

BC Form 51-901F

QUARTERLY REPORT

Incorporated as part of:

Schedule A

Schedules B & C

(place x in appropriate category)

ISSUER DETAILS:

NAME OF ISSUER

GOLDEN PEAKS RESOURCES LTD.

ISSUER ADDRESS

#1400 - 1166 ALBERNI STREET
VANCOUVER, BC V6E 3Z3

ISSUER TELEPHONE NUMBER

(604) 689-4006

ISSUER FAX NUMBER

(604) 689-4026

CONTACT PERSON

MR. SCOTT EMERSON

CONTACT'S POSITION

CHAIRMAN

CONTACT'S TELEPHONE NUMBER

(604) 689-4006

CONTACT'S E-MAIL ADDRESS

se@goldenpeaks.com

WEBSITE

goldenpeaks.com

FOR QUARTER ENDED

JULY 31, 2003

DATE OF REPORT

SEPTEMBER 26, 2003

CERTIFICATE

THE THREE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY 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.

SCOTT EMERSON

"Scott Emerson"

03/09/26

NAME OF DIRECTOR

SIGN (TYPED)

DATE SIGNED (YY/MM/DD)

KIERAN DOWNES

"Kieran Downes"

03/09/26

NAME OF DIRECTOR

SIGN (TYPED)

DATE SIGNED (YY/MM/DD)

(Signatures for this Form should be entered in TYPED form)

GOLDEN PEAKS RESOURCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JULY 31, 2003

(Unaudited - Prepared by Management)

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	As at July 31, 2003 \$	As at April 30, 2003 \$ (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,318,838	1,526,546
Amounts receivable and prepaids	41,154	31,971
Marketable securities	<u>205,423</u>	<u>209,590</u>
	1,565,415	1,768,107
EQUIPMENT	19,570	20,416
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Note 3)	<u>3,947,388</u>	<u>3,811,204</u>
	<u><u>5,532,373</u></u>	<u><u>5,599,727</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>120,026</u>	<u>133,060</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	9,099,503	9,099,503
CONTRIBUTED SURPLUS	25,826	25,826
DEFICIT	<u>(3,712,982)</u>	<u>(3,658,662)</u>
	<u>5,412,347</u>	<u>5,466,667</u>
	<u><u>5,532,373</u></u>	<u><u>5,599,727</u></u>

APPROVED BY THE BOARD

"Scott Emerson" , Director

"Kieran Downes" , Director

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

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED JULY 31
(Unaudited - Prepared by Management)

	2003 \$	2002 \$
REVENUE		
Interest and other income	<u>8,383</u>	<u>6,096</u>
EXPENSES		
Accounting	3,420	3,250
Administrative and management fees	15,000	15,000
Amortization	2,138	4,326
Audit and legal	338	4,219
Bank charges and interest	224	244
Filing fees and transfer agent	1,111	1,571
Office rent	6,047	5,897
Office and general	7,449	10,774
Shareholder communications	2,373	1,551
Salaries and benefits	14,372	15,482
Travel and related costs	<u>244</u>	<u>-</u>
	<u>52,716</u>	<u>62,314</u>
LOSS BEFORE THE FOLLOWING	(44,333)	(56,218)
GAIN ON SALE OF MARKETABLE SECURITIES	-	3,919
PROVISION ON MARKETABLE SECURITIES	(4,167)	-
FOREIGN EXCHANGE GAIN (LOSS)	<u>(5,820)</u>	<u>12,391</u>
LOSS FOR THE PERIOD	(54,320)	(39,908)
DEFICIT - BEGINNING OF PERIOD	<u>(3,658,662)</u>	<u>(3,388,556)</u>
DEFICIT - END OF PERIOD	<u><u>(3,712,982)</u></u>	<u><u>(3,428,464)</u></u>
BASIC AND DILUTED LOSS PER SHARE	<u><u>\$(0.003)</u></u>	<u><u>\$(0.003)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u><u>15,829,946</u></u>	<u><u>15,765,946</u></u>

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

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 31
(Unaudited - Prepared by Management)

	2003 \$	2002 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Loss for the period	(54,320)	(39,908)
Items not involving cash		
Amortization	2,138	4,326
Provision on marketable securities	4,167	-
Gain on sale of marketable securities	-	(3,919)
	<u>(48,015)</u>	<u>(39,501)</u>
Increase in amounts receivable and prepaids	(9,183)	(4,457)
Decrease in accounts payable and accrued liabilities	(13,034)	(97,798)
	<u>(70,232)</u>	<u>(141,756)</u>
INVESTING ACTIVITIES		
Expenditures on mineral properties and deferred exploration costs	(135,460)	(161,483)
Purchase of equipment	(2,016)	(3,167)
Proceeds from sale of marketable securities	-	669,252
	<u>(137,476)</u>	<u>504,602</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(207,708)	362,846
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>1,526,546</u>	<u>2,069,312</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>1,318,838</u></u>	<u><u>2,432,158</u></u>
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	411,716	1,548,673
Term deposits	907,122	883,485
	<u><u>1,318,838</u></u>	<u><u>2,432,158</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
INTEREST PAID IN CASH	<u>-</u>	<u>-</u>
INCOME TAXES PAID IN CASH	<u>-</u>	<u>-</u>

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

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS
FOR THE THREE MONTHS ENDED JULY 31
(Unaudited - Prepared by Management)

	2003			2002	
	Sierra de las Minas \$	Tanque Negro \$	Ely \$	Total \$	Total \$
EXPENDITURES DURING THE PERIOD					
Accounting and audit	4,225	960	-	5,185	4,777
Airfares and travel	817	18,792	-	19,609	18,453
Amortization	724	-	-	724	-
Assaying	7,816	-	-	7,816	42,095
Backhoe	-	-	-	-	1,662
Communications	-	1,332	-	1,332	760
Equipment and supplies	469	2,084	-	2,553	918
Field personnel and supervision	11,527	51,836	-	63,363	53,806
Geochemistry	2,067	-	-	2,067	-
IVA refundable tax	605	1,092	-	1,697	10,787
Satellite imaging	-	2,396	2,396	4,792	-
Land management	470	3,939	-	4,409	484
Legal	-	-	-	-	1,566
Maps, logs and related costs	693	3,963	-	4,656	6,420
Professional fees and consulting	-	-	-	-	300
Project management fees	7,500	-	-	7,500	7,500
Transportation	690	9,791	-	10,481	9,297
	37,603	96,185	2,396	136,184	158,825
BALANCE - BEGINNING OF PERIOD	3,329,999	5,407	-	3,335,406	2,526,661
BALANCE - END OF PERIOD	3,367,602	101,592	2,396	3,471,590	2,685,486

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

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2003
(Unaudited - Prepared by Management)

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of the interim consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	July 31, 2003			April 30, 2003		
	Mineral Property	Deferred Exploration Costs <i>(see schedule)</i>	Total Costs	Mineral Property	Deferred Exploration Costs	Total Costs
	\$	\$	\$	\$	\$	\$
Sierra de las Minas	475,798	3,367,602	3,843,400	475,798	3,329,999	3,805,797
Tanque Negro	-	101,592	101,592	-	5,407	5,407
Ely	-	2,396	2,396	-	-	-
	<u>475,798</u>	<u>3,471,590</u>	<u>3,947,388</u>	<u>475,798</u>	<u>3,335,406</u>	<u>3,811,204</u>

(a) *Sierra de las Minas Project*

Subject to final adjustments, the Company and Mitsubishi Materials Corp. ("Mitsubishi") currently hold 70% and 30% 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 13,389 hectares and consists of 31 properties.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2003
(Unaudited - Prepared by Management)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)

In February 2003, the Company received notice from Mitsubishi that it was divesting itself of all junior exploration projects and, accordingly, it is implementing a program to conduct an orderly sale of its junior resource properties. As a result, Mitsubishi is not participating in the funding of the Phase V program. Mitsubishi's interest will be diluted in accordance with the joint venture agreement as exploration continues to be conducted.

Production royalties, ranging between 3% - 5%, are payable from various properties within the Sierra de las Minas Project.

(b) *Tanque Negro Property*

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, all over a four year period. 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.

Minimum work expenditures of US \$100,000 are required to be incurred by the Company in the 2004 fiscal year.

(c) *Ely Property*

In May 2003, the Company entered into option agreements to acquire 50% interests in up to four mineral concessions, covering 26,494 hectares, located in the province of Rio Negro, Argentina. The Company may acquire the 50% interests in the concessions by expending up to US \$1,000,000 over a three year period. The initial budget is US \$57,500. The Company has sixty days following completion of the initial budget in which to elect to continue exploration. If the Company elects to continue exploration, the minimum aggregate work expenditures of US \$200,000, including the initial budget of US \$57,500, are required to be incurred by the Company by May 13, 2004.

4. STOCK-BASED COMPENSATION

During the three months ended July 31, 2003, the Company granted 25,000 stock options to an employee. The options are exercisable at \$0.85 per share on or before June 30, 2005.

As the Company did not adopt the fair value method of accounting for stock options granted to employees and directors, 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 stock options granted to the employee been accounted for under the fair value method, the Company's net loss and loss per share would have increased as follows:

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2003
(Unaudited - Prepared by Management)

4. STOCK-BASED COMPENSATION (continued)

	2003
	\$
Net loss	
- as reported	(54,320)
- pro-forma	(63,554)
Basic and diluted loss per common share	
- as reported	(0.003)
- pro-forma	(0.004)

The fair value of stock options granted to the employee is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.15%
Estimated volatility	100%
Expected life	1 year

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, to the Company's employee was \$0.37 per share.

The Black-Scholes option pricing model was developed for use in estimating the fair value of stock options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

5. SHARE CAPITAL

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

	Number of Shares	Amount \$
Issued:		
Balance - Beginning and end of period	<u>15,829,946</u>	<u>9,099,503</u>

(a) A summary of share option activity during the three months ended July 31, 2003 is as follows:

	Number of Shares	Weighted Average Exercise Price \$
Balance - April 30, 2003	1,005,000	0.85
Granted	<u>25,000</u>	0.85
Balance - July 31, 2003	<u>1,030,000</u>	0.85

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2003
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

The following table summarizes information about the share options outstanding and exercisable at July 31, 2003:

Range of Exercise Prices \$	Number of Options Outstanding and Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise price \$
0.85	425,000	0.21 years	0.85
0.85	580,000	0.71 years	0.85
0.85	<u>25,000</u>	1.92 years	0.85
	<u><u>1,030,000</u></u>		

(b) The following table summarizes information about the warrants outstanding at July 31, 2003:

Number of Warrants Outstanding	Exercise Price \$	Expiry Date
208,000	3.00	Dec. 24/03
625,000	1.40	Feb. 08/04
459,480	3.10	Mar. 28/04
<u>64,000</u>	0.69	Apr. 03/05
<u><u>1,356,480</u></u>		

6. RELATED PARTY TRANSACTIONS

During the three months ended July 31, 2003, the Company was charged \$19,857 (2002 - \$22,275) by companies controlled by certain directors of the Company for accounting, administrative and management services provided. The Company was also charged \$28,500 (2002 - \$22,200) by companies controlled by directors for project supervision and management fees. As at July 31, 2003, \$83,610 remained unpaid and is included in accounts payable and accrued liabilities.

7. 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.

	<u>Three Months Ended July 31, 2003</u>		
	Corporate \$	Mineral Operations \$	Consolidated \$
Identifiable assets			
Current assets	1,533,473	31,942	1,565,415
Equipment	11,030	8,540	19,570
Mineral properties and deferred exploration costs	<u>-</u>	<u>3,947,388</u>	<u>3,947,388</u>
	<u><u>1,544,503</u></u>	<u><u>3,987,870</u></u>	<u><u>5,532,373</u></u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u><u>136,184</u></u>	<u><u>136,184</u></u>

BC Form 51-901F

QUARTERLY REPORT

Incorporated as part of:

 Schedule A

Schedules B & C

(place x in appropriate category)

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NAME OF ISSUER

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ISSUER ADDRESS

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VANCOUVER, BC V6E 3Z3

ISSUER TELEPHONE NUMBER

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CONTACT PERSON

MR. SCOTT EMERSON

CONTACT'S POSITION

CHAIRMAN

CONTACT'S TELEPHONE NUMBER

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se@goldenpeaks.com

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FOR QUARTER ENDED

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DATE OF REPORT

SEPTEMBER 26, 2003

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SCOTT EMERSON

"Scott Emerson"

03/09/26

NAME OF DIRECTOR

SIGN (TYPED)

DATE SIGNED (YY/MM/DD)

KIERAN DOWNES

"Kieran Downes"

03/09/26

NAME OF DIRECTOR

SIGN (TYPED)

DATE SIGNED (YY/MM/DD)

(Signatures for this Form should be entered in TYPED form)

GOLDEN PEAKS RESOURCES LTD.
SUPPLEMENTARY INFORMATION
FOR THE THREE MONTHS ENDED JULY 31, 2003

1.(a) GENERAL AND ADMINISTRATIVE

General and administrative expenses for the three months ended July 31, 2003:

	\$
Accounting	3,420
Administrative and management fees	15,000
Amortization	2,138
Audit and legal	338
Bank charges and interest	224
Filing fees and transfer agent	1,111
Office rent	6,047
Office and general	7,449
Shareholder communications	2,373
Salaries and benefits	14,372
Travel and related costs	244
	<hr/>
	<u>52,716</u>

1.(b) RELATED PARTY TRANSACTIONS

During the three months ended July 31, 2003, the Company was charged \$19,857 (2002 - \$22,275) by companies controlled by certain directors of the Company for accounting, administrative and management services provided. The Company was also charged \$28,500 (2002 - \$22,200) by companies controlled by directors for project supervision and management fees. As at July 31, 2003, \$83,610 remained unpaid and is included in accounts payable and accrued liabilities.

GOLDEN PEAKS RESOURCES LTD.
SUPPLEMENTARY INFORMATION
FOR THE THREE MONTHS ENDED JULY 31, 2003

1.(c) MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	2003				2002
	Sierra de las Minas \$	Tanque Negro \$	Ely \$	Total \$	Total \$
MINERAL PROPERTIES COSTS					
Land payments	-	-	-	-	2,658
Balance - beginning of period	475,798	-	-	475,798	460,242
Balance - end of period	475,798	-	-	475,798	462,900
DEFERRED EXPLORATION COSTS					
Accounting and audit	4,225	960	-	5,185	4,777
Airfares and travel	817	18,792	-	19,609	18,453
Amortization	724	-	-	724	-
Assaying	7,816	-	-	7,816	42,095
Backhoe	-	-	-	-	1,662
Communications	-	1,332	-	1,332	760
Equipment and supplies	469	2,084	-	2,553	918
Field personnel and supervision	11,527	51,836	7,000	63,363	53,806
Geochemistry	2,067	-	-	2,067	-
IVA refundable tax	605	1,092	-	1,697	10,787
Satellite imaging	-	2,396	2,396	4,792	-
Land management	470	3,939	-	4,409	484
Legal	-	-	-	-	1,566
Maps, logs and related costs	693	3,963	-	4,656	6,420
Professional fees and consulting	-	-	-	-	300
Project management fees	7,500	-	-	7,500	7,500
Transportation	690	9,791	-	10,481	9,297
	37,603	96,185	2,396	136,184	158,825
Balance - beginning of period	3,329,999	5,407	-	3,335,406	2,526,661
Balance - end of period	3,367,602	101,592	2,396	3,335,406	2,685,486
TOTAL	3,843,400	101,592	2,396	3,947,388	3,148,386

2.(a) NO SECURITIES WERE ISSUED DURING THE THREE MONTHS ENDED JULY 31, 2003.

GOLDEN PEAKS RESOURCES LTD.
SUPPLEMENTARY INFORMATION
FOR THE THREE MONTHS ENDED JULY 31, 2003

2.(b) OPTIONS GRANTED DURING THE THREE MONTHS ENDED JULY 31, 2003.

<u>Date Granted</u>	<u>Number of Shares</u>	<u>Type of Option</u>	<u>Name</u>	<u>Exercise Price</u> \$	<u>Expiry Date</u>
June 30, 2003	25,000	Employee	Roberto Milanese	\$0.85	June 30, 2005

3.(a) AUTHORIZED AND ISSUED CAPITAL AS AT JULY 31, 2003

<u>Class</u>	<u>Par Value</u>	<u>Authorized Number</u>	<u>Issued</u>	
			<u>Number</u>	<u>Amount</u>
Common	Without Par Value	100,000,000	15,829,946	\$9,099,503

3.(b) OPTIONS AND WARRANTS OUTSTANDING AS AT JULY 31, 2003

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Options	425,000	0.85	October 18, 2003
Options	580,000	0.85	April 15, 2004
Options	<u>25,000</u>	0.85	June 30, 2005
	<u>1,030,000</u>		
Warrants	208,000	3.00	December 24, 2003
Warrants	625,000	1.40	February 8, 2004
Warrants	459,480	3.10	March 28, 2004
Warrants	<u>64,000</u>	0.69	April 3, 2005
	<u>1,356,480</u>		

3.(c) SHARES HELD IN ESCROW OR SUBJECT TO POOLING AS AT JULY 31, 2003

None.

3.(d) LIST OF DIRECTORS AND OFFICERS AS AT JULY 31, 2003

Directors:

Kieran Downes
 Scott Emerson
 Nick DeMare
 Gil Leathley

Officers:

Kieran Downes, President
 Scott Emerson, Chairman and CEO
 Wing Jang, Corporate Secretary

GOLDEN PEAKS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JULY 31, 2003

Description of Business

The Company's shares are listed and posted for trading on the TSX Venture Exchange as a Tier 1 issuer. 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 strategy continues to be the identification and acquisition of exploration opportunities, which have the potential to deliver world-class discoveries.

Properties Update

Sierra de las Minas Project

Between March and May 2003, the Company cut a grid over the intersection of the NW-trending Vallecito Structural Corridor and the NE-trending range front fault of the Sierra de las Minas massif, and completed 60 kilometres of ground magnetics and 10.5 kilometres of induced polarization surveys. Gold mineralization in the JV district is interpreted to be associated with this structural intersection which is overburden covered. Ground magnetics identified a complex of offset and offsetting NE- and NW-trending structures, including a 600 metre long extension of the JV14 structure, as well as the NS structure which lies approximately 700 metres southeast of the JV14 structure and appears to project into the area containing the JV8, JV12 and JV13 zones. The induced polarization survey was carried out to prioritize drill targets. Chargeability zones and polarizable trends have been identified associated with the prominent structures. The geological setting indicates the potential for preserved (not eroded) high-grade gold-bearing quartz vein systems as well as large tonnage porphyry related gold mineralization.

Tanque Negro Property

In April and May 2003, the Company mapped and carried out confirmatory sampling on the main structures. The principal structure SP (the westernmost structure) is 1.0 kilometre long and strikes 010°. Structure S1 (the easternmost structure) is 2.0 kilometres long and strikes 025°. Structures S3 and S4 comprise the central zone and appear to be part of a larger zone intermittently exposed over approximately 2 kilometres. S3 is 800 metres long and strikes 015°. S4 is 600 metres long and strikes 345°. All of the structures are locally offset along late NW- and NE- trending faults. SP and S1 comprise linear zones of vuggy quartz, tens to hundreds of metres long and up to 30 metres wide. These structures have characteristics of high sulphidation, epithermal style mineralization. Kaolinite-alunite alteration is well developed along S1. The S3 and S4 structures comprise epithermal quartz veins/ breccias, locally up to 25 metres wide and flanked by illite-pyrite halos. These structures display characteristics of low sulphidation, epithermal style mineralization. Argillic alteration, in areas between 100 to 250 metres wide, has been mapped around all of the structures. The structures and the alteration are strongly oxidized and leached. Confirmatory sampling over a 600 metre length of SP returned very encouraging values in prospecting samples of up to 8.04 g/t gold and 111.3 g/t silver, and highly anomalous mercury (to 124,000 ppb), antimony (to 2000 ppm) and arsenic (to 157 ppm).

	<u># Samples</u>	<u>Maximum Value</u>	<u>Average Value</u>
Gold	13	8.04 g/t	1.42 g/t
Silver	12	111.30 g/t	17.80 g/t
Mercury	12	124,000 ppb	16,412 ppb
Antimony	10	2000 ppm	245 ppm

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Twenty-six chip samples were collected from intermittent exposures of alteration over a 500 metre length of the SP structure. The better results include (from north to south):

	<u>Gold (g/t)</u>	<u>Silver (g/t)</u>	<u>Width (meters)</u>
	1.62	4.4	3.0
	4.34	70.5	3.0
incl.	9.14	9.8	1.0
incl.	2.28	200.0	1.0
	0.24	200.0	1.5
	0.17	28.6	3.5
	0.36	83.9	1.5
	0.23	79.8	8.0
incl.	0.52	151.7	2.0
incl.	0.18	92.4	2.0
incl.	0.18	73.3	2.0
	0.04	20.1	3.0
	0.16	69.7	4.0
	0.24	23.9	1.0

Prospecting samples from the other structures also returned significantly anomalous values:

- S1: up to 1.27 g/t gold and 44.7 g/t silver, and highly anomalous mercury (up to 19,000 ppb), arsenic (up to 667) and antimony (up to 241 ppm).
- S3: up to 1.51 g/t gold and 22.4 g/t silver, and highly anomalous mercury (up to 1,468 ppb) and arsenic (up to 239 ppm).
- S4: up to 0.15 g/t gold and 12.0 g/t silver, and highly anomalous mercury (up to 14,000 ppb) and arsenic (up to 483 ppm).

In May and June 2003, ground magnetic and induced polarization surveys were performed over the main gold and silver mineralized structures. These surveys show the gold and silver mineralized structures and alteration lie within a wide, north trending magnetic low. This feature is approximately 2,400 metres long and varies in width from 500 metres in the south to 1,200 metres in the north. A broad zone of chargeability, also north trending and coincident with structures S1, S3 and S4, lies within the magnetic low. It is approximately 2,000 metres long and varies in width from 450 metres in the south to 700 metres in the north. It is flanked to the west by high resistivity possibly indicating silicification. The SP structure lies on the flank of a separate north trending zone of chargeability which is also flanked to the west by high resistivity.

In June and July 2003, the Company completed the first phase diamond drilling program. Fourteen (14) reconnaissance holes (1,306.26 metres) were drilled on widely spaced targets on the SP, S1, S3, S4, S5 and S6 structures. Hole TNDH-10, the only hole drilled on the 1 kilometre 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 0.12 g/t gold and 5.92 g/t silver over 46.1 metres.

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Significant Results

Hole #	Assay		Width meters	Interval (m)	
	(g/t gold)	(g/t silver)		from	to
TNDH-1	0.07	15.59	9.65	6.80	16.45
Incl.		22.30	6.20	8.75	14.95
Incl.		32.40	3.85	10.60	14.45
Incl.	0.20		2.05	12.40	14.45
TNDH-2		4.51	19.05	27.75	43.80
Incl.		14.90	3.50	32.80	36.30
Incl.		70.10	0.50	35.80	36.30
TNDH-3	0.21		3.00	57.60	60.60
		1.85	14.50	58.60	73.10
TNDH-4		5.64	4.25	3.20	7.45
TNDH-5		3.52	6.00	44.30	50.30
TNDH-8	0.13	4.34	9.50	97.50	107.00
TNDH-9	0.04	0.95	17.90	46.00	63.90
TNDH-10	0.13	5.33	17.10	32.90	50.00
Incl.	0.45	9.21	4.15	33.90	38.05
		0.46	5.00	54.00	59.00
Incl.	1.10	16.82	2.00		
		0.05	15.00	64.00	79.00
Incl.		16.61	4.00		

Averaging from 32.9 – 79.0 meters (includes 9.0 meters at zero grade – no samples) gives:- 0.12 g/t Au & 5.92 g/t Ag over 46.1 meters					

TNDH-11	0.03	1.50	11.85	18.25	30.10
	0.02	1.18	20.10	45.70	65.80

Based on the presence of chalcedony, crustiform-colloform banding and platy calcite replacement, and the highly anomalous geochemistry, the mineralization is interpreted to be relatively high in the epithermal system and above the level at which high grade gold-silver mineralization might occur. The results of this first pass drilling program indicate the potential for wide zones of gold and silver mineralization deeper in the structures.

Ely Property

In May 2003, the Company entered into an option agreement to acquire a 50% interest in the Ely 20-57-58 and Ely 6 properties located in the province of Rio Negro, Argentina from IAMGOLD Argentina S.A. The properties, which cover 26,494 hectares, are located in the Los Menucos epithermal gold district of northern Patagonia, lie at an altitude of approximately 1,100 metres ASL and are road accessible year-round. The nearest town is 20 kilometres to the east. Under the terms of the option, the Company may acquire a 50% interest in each property by expending US \$500,000 on each property over a three year period.

The Ely 20-57-58 property is immediately adjacent to and almost surrounds the Company's Tanque Negro property. The Ely 6 property contains surface evidence of epithermal gold mineralization and alteration.

In June and July 2003, the Company carried out modest mapping, prospecting and sampling programs on both properties.

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Discussion of Operations and Financial Condition

Operations

During the three months ended July 31, 2003, the Company reported a loss of \$54,320, an increase in loss of \$14,412 from the loss of \$39,908 in fiscal 2002. The major factor for the increase in loss experienced in 2003 was due to a foreign exchange loss of \$5,820 in 2003, compared to a foreign exchange gain of \$12,391 in 2002, which arose due to the fluctuation in the Argentinean peso to the Canadian dollar. In addition, during 2003 the Company recorded a provision of \$4,167 to reflect the decrease in the market value of the investment in the shares of Resources Investment Trust PLC as at July 31, 2003.

During the three months ended July 31, 2003, the Company incurred \$52,716 in general and administrative expenses, a decrease of 9,598 from the \$62,314 in 2002 primarily due to an overall decrease in office and corporate costs in 2003.

During the three months ended July 31, 2003, the Company incurred \$37,603 in exploration expenditures on the Sierra de las Minas Project, \$96,185 on the Tanque Negro Property and \$2,396 on Ely Property. Detailed discussion of the exploration activities are discussed in "Properties Update".

Liquidity and 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 July 31, 2003, the Company had a working capital of \$1,445,389. Although the Company has not yet finalized the extent of the Phase V program on the Sierra de Las Minas Project, the Company believes that it has sufficient working capital to meet the anticipated cost of all its future exploration programs on the Sierra de las Minas, Tanque Negro and Ely Projects and corporate overhead requirements for the remainder of 2003 and through 2004. 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.

Investor Relations Activity

The Company did not engage any companies to provide investor relations activities during the three months ended July 31, 2003.