GGL DIAMOND CORP.

Consolidated Financial Statements

November 30, 2003 and 2002

Index

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AUDITORS' REPORT

To the Shareholders of

GGL DIAMOND CORP.

We have audited the consolidated balance sheets of **GGL Diamond Corp.** as at November 30, 2003 and 2002 and the consolidated statements of operations 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 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 November 30, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Ellis Foster

Vancouver, Canada
January 13, 2004

Chartered Accountants

GGL DIAMOND CORP.

Consolidated Balance Sheets
November 30, 2003 and 2002

	2003	2002
ASSETS		
Current		
Cash and cash equivalents	$ 1,575,129	$ 179,412
Marketable securities	3,800	3,800
Sundry receivable	59,318	82,365
Prepaid expenses	3,807	88,797
	1,642,054	354,374
Mineral properties and deferred exploration costs (Note 3)	7,399,202	6,135,705
Property, plant and equipment (Note 4)	285,006	290,063
	$ 9,326,262	$ 6,780,142
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 211,460	$ 356,819
Current portion of mortgage loan (Note 5)	13,124	13,124
	224,584	369,943
Mortgage loan (Note 5)	57,676	70,800
	282,260	440,743
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	19,909,724	16,357,640
Contributed surplus	141,628	34,980
Deficit	(11,007,350)	(10,053,221)
	9,044,002	6,339,399
	$ 9,326,262	$ 6,780,142

Operations (Note 1)
Commitments (Note 13)
Subsequent events (Note 14)

Approved by the Directors: *"Raymond A Hrkac"* Raymond A. Hrkac *"J. Haig deB. Farris"* J. Haig deB. Farris

GGL DIAMOND CORP.

Consolidated Statements of Operations and Deficit
Years Ended November 30, 2003 and 2002

	2003	2002
Administrative expenses		
Amortization	$ 1,980	$ 1,468
Consulting fees	79,426	90,437
Corporate relations	31,635	25,492
Interest expense	940	711
Legal and audit	41,028	34,823
Licences, taxes, insurance and fees	61,215	42,391
Office services and expenses	104,227	81,612
Shareholders' meetings and reports	23,037	15,693
Stock based compensation	106,648	34,980
Travel	65,238	18,644
Operating loss	(515,374)	(346,251)
Other income (expenses)		
Interest income	19,326	3,308
Foreign exchange adjustments	(4,139)	(184)
General exploration costs	(114,699)	(113,985)
Loss on disposal of property, plant and equipment	-	(612)
Loss on sale of marketable securities	-	(161)
Write-off of exploration and mineral property costs	(339,243)	(293,897)
	(438,755)	(405,531)
Loss for the year	(954,129)	(751,782)
Deficit, beginning of year	(10,053,221)	(9,301,439)
Deficit, end of year	$ (11,007,350)	$ (10,053,221)
Loss per share - basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	59,243,822	46,883,735

GGL DIAMOND CORP.

Consolidated Statements of Cash Flows
Years Ended November 30, 2003 and 2002

	2003	2002
Cash flows from (used in) operating activities		
Loss for the year	$ (954,129)	$ (751,782)
Adjustment for items not involving cash:		
- amortization of property, plant and equipment	41,095	26,662
- stock based compensation	106,648	34,980
- loss on disposal of property, plant and equipment	-	612
- loss on sale of marketable securities	-	161
- write off of exploration and mineral property costs	339,243	293,897
	(467,143)	(395,470)
Change in non-cash working capital items:		
- sundry receivables	23,047	(56,621)
- prepaid expenses	84,990	(88,132)
- accounts payable and accrued liabilities	(145,359)	176,047
	(504,465)	(364,176)
Cash flows from (used in) financing activities		
Shares issued for cash, net of share issuance cost	3,552,084	1,147,472
Shares issued for cash - flow-through shares	-	292,210
Principal reduction of mortgage loan	(13,124)	(10,268)
	3,538,960	1,429,414
Cash flows from (used in) investing activities		
Mineral properties	(49,860)	(43,853)
Deferred exploration costs	(1,552,880)	(969,257)
Proceeds from sale of marketable securities	-	3,639
Purchase of property, plant and equipment	(36,038)	(8,814)
	(1,638,778)	(1,018,285)
Increase in cash and cash equivalents	1,395,717	46,953
Cash and cash equivalents, beginning of year	179,412	132,459
Cash and cash equivalents, end of year	$ 1,575,129	$ 179,412
Supplementary cash flow information		
Cash paid for interest charges	$ 5,085	$ 7,494

1. Operations

The Company intends to continue its exploration programs, including Doyle Lake, which is funded substantially by De Beers Canada Exploration Inc. ("De Beers"). The Company's ability to continue its exploration programs is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is actively pursuing such additional sources of financing.

The Company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability of the Company to obtain the necessary financing to develop the reserves and upon future profitable production.

2. Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its 86.8%-owned subsidiary Rio Sonora Resources Ltd. ("Rio Sonora") and its wholly-owned U.S. subsidiary, Gerle Gold (U.S.) Inc. Rio Sonora is presently inactive. All inter-company transactions and balances have been eliminated.

(b) Mineral Properties and Related Deferred Costs

The cost of mineral properties and the related exploration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned. Management will also periodically determine where an exploration property is inactive and the value of such property may be impaired, whether the carrying values of the property should be written down, and the amount at which it should be carried.

The amounts shown for mineral property interests represent costs or deemed consideration, less write-offs, incurred to date, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

2. Significant Accounting Policies (continued)

(b) Mineral Properties and Related Deferred Costs (continued)

Ownership in mineral property interests involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

(c) Property Option Agreement

From time to time, the Company may acquire or dispose of mineral properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(d) Cash Equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost. Amortization of the property, plant and equipment is provided on a declining-balance basis at the following annual rates:

Furniture and fixtures	20%
Exploration equipment	20%

The Yellowknife house is amortized on a straight-line basis over 25 years.

(f) Marketable Securities

Marketable securities are stated at the lower of cost or market value.

(g) Stock Based Compensation

Effective December 1, 2002, the Company adopted the requirements of Section 3870 of the CICA Handbook with respect to stock-based compensation. Options granted to employees and directors are accounted for using the intrinsic value method where compensation expense is recognized for stock options granted at prices below the market price of the underlying common share at the date of the grant. Options granted to those other than employees and directors are accounted for using the fair value method where compensation expense is calculated using the *Black-Scholes Option Pricing Model*.

2. Significant Accounting Policies (continued)

(h) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Shares held in escrow are excluded in the computation of loss per share until the conditions for their release are satisfied.

(i) Foreign Exchange Translation

The temporal method is used to translate U.S. operations from U.S. dollars to Canadian dollars. Under this method, monetary assets and liabilities have been converted at the exchange rate prevailing at the balance sheet dates. Income and expenses are translated at the rates prevailing at dates of the related transactions. Non-monetary assets, liabilities and equity are translated at historical rates. Gains and losses on foreign exchange are included in income and expenses.

(j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those reported.

(k) Income Taxes

The liability method of accounting for income taxes is used. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(l) Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at November 30, 2003, the Company does not have any asset retirement obligations.

2. Significant Accounting Policies (continued)

(m) Long-lived Assets Impairment

Long-term assets 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 estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

3. Mineral Properties and Deferred Exploration Costs

	Balance November 30 2002	2003 Property Cost Additions	2003 Exploration Cost Additions	2003 Written Off	Balance November 30 2003
Doyle Lake	$ 706,086	$ 279	$ 11,849	$ -	$ 718,214
Clinton	-	12,120	6,499	-	18,619
Fishback Lake and Dessert Lake	334,339	-	3,097	(90,611)	246,825
CH	2,765,124	37,461	1,523,432	(248,632)	4,077,385
Regional, NWT	41,944				41,944
Happy Creek	901,547	-	5,483	-	907,030
McConnell Creek and other	1,386,665	-	2,520	-	1,389,185
	$6,135,705	$49,860	$1,552,880	$ (339,243)	$ 7,399,202

	Balance November 30 2002	2003 Additions	2003 Written Off	Balance November 30 2003
Mineral property costs	$ 493,537	$ 49,860	$ (59,800)	$ 483,597
Deferred exploration costs	5,642,168	1,552,880	(279,443)	6,915,605
	$ 6,135,705	$ 1,602,740	$ (339,243)	$ 7,399,202

3. Mineral Properties and Deferred Exploration Costs (continued)

Exploration costs incurred during the year are as follows:

	2003	2002
Chartered aircraft	$ 206,309	$ 274,308
Drilling, trenching, sampling	309,033	267,610
Licences and recording fees	29,341	31,964
Project supplies	108,399	62,556
Salaries and wages	107,585	93,370
Surveys	424,185	-
Technical and professional services	223,492	155,258
Transportation	144,536	84,191
	$1,552,880	$ 969,257

(a) Doyle Lake, Northwest Territories, Canada

Under an agreement (the De Beers Agreement) dated May 25, 1995, De Beers has earned a 60% interest in the Doyle Lake properties, which consist of 43 claims (52,688 acres), by completing exploration expenditures of $4,650,000. To November 30, 2003, De Beers has spent $6,838,009 (to November 30, 2002- $6,458,597) (see Note 11).

In addition, the Company holds 4 claims (8,943.5 acres) (2002 - 8 claims; 13,559 acres) in the Doyle Lake area that are not subject to the De Beers Agreement.

(b) Fishback Lake and Dessert Lake, Northwest Territories, Canada

The Company owns 18 claims (26,845 acres) (2002 - 33 claims; 41,049 acres).

(c) CH, Northwest Territories, Canada

The Company owns 139 claims (311,822 acres) (2002 – 118 claims; 272,978 acres), north-northeast of Yellowknife, acquired by staking during the years 2000 to 2003.

3. Mineral Properties and Deferred Exploration Costs (continued)

(d) Happy Creek, Nevada, U.S.A.

On June 1, 1985, the Company entered into an agreement through which it has the option to purchase an undivided 100% interest in certain mineral claims located in Humboldt County, Nevada (the Happy Creek property). The option purchase price is a 5% net smelter royalty, payable by advance minimum royalty payments of U.S. $50,000 on December 1 annually until U.S. $3,600,000 has been paid. Payments totalling U.S. $110,000 have been made. The royalty payment due December 1, 2003 was not paid but the agreement is in good standing as the vendor has not issued a default notice. Once issued, the Company has 30 days to cure the default. The Company has been advised that a default notice will not be issued

(e) McConnell Creek, British Columbia, Canada

The Company owns 4 mineral claims in the Omineca Mining Division of British Columbia.

4. Property, Plant and Equipment

	2003		
	Cost	Accumulated amortization	Net book Value
Yellowknife land	$ 98,500	$ -	$ 98,500
Yellowknife house	181,400	72,560	108,840
Exploration equipment	327,803	258,353	69,450
Office furniture and fixtures	39,015	30,799	8,216
	$ 646,718	$ 361,712	$ 285,006

	2002		
	Cost	Accumulated amortization	Net book value
Yellowknife land	$ 98,500	$ -	$ 98,500
Yellowknife house	181,400	65,304	116,096
Exploration equipment	295,792	226,568	69,224
Office furniture and fixtures	34,988	28,745	6,243
	$ 610,680	$ 320,617	$ 290,063

5. Mortgage Loan

	2003	2002
Mortgage loan bearing interest at 5.1% per annum, repayable in blended bi-weekly payments of principal and interest of $656, due January 1, 2005, secured by land and building	$ 70,800	$ 83,924
Less: Principal due within one year	(13,124)	(13,124)
	$ 57,676	$ 70,800

Required blended payments on the loan are as follows:

Year ending November 30,	
2004	$ 17,061
2005 (total due if mortgage is not renewed)	55,559
	72,620
Less: Interest	(1,820)
	70,800
Less: Principal due within one year	(13,124)
	$ 57,676

The carrying amount of the mortgage loan approximates its fair market value.

6. Share Capital

(a) Authorized: 250,000,000 common shares without par value.

(b) Issued:

	Shares	Amount
Balance, November 30, 2001	41,742,510	$14,917,958
Private placement, net of share issuance costs of $44,402	8,400,000	1,107,472
Exercise of warrants	200,000	40,000
Issued pursuant to flow-through share agreements less share issuance costs of $10,790	2,538,333	292,210
Balance, November 30, 2002	52,880,843	16,357,640
Private placements, net of share issuance costs of $97,580 and finders' fees of $233,632	9,689,845	2,779,218
Exercise of warrants	1,897,332	498,200
Exercise of stock options	1,060,000	274,666
Balance, November 30, 2003	65,528,020	$19,909,724

6. Share Capital (continued)

(c) During the year ended November 30, 2003, the Company:

(i) Completed a private placement of 5,000,000 common shares at $0.20 per share for gross proceeds of $1,000,000 and paid a cash finders' fee of $80,000;

(ii) Completed a private placement of 2,722,222 common shares at $0.45 per share for gross proceeds of $1,225,000 and paid a cash finders' fee of $82,800;

(iii) Completed a private placement of 1,967,623 common shares at $0.45 per share for gross proceeds of $885,430 and paid a cash finders fee of $70,832;

(iv) Issued 1,897,332 common shares pursuant to the exercise of share purchase warrants priced at $0.20 to $0.30 per common share for gross proceeds of $498,200; and

(v) Issued 1,060,000 common shares pursuant to the exercise of stock options priced at $0.20 to $0.30 per common share for gross proceeds of $274,666.

(d) At November 30, 2003, the following share purchase warrants remained unexercised:

Number of Shares	Exercise Price	Expiry Date
100,000	$0.20	January 16, 2004 (see Note 14d)
520,000	$0.20	May 31, 2004
450,000	$0.20	June 24, 2004
5,120,000	$0.20	July 11, 2004
6,190,000		

Each warrant entitles the holder to acquire one common share of the Company.

7. Stock Options

In 2003, the Board of Directors approved and granted 1,625,000 stock options to directors, employees and consultants. Each option entitles its holder to acquire one common share of the Company between $0.25 to $0.45 per common share. These options are vested over an 18 month period varying between February 6, 2003 and April 30, 2005 and expire between February 6, 2008 and October 31, 2008. In 2003, the Company recorded $106,648 (2002 – $34,980) of stock based compensation expenses for the stock options issued to the consultants.

	2003		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding as at beginning of year	5,843,500	$ 0.26	4,482,500	$ 0.28
Granted	1,625,000	$ 0.28	1,376,000	$ 0.20
Exercised	(1,060,000)	$ 0.26	-	$ -
Expired	(253,500)	$ 0.30	(15,000)	$ 0.30
Options outstanding as at end of year	6,155,000	$ 0.27	5,843,500	$ 0.26
Options exercisable	5,132,559	$ 0.26	5,117,375	$ 0.27

	2003	2002
Weighted average remaining contractual life	2.47 years	2.60 years
Weighted average fair value of options granted during the year	$ 0.19	$ 0.13

Under CICA Handbook, Section 3870, the Company is required to calculate and present the pro-forma effect of all awards granted. For disclosure purposes, the fair value of each option granted to an employee has been estimated as of the date of grant using the *Black-Scholes Option Pricing Model* with the following assumptions:

	2003	2002
Risk-free interest rate	5.5%	5.5%
Dividend yield	0%	0%
Volatility	107%	107%
Approximate expected lives	5 years	5 years

7. Stock Options (continued)

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

Based on the computed option values and the number of the options issued, had the Company recognized compensation expense for employees and directors using the *Black-Scholes Option Pricing Model*, the following would have been its effect on the Company's net loss:

	2003	2002
Net (loss) for the year:		
- as reported	$ (954,129)	$ (751,782)
- pro-forma	$(1,191,979)	$ (780,979)
Basic and diluted (loss) per share:		
- as reported	$ (0.02)	$ (0.02)
- pro-forma	$ (0.02)	$ (0.02)

8. Related Party Transactions

(a) During the year, the Company was billed $106,100 (2002 – $53,600) by two directors for technical and professional services. As at November 30, 2003 $58,100 (2002 - $48,000) of these billings remain unpaid and are included in accounts payable.

(b) See Note 13(b).

9. Income Taxes

A reconciliation of the statutory tax rate to the effective tax rate for the Company is as follows:

	2003	2002
Statutory income tax rate	(37.6%)	(44%)
Tax loss not benefited	37.6%	44%
Effective tax rate	-	-

As at November 30, 2003, the Company has non-capital losses, cumulative exploration, development and depletion expenses and undepreciated capital costs of approximately $1,790,000, $8,395,000 and $654,000, respectively, carried forward for tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2004 to 2010. The cumulative exploration and development expenses and undepreciated capital costs can be carried forward indefinitely.

10. Segmented Information

The Company is involved in mineral exploration and development activities, which are conducted principally in Canada and the United States. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the years ended November 30, 2003 and 2002.

The Company's total assets are segmented geographically as follows:

	2003	2002
Canada	$8,419,232	$5,878,595
United States	907,030	901,547
	$9,326,262	$6,780,142

11. Legal Proceedings

The LA 26-30 mineral claims containing 12,717 acres and the Easy 1, 2 and 3 claims containing 7,747 acres in the Doyle Lake area, Northwest Territories [Note 3(a)], were located on ground occupied by earlier claims filed by a third party. The Company asserted these earlier claims had been located in contravention of the Canada Mining Regulations. The Supervising Mining Recorder appointed under the Canada Mining Regulations made a decision dated May 10, 1996 agreeing with the position taken by the Company and the LA 26-30 and Easy 1, 2 and 3 mineral claims were recorded in the name of the Company subject to an appeal filed by the third party pursuant to Section 84 of the Canada Mining Regulations.

On appeal, the Supervising Mining Recorder's decision was overturned by the Assistant Deputy Minister's ('ADM') decision dated November 20, 1997. The Company filed for judicial review by the Federal Court of the November 20, 1997 decision, and on February 24, 1999, that decision was set aside and the Supervising Mining Recorder's May 10, 1996 decision was restored subject to another ministerial review by a person other than the one who conducted the review which was set aside; such new review to be conducted in accordance with the reasons given by the Federal Court. On March 24, 1999, the Company was served with a Notice of Appeal for the appeal of the Federal Court decision to the Federal Court of Appeal. On September 12, 2000, the Federal Court of Appeal set aside the decision of the ADM of Indian Affairs and Northern Development of November 20, 1997 where the ADM overturned the May 10, 1996 decision of the Supervising Mining Recorder. The Federal Court remitted the matter to the Minister for a redetermination de novo in accordance with the reasons for judgement.

In 2002, the Minister appointed a Tribunal. The Tribunal requested and received the Applicants' brief (November 30, 2002) and the Company's reply (December 20, 2002). The Applicants submitted their final response to the Tribunal before February 7, 2003. An oral hearing before the Tribunal was held as scheduled on February 24, 2003.

11. Legal Proceedings (continued)

On May 2, 2003 the Company was informed that the Department of Indian and Northern Affairs' appointed federal tribunal had ruled in favour of the Company on the matter of Doyle Lake and the LA 26-30 and Easy 1, 2, and 3 mineral claims. On May 27, 2003 counsel for the third party advised the Company and the Tribunal that they would not be appealing the decision of the Tribunal pronounced May 2, 2003.

The LA 26-30 mineral claims are subject to the De Beers Agreement.

12. Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, marketable securities, sundry receivable, and accounts payable and accrued liabilities and mortgage loans approximate their fair value because of the short-term nature of these instruments.

13. Commitments

(a) In 2002, the Company entered into a three year operating lease agreement with respect to its office premises. The minimum payments required under the agreement are:

2004	$30,290
2005	5,303
	$35,593

(b) Pursuant to an agreement dated March 1, 2001, the Company has agreed to pay its President and Chief Executive Officer up to $10,000 per month. Payment of the full amount of $10,000 per month is subject to a number of conditions precedent, none of which have been satisfied as of November 30, 2003. If the conditions precedent had been satisfied at November 30, 2003, the amount owing under the agreement would be $154,350.

14. Subsequent Events

Subsequent to November 30, 2003, the following occurred:

(a) 750,000 stock options expired unexercised.

(b) The Company completed a private placement of 2,232,222 flow-through shares at $0.45 per share for gross proceeds of $1,004,500. The proceeds from these flow-through shares must be spent on Canadian Exploration Expenses ("CEE") by December 31, 2004.

(c) 840,000 stock options were exercised at $0.30 per common share for gross proceeds of $252,000.

(d) 300,000 share purchase warrants were exercised at $0.20 per common share for gross proceeds $60,000.

(e) 1,430,000 stock options were granted at an exercise price of $0.50 per common share to directors, officers and employees of the Company. The shares are exercisable for 5 years and vest over 18 months. 213,965 of these options are restricted from being exercised until an amendment to the Company' Stock Option Plan has been approved by the shareholders at its Annual and Special General Meeting to be held on May 14, 2004. The Company Stock Option Plan was amended on January 15, 2004 to increase the maximum number of shares reserved for the granting of stock options under the Plan.

15. Comparative Figures

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.