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**GOLDEN PEAKS RESOURCES LTD.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

OCTOBER 31, 2004

*(Unaudited - Prepared by Management)*

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**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Golden Peaks Resources Ltd. for the six months ended October 31, 2004, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

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

	<b>October 31, 2004 \$</b>	<b>April 30, 2004 \$ <i>(Audited)</i></b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,053,940	4,528,822
Amounts receivable and prepaids (Note 6)	97,511	63,085
Marketable securities (Note 3)	<u>35,423</u>	<u>35,423</u>
	4,186,874	4,627,330
<b>EQUIPMENT</b>	16,399	19,739
<b>MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS</b> (Note 4)	<u>1,998,663</u>	<u>1,678,473</u>
	<u><u>6,201,936</u></u>	<u><u>6,325,542</u></u>
<b>L I A B I L I T I E S</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>91,228</u>	<u>56,369</u>
<b>S H A R E H O L D E R S '   E Q U I T Y</b>		
<b>SHARE CAPITAL</b> (Note 5)	13,027,043	13,014,416
<b>CONTRIBUTED SURPLUS</b>	342,905	231,485
<b>DEFICIT</b>	<u>(7,259,240)</u>	<u>(6,976,728)</u>
	<u>6,110,708</u>	<u>6,269,173</u>
	<u><u>6,201,936</u></u>	<u><u>6,325,542</u></u>

APPROVED BY THE BOARD

"Kieran Downes" , Director

"Nick DeMare" , 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 SIX MONTHS ENDED OCTOBER 31**  
*(Unaudited - Prepared by Management)*

	Three Months Ended October 31		Six Months Ended October 31	
	2004 \$	2003 \$	2004 \$	2003 \$
<b>EXPENSES</b>				
Accounting and administration	9,200	6,945	10,275	10,365
Amortization	1,148	2,138	2,295	4,276
Audit and legal	5,818	-	6,491	338
Filing fees and transfer agent	5,842	6,058	6,804	7,169
Investment conference	-	-	6,727	-
Management fees	22,500	15,000	45,000	30,000
Office and general	17,617	5,912	23,029	13,585
Office rent	5,017	5,717	9,913	11,764
Professional fees	5,150	-	35,150	-
Salaries and benefits	13,825	14,587	28,087	28,959
Shareholder communications	7,063	3,443	8,768	5,816
Stock-based compensation	111,420	14,336	111,420	14,336
Travel and related costs	14,485	-	15,888	244
	<u>219,085</u>	<u>74,136</u>	<u>309,847</u>	<u>126,852</u>
<b>LOSS BEFORE THE FOLLOWING</b>	(219,085)	(74,136)	(309,847)	(126,852)
<b>INTEREST AND OTHER INCOME</b>	21,049	5,933	41,477	14,316
<b>LOSS ON SALE OF</b>				
<b>MARKETABLE SECURITIES</b>	-	(15,405)	-	(15,405)
<b>PROVISION ON</b>				
<b>MARKETABLE SECURITIES</b>	-	(16,979)	-	(21,146)
<b>FOREIGN EXCHANGE GAIN (LOSS)</b>	<u>(9,432)</u>	<u>(3,621)</u>	<u>(14,142)</u>	<u>(9,441)</u>
<b>LOSS FOR THE PERIOD</b>	(207,468)	(104,208)	(282,512)	(158,528)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(7,051,772)</u>	<u>(3,712,982)</u>	<u>(6,976,728)</u>	<u>(3,658,662)</u>
<b>DEFICIT - END OF PERIOD</b>	<u><u>(7,259,240)</u></u>	<u><u>(3,817,190)</u></u>	<u><u>(7,259,240)</u></u>	<u><u>(3,817,190)</u></u>
<b>BASIC AND DILUTED LOSS</b>				
<b>PER COMMON SHARE</b>	<u><u>\$(0.01)</u></u>	<u><u>\$(0.01)</u></u>	<u><u>\$(0.01)</u></u>	<u><u>\$(0.01)</u></u>
<b>WEIGHTED AVERAGE NUMBER OF</b>				
<b>COMMON SHARES OUTSTANDING</b>	<u><u>20,024,917</u></u>	<u><u>15,829,946</u></u>	<u><u>20,022,430</u></u>	<u><u>15,829,946</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 SIX MONTHS ENDED OCTOBER 31**  
*(Unaudited - Prepared by Management)*

	<u>Three Months Ended</u> <u>October 31</u>		<u>Six Months Ended</u> <u>October 31</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$	\$	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	(207,468)	(104,208)	(282,512)	(158,528)
Items not involving cash				
Amortization	1,148	2,138	2,295	4,276
Provision on marketable securities	-	16,979	-	21,146
Loss on sale of marketable securities	-	15,405	-	15,405
Stock-based compensation	111,420	14,336	111,420	14,336
	<u>(94,900)</u>	<u>(55,350)</u>	<u>(168,797)</u>	<u>(103,365)</u>
Increase in amounts receivable and prepaids	(21,544)	(30,316)	(34,426)	(39,499)
Increase (decrease) in accounts payable and accrued liabilities	64,071	(1,260)	34,859	(14,294)
	<u>(52,373)</u>	<u>(86,926)</u>	<u>(168,364)</u>	<u>(157,158)</u>
<b>INVESTING ACTIVITIES</b>				
Expenditures on mineral properties and deferred exploration costs	(184,497)	(316,449)	(318,470)	(451,909)
Equipment purchases	(675)	(3,338)	(675)	(5,354)
Proceeds on sale of marketable securities	-	66,765	-	66,765
	<u>(185,172)</u>	<u>(253,022)</u>	<u>(319,145)</u>	<u>(390,498)</u>
<b>FINANCING ACTIVITY</b>				
Issuance of common shares	12,627	-	12,627	-
	<u>12,627</u>	<u>-</u>	<u>12,627</u>	<u>-</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>	(224,918)	(339,948)	(474,882)	(547,656)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	4,278,858	1,318,838	4,528,822	1,526,546
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>4,053,940</u>	<u>978,890</u>	<u>4,053,940</u>	<u>978,890</u>
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>				
Cash			261,008	32,700
Term deposits			3,792,932	946,190
			<u>4,053,940</u>	<u>978,890</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 SIX MONTHS ENDED OCTOBER 31**  
*(Unaudited - Prepared by Management)*

	2004					2003	
	Sierra de las Minas \$	Tanque Negro \$	La Fortuna \$	Nik \$	Others \$	Total \$	Total \$
<b>BALANCE - BEGINNING OF PERIOD</b>	524,202	379,857	75,600	152,402	47,410	1,179,471	3,335,406
<b>EXPENDITURES DURING THE PERIOD</b>							
Accounting and audit	-	2,096	2,096	2,161	2,096	8,449	9,431
Airfares and travel	-	4,767	20,300	468	2,504	28,039	22,342
Amortization	-	-	-	1,720	-	1,720	1,477
Assaying	-	-	7,574	-	-	7,574	19,115
Communications	-	-	100	31	131	262	2,468
Drilling	-	-	-	-	-	-	142,815
Equipment and supplies	-	-	-	-	-	-	469
Field personnel and supervision	-	40,556	46,206	19,694	21,734	128,190	110,776
Geochemistry	-	-	-	-	-	-	2,067
IVA refundable tax	-	-	-	-	13,353	13,353	35,105
Satellite imaging	-	-	-	-	-	-	7,799
Land management	-	-	-	-	-	-	5,681
Legal	-	1,248	1,248	6,061	1,248	9,805	6,621
Magnetic/IP survey	-	30,323	27,240	-	-	57,563	53,959
Maps, logs and related costs	-	1,044	2,105	1,422	1,044	5,615	5,970
Project management	-	-	-	-	-	-	15,000
Transportation	-	-	850	-	1,870	2,720	12,291
	-	80,034	107,719	31,557	43,980	263,290	453,386
<b>BALANCE - END OF PERIOD</b>	<u>524,202</u>	<u>459,891</u>	<u>183,319</u>	<u>183,959</u>	<u>91,390</u>	<u>1,442,761</u>	<u>3,788,792</u>

*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 SIX MONTHS ENDED OCTOBER 31, 2004**  
*(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.

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. 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 financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim 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. The significant accounting policies follow that of the most recently reported annual financial statements.

**3. MARKETABLE SECURITIES**

	<u>As at October 31, 2004</u>		<u>As at April 30, 2004</u>	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Resources Investment Trust PLC	<u>19,999</u>	<u>35,423</u>	<u>19,999</u>	<u>35,423</u>

As at October 31, 2004, the quoted market value of the Resources Investment Trust PLC shares was \$43,645.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**  
*(Unaudited - Prepared by Management)*

**4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

	October 31, 2004			April 30, 2004		
	Mineral Property	Deferred Exploration Costs <i>(see schedule)</i>	Total Costs	Mineral Property	Deferred Exploration Costs	Total Costs
	\$	\$	\$	\$	\$	\$
Sierra de las Minas	475,798	524,202	1,000,000	475,798	524,202	1,000,000
Tanque Negro	2,845	459,891	462,736	-	379,857	379,857
La Fortuna	58,768	183,319	242,087	20,473	75,600	96,073
Nik	-	183,959	183,959	-	152,402	152,402
Others	18,491	91,390	109,881	2,731	47,410	50,141
	<u>555,902</u>	<u>1,442,761</u>	<u>1,998,663</u>	<u>499,002</u>	<u>1,179,471</u>	<u>1,678,473</u>

(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 Nuevo 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 six months ended October 31, 2004.

(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:

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

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**  
*(Unaudited - Prepared by Management)*

**4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)**

Upon earning the initial 70% interest, the Company may elect to earn a 100% interest in the Tanque Negro 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 Tanque Negro 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.

(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 La Fortuna Property by making option payments totalling US \$350,000 over three years as follows:

<u>Date</u>	<u>Option Payments</u> US \$
December 19, 2003	15,000 (paid)
June 19, 2004	15,000 (paid)
December 19, 2004	50,000
December 19, 2005	100,000
December 19, 2006	<u>170,000</u>
	<u><u>350,000</u></u>

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.

(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.

(e) See also Note 8(b).

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**  
*(Unaudited - Prepared by Management)*

**5. SHARE CAPITAL**

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

Issued -	Shares	\$
Balance, beginning of period	20,019,944	13,014,416
Issued during the period		
For cash		
Exercise of warrants	<u>18,300</u>	<u>12,627</u>
Balance, end of period	<u>20,038,244</u>	<u>13,027,043</u>

(a) A summary of the Company's stock options at October 31, 2004 and the changes for the six months ended October 31, 2004 is presented below:

	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	625,000	0.62
Granted	600,000	1.00
Cancelled	<u>(200,000)</u>	0.70
Balance, end of period	<u>1,025,000</u>	0.82

The following table summarizes information about the stock options outstanding and exercisable at October 31, 2004:

Exercise Price \$	Options Outstanding	Expiry Date
0.85	25,000	June 30, 2005
0.56	400,000	October 24, 2005
1.00	<u>600,000</u>	September 1, 2006
	<u>1,025,000</u>	

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 period:

Risk-free interest rate	1.23%
Estimated volatility	61.24%
Expected life	1 years
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 consultants was \$0.19 per share. The Company charged \$111,420 stock-based compensation to operations.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**  
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**5. SHARE CAPITAL** (continued)

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.

- (b) As at October 31, 2004, the Company had outstanding warrants issued pursuant to private placements, which may be exercised to purchase 5,733,428 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:

	<b>Warrants Outstanding</b>
Balance, beginning of period	5,751,728
Exercised	<u>(18,300)</u>
Balance, end of period	<u><u>5,733,428</u></u>

The following table summarizes information about the warrants outstanding and exercisable at October 31, 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
45,700	\$0.69	April 3, 2005
<u>4,395,248</u>	\$1.25 / \$1.50	April 8, 2005 / April 8, 2006
<u><u>5,733,428</u></u>		

- (c) Saa also Note 8(a)

**6. RELATED PARTY TRANSACTIONS**

During the six months ended October 31, 2004 the Company was charged a total of \$97,275 by companies controlled by directors and officers of the Company for accounting, administrative, management and project supervision. As at October 31, 2004, \$13,037 remained unpaid and is included in accounts payable and accrued liabilities.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**  
*(Unaudited - Prepared by Management)*

**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.

	<b>October 31, 2004</b>		
	<b>Corporate \$</b>	<b>Mineral Operations \$</b>	<b>Consolidated \$</b>
Identifiable assets			
Current assets	4,095,558	91,316	4,186,874
Equipment	10,235	6,164	16,399
Mineral properties and deferred exploration costs	-	1,998,663	1,998,663
	<u>4,105,793</u>	<u>2,096,143</u>	<u>6,201,936</u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u>320,190</u>	<u>320,190</u>
	<b>April 30, 2004</b>		
	<b>Corporate \$</b>	<b>Mineral Operations \$</b>	<b>Consolidated \$</b>
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
	<u>4,601,417</u>	<u>1,724,125</u>	<u>6,325,542</u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u>673,066</u>	<u>673,066</u>

**8. SUBSEQUENT EVENTS**

- (a) On November 18, 2004, the Company granted stock options to directors, officers and consultants to purchase 250,000 common shares of the Company at an exercise price of \$1.05 per share for a period of two years.
- (b) On December 6, 2004, the Company entered into an option agreement in which it can acquire a 100% interest in 10 separate mineral concessions (the "Lonco Project"), covering 66,000 hectares, located in the province of Neuquen, Argentina. Under the terms of the agreement the Company must make annual option payments of US \$24,000. The option can be exercised at any time through payment of US \$400,000, upon which time the Lonco Project will be subject to advance royalty payments of US \$24,000 per year, until the earlier of: i) ten years, or; ii) start of commercial production at which time there will be a 1% net smelter royalty.

# **GOLDEN PEAKS RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED OCTOBER 31, 2004**

### **Background**

This discussion and analysis of financial position and results of operation is prepared as at December 17, 2004 and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the six months ended October 31, 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](http://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 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.

In September 2004, the Company announced the discovery of the ML structure, located approximately 6 kilometers south of the A structure and approximately 4 kilometers south of the CR structure. The structure comprises extensive to massive silicification. Reconnaissance sampling returned gold values up to 3.88 g/t as well as very anomalous values of silver, arsenic, mercury, lead and antimony. The silicification may represent a silica cap over deeper mineralization.

#### ML ZONE

GOLD g/t	SILVER g/t	ARSENIC ppm	MERCURY ppm	LEAD ppm	ANTIMONY ppm	WIDTH metres
3.88	22.00	15.00	4.00		10.00	1.00
2.15	10.10	14.00	<2.00		16.00	0.50
0.53	25.09	50.29	5.75	>10,000.00	17.61	1.00
0.27	52.88	30.12		238.00	5.44	1.20
0.14	2.70	167.00	<2.00	754.00	8.00	Grab
0.10	0.50	37.00	<2.00	154.00		0.60
0.09	1.18	71.10		188.00		2.00
0.09	6.12	53.20		396.00		4.00
0.08	33.73	98.56	2.99	1,573.00	8.80	5.00
0.05	14.12	155.38	3.59	9,860.00	13.68	1.50
0.04	91.00	113.00	3.00		42.00	Grab
0.04	12.30	22.00	<2.00	1,060.00		0.50
0.03	1.89	57.07		981.00		2.20
0.03	1.42	25.66		3,081.00		4.00
0.01	0.90	76.00	<2.00	91.00		2.00
0.38	56.33	16.15		222.00		*
0.03	13.31	6.32		>10,000.00		*
0.10	4.70	39.96		>10,000.00		*
0.11	8.30	13.19		9,126.00		*
0.07	6.21	83.81		2,855.00	5.92	*
0.05	2.97	48.70		158.00		*
0.05	4.46	608.35	4.89	644.00	32.33	*
0.02	3.09	838.44	2.76	174.00	32.11	*

GOLD g/t	SILVER g/t	ARSENIC ppm	MERCURY ppm	LEAD ppm	ANTIMONY ppm	WIDTH metres
0.13	11.07	480.83	3.51	2,293.00	19.06	*

\* non-continuous chip sampling across 9 adjacent silicified structures 0.5 to 10.0 meters wide.

The new discovery greatly enhances the prospectivity of the La Fortuna Project. Four significant gold mineralized structures (the A, CR, CB and ML) have now been identified and all are being surveyed with ground magnetics and induced polarization/resistivity. A number of drill targets have already been established on the A, CR, CB, E and ML structures coincident with significant surface gold mineralization, and gold mineralization associated with old underground workings. The geophysical surveys will aid in the identification of additional drill targets for the Company's planned diamond drilling program which will test the various gold-mineralized structures.

In September-October 2004, the Company reported the results from the induced polarization ( "IP" ) and ground magnetic surveys (64 km) conducted on the project. The gradient IP surveys (37.5 km) show strong and extensive chargeability and resistivity anomalies associated with segments of the A, CR, CB and ML structures. In addition, selected areas were surveyed with pole-dipole induced polarization to test for large mineralized targets to depths of up to 300 metres (10.1 km).

Highlights include:

- A 1,000 metre long zone of coincident chargeability and resistivity at the northwest end of the A structure. Prospecting prior to the geophysical surveys had identified silicified zones and structures, with anomalous gold and silver values, in this area. Pole-dipole surveys show the zone to be approximately 400 metres wide and to extend to depths exceeding 250 metres. The zone plunges gently to the southeast.
- Strong chargeability and resistivity anomalies associated with mineralization at the north end of the CR structure over a distance of approximately 800 metres. The anomalies encompass the surface gold mineralization.
- Coincident chargeability and resistivity anomalies associated with mineralization at the south end of the CR structure over a distance of approximately 1,300 metres. The anomalies encompass the surface gold mineralization in the A, B and F zones as well as extensions of the F zone to the southeast.
- Coincident chargeability and resistivity anomalies over a distance of approximately 600 meters on the CB structure. The anomalies encompass the gold-silver mineralization in the old workings. A pole-dipole survey shows the strongest part of the chargeability anomaly is down dip from the old workings.

The coincidence of surface mineralization with the geophysical anomalies is very encouraging and a large diamond drilling program is planned to test all of the targets.

#### *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. 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.

In 2004 a PIMA survey of drill core identified the presence of dickite in holes TNDH-2 and 3. This may be indicative of high-sulphidation mineralization. These two holes, drilled on section and 100 meters apart, intersected a wide replacement zone (up to 32 meters true width) in porous volcanics. The zone, which carries highly anomalous gold, silver and mercury values associated with dickite alteration, dips gently to the east. The feeder zone has not been located or drilled.

In September-October 2004, additional geophysical surveys were completed on the project. (A gradient IP/resistivity survey had been completed in 2003). A pole-dipole IP/resistivity survey (28.4 km), designed to test for large mineralized targets to depths of approximately 300 metres, was completed, as well as a limited gradient IP survey (4.4 km). A ground magnetic survey (44.4 km) was completed 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. A reconnaissance electromagnetic survey was also completed (15 km). New targets were identified in addition to the geological targets already recognized. A diamond drilling program is planned to test all of the targets.

#### *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 Company 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 unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2005		Fiscal 2004				Fiscal 2003	
	Oct. 31 \$	Jul. 31 \$	Apr. 30 \$	Jan. 31 \$	Oct. 31 \$	Jul. 31 \$	Apr. 30 \$	Jan. 31 \$
<b>Operations:</b>								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(207,468)	(75,044)	(147,878)	(3,011,660)	(104,208)	(54,320)	(86,392)	(57,950)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.19)	(0.01)	(0.00)	(0.01)	(0.00)
Dividends per share	-	-	-	-	-	-	-	-
<b>Balance Sheet:</b>								
Working capital	4,095,646	4,363,091	4,570,961	871,631	1,037,868	1,445,389	1,635,047	1,781,252
Total assets	6,201,936	6,221,286	6,325,542	2,501,830	5,441,241	5,532,373	5,599,727	5,723,778
Total long-term liabilities	-	-	-	-	-	-	-	-

### Results of Operations

During the six months ended October 31, 2004 ("2004"), the Company reported a loss of \$282,512, an increase in loss of \$123,984 from the loss of \$158,528 during the comparable period in 2003 ("2003").

General and administrative expenses incurred during 2004 were \$309,847, an increase of \$182,995 from the \$126,852 incurred in 2003. Although most categories were relatively stable, the Company did experience significant variances in the following: i) during 2004 the Company paid \$35,000 for general corporate financing fees provided by an arms-length party; ii) during 2004 and 2003 the Company paid \$45,000 to private corporations owned by the Chairman of the Company. In 2003, \$15,000 was capitalized to mineral properties as project management fees and \$30,000 was expensed. In 2004, all of the payments were expensed; iii) \$6,727 (US \$5,000) paid in 2004 for attendance at an investment conference; iv) in 2004 the Company recognized \$111,420 of non-cash stock-based compensation arising from the granting of stock options. Only \$14,336 was recognized in 2003; and v) the Company incurred \$15,888 travel and related costs in 2004 and \$244 in 2003. The increase of \$15,644 was attributed to travel by the Company management to investment conferences and review of financing opportunities available to the Company.

During 2004, the Company earned \$41,477 interest income compared to \$14,316 in 2003. The increase in 2004 was expected due to the increased funds held in 2004 from the \$4.2 million private placement conducted in April 2004.

During 2004, the Company incurred \$31,557 in exploration expenditures on the Nik Claim, \$80,034 on the Tanque Negro Project, \$107,719 on the La Fortuna Project and \$43,980 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 October 31, 2004, the Company had working capital of \$4,095,646. The Company believes that it has sufficient working capital to meet the anticipated cost of all its future exploration programs 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**

The Company has no changes in accounting policies.

#### **Transactions With Related Parties**

During 2004, the Company was charged a total of \$97,275 by companies controlled by directors and officers of the Company for accounting, administrative, management and project supervision. As at October 31, 2004 \$13,037 remained unpaid and is included in accounts payable and accrued liabilities.

#### **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 the six months ended October 31, 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 October 31, 2004, there were 20,038,244 issued common shares. As at October 31, 2004, there were 1,025,000 stock options outstanding and exercisable, with exercise prices ranging from \$0.56 to \$1.00 per share. In addition there were 5,733,428 warrants outstanding, with exercise prices ranging from \$0.69 to \$2.00 per share. On November 18, 2004, the Company granted stock options to directors, employees and consultants to purchase 250,000 common shares of the Company at an exercise price of \$1.05 per share, for a period of two years.