company’s employees, directors and consultants was $0.32 per share.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

No stock options were granted by the Company during the 2003 fiscal year. However the Company repriced 1,080,000 stock options, from original prices ranging from $1.15 per share to $1.25 per share, to $0.85 per share, with expiry dates of October 18, 2003 and April 15, 2004. For stock-based compensation granted to consultants and other non-employees, the Company recognized compensation expense of $2,673 for the repriced stock options.

6. SHARE CAPITAL (continued)

As the Company did not adopt the fair value method of accounting for stock options granted to employees and directors prior to May 1, 2003, Section 3870 requires disclosure of pro-forma amounts that reflect the impact as if the Company had adopted the fair value based method of accounting. Had compensation costs for the Company's repriced stock options been accounted for under the fair value method, the Company's net loss and loss per share for the 2003 fiscal year would have increased as follows:

	$
Net loss	
- as reported	(270,106)
- pro-forma	(349,371)
Basic and diluted loss per common share	
- as reported	(0.02)
- pro-forma	(0.02)

The fair value of repriced stock options is estimated on the date of repricing using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.92% - 4.21%
Estimated volatility	110%
Expected life	2 years
Expected dividend yield	0%

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, repriced during the 2003 fiscal year to the Company's employees, directors and consultants was $0.34 per share.

(d) As at April 30, 2004, the Company had outstanding warrants issued pursuant to private placements, which may be exercised to purchase 5,751,728 shares. The warrants expire at various times until April 8, 2006 and may be exercised at prices ranging from $0.69 per share to $2.00 per share.

Details of warrants outstanding are as follows:

	2004 Warrants Outstanding	2003 Warrants Outstanding
Balance, beginning of year	1,356,480	1,292,480
Issued pursuant to private placements	4,395,248	64,000
Balance, end of year	5,751,728	1,356,480

6. SHARE CAPITAL (continued)

The following table summarizes information about the warrants outstanding and exercisable at April 30, 2004:

Warrants Outstanding	Exercise Price	Expiry Date
208,000	$1.50	December 24, 2004
625,000	$1.50	February 8, 2005
459,480	$2.00	March 28, 2005
64,000	$0.69	April 3, 2005
4,395,248	$1.25 / $1.50	April 8, 2005 / April 8, 2006
5,751,728		

(e) See also Note 12.

7. RELATED PARTY TRANSACTIONS

a) During the 2004 fiscal year the Company was charged $79,237 (2003 - $79,327) by companies controlled by certain directors of the Company for accounting, administrative and management services provided. The Company was also charged $154,000 (2003 - $184,000) by companies controlled by directors for project supervision and management and directors fees. As at April 30, 2004, $15,342 remained unpaid and is included in accounts payable and accrued liabilities.

b) As at April 30, 2004, amounts receivable and prepaids include $10,000 for prepayment of management fees to a corporation owned by the Chairman of the Company.

c) See also Note 6(a) and (b).

8. COMMITMENT

The Company is a party to an office lease agreement that requires minimum lease payments. The Company's 50% share under the agreement is as follows:

Year	$
2005	19,182
2006	19,182
2007	19,462
2008	20,020
	77,846

9. INCOME TAXES

As at April 30, 2004, the Company has non-capital losses of approximately $1,955,000 and cumulative exploration, development and depletion expenses, undepreciated capital costs and other deductions of approximately $4,058,000 carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2005 through 2014. The cumulative exploration, development and depletion expenses, undepreciated capital costs and other deductions can be carried forward indefinitely.

Future income tax benefits which may arise as a result of these losses have not been recognized in these financial statements as their realization is unlikely.

10. FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, amounts receivables and accounts payable approximate their fair values. The quoted market value of marketable securities at April 30, 2004 was $50,149.

The Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company may be subject to significant currency risk due to the fluctuations of exchange rate between the Canadian dollars and the currency of the country in which the Company operates. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

11. SEGMENTED INFORMATION

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. The Company's current mineral properties are located in Argentina and its corporate assets are located in Canada.

	2004		
	Corporate $	Mineral Operations $	Consolidated $
Identifiable assets			
Current assets	4,589,562	37,768	4,627,330
Equipment	11,855	7,884	19,739
Mineral properties and deferred exploration costs	-	1,678,473	1,678,473
	4,601,417	1,724,125	6,325,542
Mineral property and deferred exploration costs additions	-	673,066	673,066

11. SEGMENTED INFORMATION (continued)

	2003		
	Corporate $	Mineral Operations $	Consolidated $
Identifiable assets			
Current assets	1,743,283	24,824	1,768,107
Equipment	12,038	8,378	20,416
Mineral properties and deferred exploration costs	-	3,811,204	3,811,204
	1,755,321	3,844,406	5,599,727
Mineral property and deferred exploration costs additions	-	824,301	824,301

12. SUBSEQUENT EVENTS

On September 1, 2004, the Company granted stock options to directors, employees and consultants to purchase 600,000 common shares of the Company at an exercise price of $1.00 per share, expiring September 1, 2005.

See also Note 5(b) and (c).

GOLDEN PEAKS RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2004

Background

This discussion and analysis of financial position and results of operation is prepared as at September 13, 2004 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended April 30, 2004 and 2003 of Golden Peaks Resources Ltd. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com .

Company Overview

The Company's shares are listed and posted for trading on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer, under the symbol "GL". The Company is involved in mineral exploration, with its primary assets located in Argentina. The Company intends to continue exploring for economic gold and silver mineralization in Argentina. The Company's corporate strategy is to acquire, or have the right to acquire, interests in advanced projects which have the potential to host large, high-grade gold deposits. The Company has assembled a portfolio of Argentine mineral properties which meet these criteria, and is continuing to aggressively pursue additional properties of merit in Argentina.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proved reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Exploration Projects

Nik Project, La Rioja Province, Argentina

The Nik Project is located in the province of La Rioja, Argentina. The Company has recently consolidated its interests in the Nik Project, which covers the JV district as well as the intersection of the Vallecito Structural Zone (a regional mineralized structure) and the range front fault of the Sierra de las Minas massif. The Company owns a 100% interest in one permit (2,900 hectare) and may acquire a 100% interest in another two permits (2,660 hectares) by spending US $100,000 on exploration by April 1, 2006. Gold mineralization in the JV district is peripheral and tensional to the intersection of the Vallecito Structural Zone and the range front fault of the Sierra de las Minas massif. This structural intersection is located at the center of a 5 kilometer diameter aeromagnetic structure, possibly representing an intrusive/volcanic center of Tertiary age. In 2003, the structural intersection was surveyed with ground magnetics and induced polarization. The greatest structural complexity occurs within the central 1.5 kilometer segment where the principal structures intersect. Induced polarization shows chargeability responses associated with all of the target structures interpreted from magnetics. These targets have never been drilled. A diamond drilling program is planned.

La Fortuna Project, Chubut Province, Argentina

In January 2004 the Company announced that it had entered into an agreement to acquire a 100% interest in the La Fortuna Project, located in the province of Chubut, Argentina. Under the terms of the option agreement the Company may acquire a 100% interest in the La Fortuna Project by making option payments totaling US $350,000 over three years and paying US $1 per ounce of proven and economically recoverable Au or Ag equivalent to a maximum of US $4 million. The option is deemed to be exercised after 5 years. A minimum of US$1 million is payable after 3.5 years. The remaining monies are payable if and when additional ounces of proven and economically recoverable Au or Ag equivalent are identified.

The property, which covers approximately 5,000 hectares, is highly prospective for epithermal gold-silver mineralization. Two large gold-mineralized structures (the CB (1,200 meters long) and CR (2,700 meters long)) were initially recognized and major new structures were identified for ground follow-up through analysis of satellite imagery. All of the structures have associated gold-in-stream sediment anomalies.

In February 2004, the Company conducted confirmation sampling on the CR structure. This sampling confirmed the gold bearing character of the 2,700 meter long structure. The structure comprises quartz veining, brecciation and silicification. Primary sulphides are rare but the structure is heavily gossaned after sulphides. The B zone is variably developed across a width of approximately 500 meters suggesting a significant zone of dilation on the structure. Overall, the results of the Company's sampling are equal to or better than the historical samples obtained by Minera Mincorp S.A.

In July 2004, the Company discovered a new gold mineralized structure on the La Fortuna Project. The A structure was identified through analysis of satellite imagery, and was confirmed through ground prospecting and mapping. The structure lies to the north of the CB and CR structures. The A structure is approximately 5 kilometers long. Exposure is limited because of extensive talus cover. Different styles of mineralization have been identified along the structure ranging from strong silicification in the northwest through quartz veins/breccia in the central sector to high level clay alteration with anomalous gold at the southeast end. The central sector appears to be the best mineralized, however, this may be a function of exposure. Wider zones of low grade gold are found at the southeast end.

The new discovery greatly enhances the prospectivity of the La Fortuna Project. Three significant gold mineralized structures (the A, CR and CB) have now been identified and all will be surveyed with ground geophysics to help define targets prior to drilling. Exploration results continue to clearly indicate the potential of the La Fortuna Project to host a large gold deposit(s) comparable in size to those at Cerro Vanguardia and at Esquel.

A program of prospecting/sampling in previously unexplored areas, and following up gold-in-stream sediment anomalies and new targets identified through analysis of satellite imagery has been completed. Assay results from this program will be announced when received and evaluated.

Tanque Negro Project, Rio Negro Province, Argentina

The 2003 reconnaissance diamond drilling program was undertaken on widely spaced targets on the SP, S1, S3, S4, S5, S6 and S7 structures. The seven structures exhibit highly anomalous pathfinder geochemistry (gold + mercury + arsenic + antimony + tellurium), clay alteration, silicification and/or quartz veining. Chalcedony, crustiform-colloform banding and platy calcite replacement also occur locally indicating the surface mineralization is relatively high in the epithermal system and above the level at which high grade gold-silver mineralization might occur. All but one of the structures (S7) lie within a wide, north trending magnetic low (2,400 meters long and varying in width from 500 meters in the south to 1,200 meters in the north). North trending chargeability zones are associated with the structures. The best results were obtained from the S1, SP and S4 structures. Because of the wide spacing of these initial holes significant lengths of the structures remain untested and it is likely that other significant intersections will be obtained in future drilling.

Hole TNDH-10, the only hole drilled on the 2 kilometer long S1 structure, tested a wide zone of very heavily oxidized silicification, brecciation and clay alteration interpreted to be a vertical structure. The hole intersected a 0.12 g/t gold & 6.00 g/t silver over 46.1 meters which is significantly better and wider than was obtained at surface. Additional drilling is required to evaluate the zone and to test for high-grade gold-silver mineralization.

Hole TNDH-1, drilled near the north end of the 1 kilometers long SP structure, intersected an east dipping (+/- 20deg.) zone of black sulphidic alteration with internal bands/bodies of black vuggy silica. The surface mineralization (4.34 g/t gold & 70.5 g/t silver over 3.0 meters including 9.14 g/t gold over 1.0 meter and 200 g/t silver over 1.0 meter) was interpreted to be a part of this stratiform mineralization. Holes TNDH-2 and 3, drilled on section with TNDH-1, intersected 32 meters and 24 meters respectively of similar material. The zone carries highly anomalous gold, silver and mercury values associated with dickite alteration. Additional drilling is required.

Hole TNDH-5, drilled 170 meters east of TNDH-4 and 450 meters south of holes TNDH-1, 2 and 3, intersected 25.1 meters of mineralization similar to that in TNDH-1, 2 and 3. The indications are the stratiform mineralization is wide and laterally extensive. It does not carry significant mineralization where drilled, however, the zone requires further testing as it is developed in a regionally extensive and permissive ignimbrite unit.

Hole TNDH-11 tested a wide zone of silicification, brecciation and clay alteration on the S4 structure, approximately 1 kilometer north of TNDH-10. Geologically, the structure is similar to that tested by TNDH-10 and two wide zones (11.85 and 20.10 meters) of elevated silver values were intersected. This is the only hole drilled on the 600 meter long structure which appears to be a faulted offset of the S1 structure. Additional drilling is required to test for high-grade gold-silver mineralization deeper in the structure.

A PIMA survey of drill core in 2004 identified the presence of dickite in holes TNDH-2 and 3. This may be indicative of high-sulphidation mineralization. This is particularly encouraging as these two holes, drilled on section and 100 meters apart, intersected a wide replacement zone (up to 32 meters true width) of black sulphidic alteration with internal bands/bodies of black vuggy silica in porous volcanics. The zone carries highly anomalous gold, silver and mercury values associated with dickite alteration.

Also in 2004, a reconnaissance pole-dipole survey (induced polarization/resistivity) was completed over portions of the main mineralized structures.. This survey method, which is appropriate to test for large mineralized targets at moderate depths, was designed to map the structures to depths of up to 300 meters and to enhance existing drill targets on the. The data indicates potentially significant resistivity and/or chargeability responses associated with the known structures. The survey also identified two new areas of interest in a previously un-surveyed portion of the property. As a result the geophysical survey has been expanded:

- The ground magnetic survey has been expanded to map hitherto un-surveyed portions of the mineralized system, as well as to map new areas of interest indicated by the reconnaissance pole-dipole survey.

- Additional lines of IP/R are being surveyed to give complete coverage of the mineralized structures.

Golden Project, Chubut Province, Argentina

The Company owns a 100% interest in the 2,000 hectare property which lies at an altitude of approximately 1,100 meters ASL and is road accessible. The Golden Project is located approximately 35 kilometres southwest of the Navidad prospect (IMA Exploration Inc.) and in the same geological province.

To date, there has been very limited prospecting on the property. Outcrop is limited, however, numerous barite veins and epithermal chalcedonic quartz veins have been found. Five prospecting samples from quartz veining returned gold values ranging from 0.03 to 0.16 g/t gold; 4.5 to 18.3 g/t silver; and 50 to 4550 ppm mercury. Limited, reconnaissance, ground magnetic and induced polarization surveys (400 meter spaced lines) have been completed. Prominent NW-trending and N-trending magnetic structures are associated with the quartz and barite veining, and there are local induced polarization and resistivity responses.

The Company plans further exploration to identify diamond drill targets.

La Dorada Property, Nequen Province, Argentina

In April 2004, the Comapny entered into an option agreement to acquire a 100% interest in the La Dorada Property, located in the province of Neuquen, Argentina. Under the terms of the option agreement the Company may acquire a 100% interest in the property by making option payments totaling US $400,000 over six years. If the option is exercised the vendor will retain a 1.2% NSR which may be purchased at any time for US $1 million.

The La Dorada Property lies on the east margin of the Loncoupe graben. There is an old adit in one locale as well as evidence of historical placer workings. Spoil at the adit entrance consists of semi-massive to massive pyrite with minor specularite, galena and sphalerite. The Company has conducted limited sampling on the property and is in the process of compiling the historic data. One gold-silver mineralized structure is currently recognized. This structure varies from 1.0 to 6.0 meters in width and is at least 600 meters long.

The property has never been drilled or surveyed with geophysics. The Company plans a program of mapping, prospecting and geophysical surveys (magnetics/induced polarization) prior to diamond drilling. A number of diamond drill targets have already been identified and the exploration program is expected to generate additional drill targets.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Years Ended April 30,		
	2004 $	**2003 $**	**2002 $**
Operations:			
Revenues	-	-	-
Income (loss)	(3,318,066)	(270,106)	(369,357)
Basic and diluted income (loss) per share	(0.21)	(0.02)	(0.03)
Dividends per share	-	-	-
Balance Sheet:			
Working capital	4,570,961	1,635,047	2,694,778
Total assets	6,325,542	5,599,727	5,991,982
Total long-term liabilities	-	-	-

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2004				Fiscal 2003			
	Apr. 30 $	**Jan. 31 $**	**Oct. 31 $**	**Jul. 31 $**	**Apr. 30 $**	**Jan. 31 $**	**Oct. 31 $**	**Jul. 31 $**
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(147,878)	(3,011,660)	(104,208)	(54,320)	(86,392)	(57,950)	(85,856)	(39,908)
Basic and diluted loss per share	(0.01)	(0.19)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital	4,570,961	871,631	1,037,868	1,445,389	1,635,047	1,781,252	2,060,944	2,494,546
Total assets	6,325,542	2,501,830	5,441,241	5,532,373	5,599,727	5,723,778	5,763,426	5,854,276
Total long-term liabilities	-	-	-	-	-	-	-	-

Results of Operations

During Fiscal 2004, the Company reported a loss of $3,318,066, an increase in loss of $3,047,960 from the loss of $270,106 in Fiscal 2003. The major factor for the increase in loss experienced in 2004 was due to the $2,805,797 write-down of the Sierra de las Minas Project and the $21,127 provision in the Company's holdings in marketable securities. In addition, the Company experienced a foreign exchange loss of $9,457 in 2004, compared to a foreign exchange gain of $43,628 in 2003, which arose due to the fluctuations in the Argentinean peso to the Canadian dollar.

During Fiscal 2004, the Company incurred $517,934 in general and administrative expenses, an increase of $184,282 from the $333,652 reported in 2003. The increase is attributable directly due to the accounting recognition in Fiscal 2004 of $205,659 of non-cash stock-based compensation arising from the granting of stock options. Only $2,673 was recognized in Fiscal 2003. Directors fees paid in Fiscal 2004 decreased by $30,000, from $70,000 in Fiscal 2003 to $40,000 in Fiscal 2004. All other expenditures remained relatively stable.

During Fiscal 2004, the Company sold 80,000 shares of Resources Investments Trust PLC ("Resources Trust") for net proceeds of $153,040. In addition, the Company recorded a provision of $21,127 to reflect the decrease in the market value of the investment in the shares of Resources Trust during Fiscal 2004. As at April 30, 2004, the quoted market value of the remaining shares of Resources Trust was $50,149 compared to a carrying value of $35,423.

In Fiscal 2004, the Company incurred $152,402 in exploration expenditures on the Nik Claim, $374,450 on the Tanque Negro Project, $75,600 on the La Fortuna Project and $47,410 on other minor properties. Detailed discussion of the Company's exploration activities conducted are discussed in "Exploration Projects".

Financial Condition / Capital Resources

The Company's practice is to proceed with staged exploration, where each stage is dependent on the successful results of the preceding stage. To date the Company has not received any revenues from its mining activities and has relied on equity financing to fund its commitments and discharge its liabilities as they come due. As of April 30, 2004, the Company had a working capital of $4,570,961. The Company believes that it has sufficient working capital to meet the anticipated cost of all its future exploration programs on the Nik Claim, Tanque Negro Project, and La Fortuna Project and corporate overhead requirements through 2005. However, results from its exploration programs and/or additional mineral property acquisitions may result in additional financial requirements. If needed, the Company would be required to conduct additional financings, however, there is no assurance that funding will be available on terms acceptable to the Company or at all. If such funds cannot be secured, the Company may be forced to curtail additional exploration efforts to a level for which funding can be secured or relinquish certain of its properties.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Notes 2 and 3 to the April 30, 2004 audited consolidated financial statements.

Changes in Accounting Policies

Effective May 1, 2003, the Company prospectively adopted the fair value method of accounting for stock options granted to employees and directors, as recommended by Section 3870 *Stock-Based Compensation and Other Stock Based Payments* of the Canadian Institute of Chartered Accountants' Handbook ("CICA 3870"). CICA 3870 provides alternative methods of transition for the adoption of the fair value method and, as permitted, the Company has elected prospective application, which allows the fair value method to be applied to stock options granted, modified or settled on or after May 1, 2003 to employees and directors.

Transactions With Related Parties

During Fiscal 2004, the Company was charged $79,237 (2003 - $79,327) by companies controlled by certain directors of the Company for accounting, administrative and management services provided. The Company was also charged $154,000 (2003 - $184,000) by companies controlled by directors for project supervision and management and directors fees. As at April 30, 2004, $15,342 remained unpaid and is included in accounts payable and accrued liabilities.

As at April 30, 2004, amounts receivable and prepaids include $10,000 for prepayment of management fees to a corporation owned by the Chairman of the Company.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Argentina and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Investor Relations Activities

The Company did not engage any outside consultants to provide investor relations activities during Fiscal 2004. All investor relations activities are provided by the Company's officers and employees.

Outstanding Share Data

The Company's authorized share capital is 100,000,000 common shares without par value. As at April 30, 2004, there were 20,019,944 issued common shares compared to 15,829,946 shares outstanding at April 30, 2003, reflecting the issuance of 4,189,998 shares on a private placement. As at April 30, 2004, there were 625,000 stock options outstanding and exercisable, with exercise prices ranging from $0.56 to $0.85 per share. In addition there were 5,751,728 warrants outstanding, with exercise prices ranging from $0.69 to $2.00 per share.