

FORM 51-901F
ANNUAL REPORT

Incorporated as part of: _____ x _____ **SCHEDULE A**
_____ **SCHEDULES B & C**

ISSUER DETAILS:

EAST WEST RESOURCE CORPORATION
Suite #402 - 905 West Pender Street
Vancouver, British Columbia, Canada V6C 1L6

Telephone: (604) 681-1909

Fax: (604) 689-5930

Contact Person:	James Tutton
Contact's Position:	President
Contact Telephone Number:	(604) 681-1909
For Quarter Ended:	April 30, 2004
Date of Report:	September 13, 2004

CERTIFICATE:

The 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 the quarterly report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule A and Schedules B & C.

Director Full Name:	James Tutton	<i>"James Tutton"</i>
Date Signed:	September 13, 2004	Signature
Director Full Name:	Blake Colvin	<i>"Blake Colvin"</i>
Date Signed:	September 13, 2004	Signature

EAST WEST RESOURCE CORPORATION

FINANCIAL STATEMENTS

APRIL 30, 2004

and

APRIL 30, 2003

DE VISSER GRAY

CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

AUDITORS' REPORT

To the Shareholders of East West Resource Corporation,

We have audited the balance sheets and schedule of mineral property costs of East West Resource Corporation as at April 30, 2004 and 2003 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with the Canadian generally accepted accounting principles.

"De Visser Gray"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
September 13, 2004

EAST WEST RESOURCE CORPORATION

Balance Sheets

As at April 30,

	2004	2003
	\$	\$
ASSETS		
Current		
Cash (note 9)	106,017	8,760
Amounts receivable	26,339	38,171
Prepaid expenses	10,000	-
	<u>142,356</u>	<u>46,931</u>
Equipment (note 5)	2,682	3,832
Mineral properties (Schedule) (note 4)	1,845,929	1,833,686
	<u>1,990,967</u>	<u>1,884,449</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	144,826	150,952
Due to related parties (note 3)	21,176	16,979
	<u>166,002</u>	<u>167,931</u>
SHAREHOLDERS' EQUITY		
Share capital (note 7a)	10,979,198	10,320,198
Contributed surplus (note 7b)	227,541	72,201
Deficit	(9,381,774)	(8,675,881)
	<u>1,824,965</u>	<u>1,716,518</u>
	<u>1,990,967</u>	<u>1,884,449</u>
Continuing operations (note 1)		
Approved on behalf of the Board of Directors:		
<i>"James Tutton"</i>	<i>"Blake Colvin"</i>	
<hr/>	<hr/>	
Director	Director	

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION

Statements of Operations and Deficit

For the Years Ended April 30,

	2004	2003
	\$	\$
Expenses		
Advertising	5,286	9,967
Amortization	1,150	1,728
Consulting	47,820	58,420
Bank charges and interest	9,662	3,375
Forgiveness of debt	-	(3,967)
Interest	(892)	(2,368)
Investor and shareholder communications	8,683	22,343
Legal, accounting and audit	10,499	72,153
Management fees	26,250	30,000
Office, postage and printing	10,973	7,370
Property investigation	24,210	911
Rent and utilities	13,720	1,034
Stock-based compensation (note 7b)	155,340	72,201
Telephone	6,567	9,187
Travel and field supervision	3,416	21,064
Truck	24,056	19,462
Trust and regulatory	33,747	37,711
Write-off of mineral property costs	325,406	563,989
	<hr/>	<hr/>
Net loss for the year	(705,893)	(924,580)
Deficit - beginning of year	(8,675,881)	(7,751,301)
Deficit - end of year	<u>(9,381,774)</u>	<u>(8,675,881)</u>
Loss per share (note 8)	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>52,966,251</u>	<u>43,741,710</u>

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION

Statements of Cash Flows
For the Years Ended April 30,

	2004	2003
	\$	\$
Cash Provided by (Used for):		
Operating Activities		
Net loss for the year	(705,893)	(924,580)
Adjustments for items which do not affect cash:		
Amortization	1,150	1,728
Forgiveness of debt	-	(3,967)
Stock-based compensation expense	155,340	72,201
Write-off of mineral property costs	325,406	563,989
	(223,997)	(290,629)
Net changes in non-cash working capital items:		
Prepaid expenses	(10,000)	-
Amounts receivable	11,832	(14,215)
Accounts payable and accrued liabilities	(6,126)	(50,749)
Due to related parties	4,197	(68,490)
	(224,094)	(424,083)
Investing Activities*		
Equipment purchased	-	(1,328)
Mineral property expenditures, net of recoveries	(304,149)	(578,884)
Option proceeds from mineral property interests	32,500	118,595
	(271,649)	(461,617)
Financing Activities*		
Cash received for common shares issued	603,000	669,425
Share issued costs	(10,000)	(35,000)
	593,000	634,425
Net cash provided (used) during the year	97,257	(251,275)
Cash - beginning of year	8,760	260,035
Cash - end of year	106,017	8,760

***Supplementary disclosure of non-cash investing and financing activities:**

- During the 2004 year, the Company issued 450,000 common shares at an aggregate value of \$66,000 pursuant to mineral property acquisition agreements. The Company also recorded an aggregate of \$155,340 in stock-based compensation.
- During the 2003 year, 750,000 common shares were issued at an aggregate value of \$98,000 for the acquisition of mineral property interests. The Company also recorded an aggregate of \$72,201 in stock-based compensation.

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION
Schedule of Mineral Property Costs

	April 30, 2002 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2003 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2004 \$
ONTARIO							
Norton Lake							
Acquisition	49,822	15,518	-	65,340	(10,000)	-	55,340
Assay	4,192	17,352	-	21,544	-	-	21,544
Camp accommodations and travel	811	103,609	-	104,420	6,584	-	111,004
Drilling	-	131,531	-	131,531	48,455	-	179,986
Geological and geophysical	5,203	104,222	-	109,425	12,565	-	121,990
Field office expense	252	13,610	-	13,862	6,595	-	20,457
	<u>60,280</u>	<u>385,842</u>	<u>-</u>	<u>446,122</u>	<u>64,199</u>	<u>-</u>	<u>510,321</u>
Seagull and Disraeli							
Acquisition	56,500	11,903	-	68,403	10,000	-	78,403
Assay	22,502	1,199	-	23,701	-	-	23,701
Camp accommodations and travel	15,548	1,927	-	17,475	1,741	-	19,216
Drilling	306,870	-	-	306,870	-	-	306,870
Geological and geophysical	118,270	29,067	-	147,337	10,652	-	157,989
Field office expense	13,546	250	-	13,796	907	-	14,703
	<u>533,236</u>	<u>44,346</u>	<u>-</u>	<u>577,582</u>	<u>23,300</u>	<u>-</u>	<u>600,882</u>
Nighthawk Joint Venture							
Acquisition	84,964	719	-	85,683	2,000	-	87,683
Assay	7,255	-	-	7,255	-	-	7,255
Camp accommodations and travel	7,152	20	-	7,172	-	-	7,172
Drilling	27,117	-	-	27,117	-	-	27,117
Geological and geophysical	86,925	-	-	86,925	-	-	86,925
Field office expense	22,253	248	-	22,501	-	-	22,501
	<u>235,666</u>	<u>987</u>	<u>-</u>	<u>236,653</u>	<u>2,000</u>	<u>-</u>	<u>238,653</u>
Havoc							
Acquisition	28,391	17,253	-	45,644	(3,088)	-	42,556
Assay	58,692	(37,948)	-	20,744	1,976	-	22,720
Camp accommodations and travel	7,006	(3,273)	-	3,733	7,167	-	10,900
Drilling	23,896	(5,057)	-	18,839	10,860	-	29,699
Geological and geophysical	81,585	(51,129)	-	30,456	50,011	-	80,467
Field office expense	9,278	(5,994)	-	3,284	2,003	-	5,287
	<u>208,848</u>	<u>(86,148)</u>	<u>-</u>	<u>122,700</u>	<u>68,929</u>	<u>-</u>	<u>191,629</u>
Linsey Bay							
Acquisition	-	59,429	-	59,429	15,000	(74,429)	-
Camp accommodations and travel	-	9,849	-	9,849	1,118	(10,967)	-
Drilling	-	-	-	-	12,458	(12,458)	-
Geological and geophysical	-	40,850	-	40,850	(9,073)	(31,777)	-
Field office expense	-	1,913	-	1,913	3,281	(5,194)	-
	<u>-</u>	<u>112,041</u>	<u>-</u>	<u>112,041</u>	<u>22,784</u>	<u>(134,825)</u>	<u>-</u>
Posh							
Acquisition	3,078	-	-	3,078	-	(3,078)	-
Assay	1,574	-	-	1,574	-	(1,574)	-
Camp accommodations and travel	176	-	-	176	-	(176)	-
Geological and geophysical	6,209	-	-	6,209	-	(6,209)	-
Field office expense	436	-	-	436	-	(436)	-
	<u>11,473</u>	<u>-</u>	<u>-</u>	<u>11,473</u>	<u>-</u>	<u>(11,473)</u>	<u>-</u>

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION
Schedule of Mineral Property Costs *(continued)*

	April 30, 2002 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2003 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2004 \$
Red Granite							
Acquisition	-	33,662	-	33,662	18,100	-	51,762
Camp accommodation & travel	-	-	-	-	4,802	-	4,802
Drilling	-	-	-	-	11,495	-	11,495
Geological and geophysical	-	24,893	-	24,893	1,587	-	26,480
	-	58,555	-	58,555	35,984	-	94,539
Barbara Lake							
Acquisition	-	14,088	-	14,088	-	-	14,088
Camp accommodations and travel	-	117	-	117	-	-	117
Geological and geophysical	-	5,008	-	5,008	-	-	5,008
Field office expense	-	94	-	94	-	-	94
	-	19,307	-	19,307	-	-	19,307
Steele and Bonis-Scapa							
Acquisition	12,890	-	-	12,890	-	(12,890)	-
Camp accommodations and travel	8,551	-	-	8,551	-	(8,551)	-
Geological and geophysical	120,264	-	-	120,264	-	(120,264)	-
Field office expense	215	-	-	215	172	(387)	-
	141,920	-	-	141,920	172	(142,092)	-
Little Sturge							
Acquisition	48,146	7,732	(55,878)	-	-	-	-
Assay	-	1,199	(1,199)	-	-	-	-
Camp accommodation and travel	59	897	(956)	-	-	-	-
Geological and geophysical	(1,745)	25,906	(24,161)	-	-	-	-
Field office expense	153	147	(300)	-	-	-	-
	46,613	35,881	(82,494)	-	-	-	-
Hele							
Acquisition	18,903	600	(19,503)	-	-	-	-
Assay	1,321	-	(1,321)	-	-	-	-
Camp accommodations and travel	563	564	(1,127)	-	-	-	-
Drilling	14,767	-	(14,767)	-	-	-	-
Geological and geophysical	21,450	(1,833)	(19,617)	-	-	-	-
Field office expense	170	136	(306)	-	-	-	-
	57,174	(533)	(56,641)	-	-	-	-
Hepburn							
Acquisition	41,420	(50,000)	8,580	-	-	-	-
Camp accommodations and travel	-	2,556	(2,556)	-	-	-	-
Drilling	-	43,026	(43,026)	-	-	-	-
Geological and geophysical	179,687	8,275	(187,962)	-	-	-	-
Field office expense	45	-	(45)	-	-	-	-
	221,152	3,857	(225,009)	-	-	-	-
Rift							
Acquisition	16,930	(12,698)	(4,232)	-	-	-	-
Assay	4,796	(3,597)	(1,199)	-	-	-	-
Camp accommodations and travel	3,587	(2,690)	(897)	-	-	-	-
Geological and geophysical	101,136	(77,455)	(23,681)	-	-	-	-
Field office expense	865	(647)	(218)	-	-	-	-
	127,314	(97,087)	(30,227)	-	-	-	-

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION
Schedule of Mineral Property Costs *(continued)*

	April 30, 2002 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2003 \$	Net Expenditures/ recoveries \$	Write-offs \$	April 30, 2004 \$
Mikinak							
Acquisition	17,340	-	(17,340)	-	-	-	-
Camp accommodations and travel	1,045	32	(1,077)	-	-	-	-
Geological and geophysical	21,962	-	(21,962)	-	-	-	-
Field office expense	78	-	(78)	-	-	-	-
	<u>40,425</u>	<u>32</u>	<u>(40,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reaume							
Acquisition	(1,185)	-	1,185	-	1,730	(1,730)	-
Assay	16,314	-	(16,314)	-	-	-	-
Geological and geophysical	14,161	-	(14,161)	-	-	-	-
	<u>29,290</u>	<u>-</u>	<u>(29,290)</u>	<u>-</u>	<u>1,730</u>	<u>(1,730)</u>	<u>-</u>
McCoig							
Acquisition	21,031	-	(21,031)	-	-	-	-
Camp accommodations and travel	176	-	(176)	-	-	-	-
Field office expense	13	-	(13)	-	-	-	-
	<u>21,220</u>	<u>-</u>	<u>(21,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Williamson & Rogers							
Acquisition	19,560	-	(19,560)	-	-	-	-
Assay	54	-	(54)	-	-	-	-
Camp accommodations and travel	293	-	(293)	-	-	-	-
	<u>19,907</u>	<u>-</u>	<u>(19,907)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER							
Acquisition	66,234	14,239	(28,958)	51,515	85,669	(4,185)	132,999
Assay	1,056	2,945	(1,198)	2,803	7,579	(9,418)	964
Camp accommodations and travel	5,219	7,504	(1,674)	11,049	2,904	(7,441)	6,512
Geological and geophysical	9,263	54,225	(25,960)	37,528	20,931	(12,964)	45,495
Office administration	3,096	2,296	(954)	4,438	1,468	(1,278)	4,628
	<u>84,868</u>	<u>81,209</u>	<u>(58,744)</u>	<u>107,333</u>	<u>118,551</u>	<u>(35,286)</u>	<u>190,598</u>
Total Mineral Property Costs	<u><u>1,839,386</u></u>	<u><u>558,289</u></u>	<u><u>(563,989)</u></u>	<u><u>1,833,686</u></u>	<u><u>337,649</u></u>	<u><u>(325,406)</u></u>	<u><u>1,845,929</u></u>

See accompanying notes to financial statements

EAST WEST RESOURCE CORPORATION

Notes to Financial Statements
April 30, 2004 and 2003

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has a working capital deficiency of \$23,646 as at April 30, 2004 (2003 - \$121,000). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise additional financing.

There can be no assurance that the company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. Actual results could differ from those estimates.

Financial Instruments

The Company's financial instruments consist of current assets and current liabilities. The fair values of the current assets and current liabilities approximate their carrying amounts due to the short-term nature of these instruments.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange on the date of the agreement to issue the shares or the date of share issuance, whichever is lower.

The proceeds from shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits related to the exploration expenditures incurred pursuant to these agreements are transferred to the purchaser of the flow-through shares. When the proceeds of flow-through financings are received, the Company becomes committed to incurring the underlying exploration expenditures on a "best efforts" basis; however, the Company does not recognize such future expenditures as liabilities for purposes of its financial reporting.

Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged to share capital.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Stock-based Compensation

The Company records compensation associated with stock options granted to consultants, directors and employees using a fair value measurement basis and records the expense as the options vest with the recipients, with the offsetting credit recorded in contributed surplus.

The adoption of this accounting policy for stock-based compensation has been applied prospectively to all stock options granted subsequent to May 1, 2003. During the comparative year, the Company followed the policy of disclosing on a pro-forma basis only the effect of accounting for stock options granted to employees and directors on a fair value basis.

The proceeds received by the Company on the exercise of options are credited to share capital.

Mineral Properties

The acquisition costs of resource properties and their related direct exploration costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production, or written off if the properties are sold, abandoned, or if related claims are allowed to lapse.

Cost includes the cash consideration and the fair market value of shares issued on the acquisition of mineral property interests. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are included in the cost of the related property and any excess is applied to income.

Costs of acquiring mineral property interests and all related deferred exploration costs represent actual historical outlays incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

Equipment

Equipment consists of computer equipment and are recorded at cost and are amortized over their estimated useful economic lives on the declining-balance basis at the rate of 30% per annum.

Income Taxes

The Company accounts for and measures future tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets is recognized. Such an allowance would apply fully to all potential income tax assets of the Company.

The Company's accounting policy for future income taxes currently had no effect on the financial statements of any of the fiscal years presented.

3. **RELATED PARTY TRANSACTIONS**

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The year end balances referred to above are non-interest bearing, unsecured, receivable or payable on demand, and have arisen from the provision of services and expense reimbursements or advances described.

The Company's exploration manager was paid management fees aggregating \$30,000 during 2004 (2003 - \$30,000) and at year end is owed an aggregate of \$21,176 (2003 - \$16,979) for the unpaid portion of these fees and certain reimbursable expenses incurred on behalf of the Company.

4. **MINERAL PROPERTIES ONTARIO PROPERTIES**

a) **Norton Lake**

The Company has earned a 100% interest 164 claim units in the Norton Lake area, Thunder Bay Mining Division, subject to a 2% Net Smelter Returns ("NSR") royalty. In order to earn its interest the Company paid \$5,000 and issued 100,000 common shares. The Company may purchase 1% of the NSR for \$1,000,000 and has a right of first refusal on the remaining 1% NSR.

During the year, the Company and Canadian Golden Dragon Resources Ltd. ("Dragon"), entered into an agreement to earn 20% interests in each of the other company's Norton Lake properties. Dragon has a 100% interest in 152 claims which are contiguous to the Company's property. To earn 20% interests, each company must spend a total of \$65,000 on the other's property.

The Company and Dragon also entered into an option agreement with Cascadia International Resources Inc. ("Cascadia") whereby Cascadia can earn a 51% interest in the 316 Norton claims by spending a total of \$1,500,000 on the properties and by paying each company \$75,000 (\$10,000 received) in stages by November 1, 2010. Cascadia can earn up to an additional 19% interest by completing a feasibility study and by financing the property to production.

b) **Seagull and Disraeli**

The Company and Dragon (collectively, "the Companies") have jointly acquired a 100% interest in two mineral claim groups totaling 478 mineral claim units in the Anders Lake and Leckie Lake areas, Thunder Bay Mining Division. The Companies obtained their 100% interest by each paying \$15,000 and issuing 150,000 common shares, and by collectively incurring \$700,000 in exploration expenditures.

c) **Nighthawk Joint Venture**

The Company has a 40% interest in a joint venture comprising a 339 unit pooled mineral claim group, together with Cross Lake Minerals Ltd. ("Cross Lake") (40%) and Dragon (20%). During a previous fiscal year, Repadre Capital Corporation sold its original 60% interest in the joint venture to the three remaining participants, based on their existing pro-rata joint venture interests relative to each other, in exchange for a 2.5% NSR royalty, which can be reduced to 1% with the payment of \$1,500,000. In addition, certain portions of the property are subject to NSRs ranging from 2% to 3%.

4. MINERAL PROPERTIES *(continued)*

d) **Havoc**

The Company acquired a 100% interest in 348 mineral claim units in the Thunder Bay Mining Division by making a cash payment of \$25,000 and issuing 100,000 common shares. During the current fiscal year, the Company staked an additional 112 claims in the same area.

During the current year, the Company granted Noranda Inc. ("Noranda") an option to earn a 51% interest in all 460 claims by spending \$2,000,000 and making cash payments to the Company totalling \$100,000 (\$10,000 received) in stages prior to October 31, 2008. Noranda can earn up to an additional 19% interest by completing a feasibility study and by financing the project to completion.

The Company had previously optioned up to a 70% interest in the property to Resource Development Corporation Ltd. ("RDC"), which must pay the Company \$135,000 (\$25,000 received) and incur \$1,000,000 in exploration expenditures by February 28, 2007 to earn a 50% interest. RDC can earn the remaining 20% interest by completing a feasibility study and arranging project financing. During the current year, RDC's option was assigned to Jubilee Platinum Plc. ("Jubilee") and was amended such that if Noranda completes its option, Jubilee's interest in the property will be converted to a 15% carried interest in 72 claims.

e) **Linsey Bay**

The Company has an option to earn a 100% interest in 386 claim units in the Ficht Lake & Attwood Lake Area, Thunder Bay Mining Division, subject to 3% NSR. In order for the Company to earn its interest it must make cash payments totalling \$100,000 (\$10,000 paid), issue 200,000 common shares (issued) and incur an aggregate of \$224,000 in exploration costs.

During the year, the Company had granted Cascadia the option to earn a 51% interest in the property by incurring \$1,000,000 in exploration work and making cash payments to the Company totaling \$95,000 (\$10,000 received) in stages by November 1, 2010.

Subsequent to year end, the Company decided to discontinue exploration of the property and has written off all costs associated with it as at April 30, 2004.

f) **Steele and Bonis-Scapa**

The Company acquired from Dragon a 50% interest in 176 mineral claim units located in Bonis, Scapa and Steele Townships. The Company paid Dragon \$25,000 and incurred \$170,200 in property exploration expenditures to earn its interest. During the current year, the Company abandoned this property and wrote off all related costs.

OTHER PROPERTIES

The Company has interests in various other properties located in Ontario.

5. **EQUIPMENT**

	2004			2003		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Computers	11,156	8,474	2,682	11,156	7,324	3,832

6. INCOME TAXES

The Company has incurred non-capital losses aggregating approximately \$1.5 million which are available to be offset against future taxable income until April 30, 2011 and also has approximately \$3.9 million in resource deductions available that have an unlimited carryforward period. The potential benefits associated with these tax pools are not reflected in these financial statements as it is not considered likely that they will be utilized to reduce future taxable income.

7. SHARE CAPITAL

- a) Authorized Share Capital consists of 100,000,000 common shares without par value.

	Years Ended April 30,			
	2004		2003	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Issued - Beginning of year	50,457,207	10,320,198	40,507,707	9,302,773
Warrants	220,000	22,000	500,000	60,000
Private placements - flow-through	3,050,000	305,000	3,440,000	344,000
Private placements	*2,650,000	255,000	4,660,000	**431,000
Stock options exercised	100,000	11,000	599,500	84,425
Mineral properties	450,000	66,000	750,000	98,000
Issued - End of year	<u>56,927,207</u>	<u>10,979,198</u>	<u>50,457,207</u>	<u>10,320,198</u>

* net of share issue costs of \$10,000

** net of share issue costs of \$35,000.

- b) Stock option continuity:

	Years Ended April 30,			
	2004		2003	
	Number of Shares	Weighted Average Exercised Price	Number of Shares	Weighted Average Exercised Price
		\$		\$
Fixed options:				
Balance at beginning of fiscal years	4,315,000	0.17	3,640,000	0.15
Granted	1,800,000	0.12	2,235,000	0.19
Expired/Cancelled	(2,180,000)	0.13	(960,500)	0.15
Exercised	(100,000)	0.11	(599,500)	0.14
Outstanding and exercisable at end of fiscal years	<u>3,835,000</u>	0.16	<u>4,315,000</u>	0.17

7. **SHARE CAPITAL** *(continued)*

At April 30, 2004 the weighted-average remaining contractual life of outstanding stock options is 2.2 years.

During the year ended April 30, 2004, the Company recorded the fair value of 1,800,000 (2003 - 1,050,000) stock options granted to consultants as stock-based compensation expense of \$155,340 (2003 - \$72,201).

In 2003 the Company has accounted for the stock options granted to directors and employees using the fair value method, the pro-forma effect on net loss per share would be as follows:

Net loss for the year:

As reported	\$ 924,580
Additional compensation expense	96,525
Pro-forma net loss for the year	<u>\$ 1,021,105</u>

Loss per share:

As reported and pro-forma	<u>\$ (0.02)</u>
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The fair values of stock option grants during the current and comparative years have been estimated using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 4.5% (2003 - 3.5 and 4%); an expected stock price volatility of 132% (2003 - 115% and 117%); an expected option life of 5 years (2003 - 2 years); and no expectation for the payment of dividends.

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

c) Warrants outstanding at April 30, 2004:

<u>Number Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
	\$	
3,850,000*	0.15	May 12, 2004
1,650,000*	0.15	May 16, 2004
600,000	0.15	December 31, 2004
1,580,000	0.15	January 14, 2005
100,000	0.15	January 21, 2005
100,000	0.10/0.15	July 24, 2004/2005
5,000,000	0.20	December 18, 2005
500,000	0.20	January 16, 2006
<u>13,380,000</u>		

* expired subsequent to April 30, 2004

8. **LOSS PER SHARE**

Loss per share has been calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is anti-dilutive and is therefore not disclosed.

9. **COMMITMENT**

At April 30, 2004, the Company is required to incur approximately \$106,038 (2003 - \$7,300) of qualifying exploration expenditures prior to December 31, 2004 to meet obligations entered into under flow-through share agreements.

10. **SUBSEQUENT EVENTS**

In addition to items disclosed elsewhere in these notes, the following occurred during the period subsequent to April 30, 2004:

- The Company granted 1,779,000 stock options to employees and consultants exercisable at \$0.10 and expiring on June 27, 2009.
- 5,500,000 warrants and 2,035,000 options with exercise prices ranging from \$0.15 to \$0.20 expired unexercised.