

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

FORM 51-901-F

## QUARTERLY AND YEAR END REPORT

Incorporated as part of:  X  - Schedule A  
\_\_\_\_\_ - Schedule B & C  
(Place X in appropriate category)

### ISSUER DETAILS

**NAME OF ISSUER:** CHAPLEAU RESOURCES LTD.  
**ISSUER ADDRESS:** Suite 104, 135 – 10<sup>th</sup> Avenue South  
Cranbrook, BC V1C 2N1  
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**CONTACT PERSON:** ERIC WILTZEN  
**CONTACT'S POSITION:** PRESIDENT  
**EMAIL ADDRESS:** [info@chapleaurresources.com](mailto:info@chapleaurresources.com)  
**WEBSITE ADDRESS:** chapleaurresources.com  
**FOR QUARTER ENDED:** May 15, 2004  
**DATE OF REPORT:** July 15, 2004

### CERTIFICATE

THE THREE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS 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.

<b>NAME OF DIRECTOR</b> ERIC WILTZEN	<b>SIGNED (TYPED)</b> "Eric Wiltzen"	<b>DATE SIGNED (YY/MM/DD)</b> 04/07/15
<b>NAME OF DIRECTOR</b> JIM STYPULA	<b>SIGNED (TYPED)</b> "Jim Stypula"	<b>DATE SIGNED (YY/MM/DD)</b> 04/07/15

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Interim Consolidated Financial Statements of

## CHAPLEAU RESOURCES LTD.

(An exploration stage company)  
Unaudited (prepared by management)

May 15, 2004

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The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

## SCHEDULE "A"

Consolidated Balance Sheets - Interim  
(Unaudited – prepared by management)

As at May 15, 2004, with comparative figures for the year ended November 15, 2003

	2004	2003
<b>Assets</b>		
<b>Current assets</b>		
Cash and term deposits	\$ 53,107	\$ 269,123
Accounts receivable	17,256	47,870
B.C. mining exploration tax credits recoverable (Notes 1 and 11)	490,358	490,358
Subscriptions receivable	20,000	20,000
Prepaid expenses	33,500	22,958
	<b>614,221</b>	<b>850,309</b>
<b>Reclamation Bond</b>	<b>25,000</b>	<b>25,000</b>
<b>Investment in Far West securities</b> available for sale (Note 2)	<b>2,443,606</b>	<b>2,114,870</b>
<b>Mineral properties and deferred exploration costs</b> (Note 1)	<b>5,634,320</b>	<b>5,596,185</b>
<b>Equipment</b> (Note 3)	<b>10,137</b>	<b>21,070</b>
	<b>\$ 8,727,284</b>	<b>\$ 8,607,434</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 36,729	\$ 108,902
	<b>36,729</b>	<b>108,902</b>
<b>Shareholders' equity</b>		
Capital stock (Note 4)	28,232,165	27,738,165
Contributed capital	158,967	-
Deficit accumulated in the exploration stage	(19,700,577)	(19,239,633)
	<b>8,690,555</b>	<b>8,498,532</b>
	<b>\$ 8,727,284</b>	<b>\$ 8,607,434</b>

**Contingent liability** (Note 9)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statements of Operations and Deficit - Interim  
(Unaudited – prepared by management)

<b>Six months ended May 15</b>	<b>2004</b>	<b>2003</b>
<b>General and administrative expenses</b>		
Amortization	\$ 1,175	\$ 642
Exploration (Note 1)	33,931	1,940
Insurance	20,694	22,367
Management fees (Note 8)	90,000	90,000
Office	31,232	28,115
Professional fees	75,192	97,796
Rent	7,465	5,187
Stock option benefits	158,967	-
Transfer agent and filing fees	18,731	31,720
Travel	41,837	53,546
Wages and employee benefits	54,124	129,831
<b>Loss before other expenses</b>	<b>533,348</b>	<b>461,144</b>
<b>Other expenses (income)</b>		
Deferred exploration and development costs written off (Note 1)	82,565	147,431
Interest income	(976)	(1,389)
Foreign exchange loss	12,037	9,367
Gain on disposal of capital assets	(368)	-
Gain on sale of investment	(165,662)	-
	<b>(72,404)</b>	<b>155,409</b>
<b>Loss for the period</b>	<b>460,944</b>	<b>616,553</b>
<b>Deficit, beginning of period</b>	<b>19,239,633</b>	<b>18,350,674</b>
<b>Deficit, end of period</b>	<b>\$19,700,577</b>	<b>\$18,967,227</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ 0.007</b>	<b>\$ 0.010</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statements of Operations and Deficit - Interim

(Unaudited – prepared by management)

<b>Three months ended May 15</b>	<b>2004</b>	<b>2003</b>
<b>General and administrative expenses</b>		
Amortization	\$ 856	\$ 321
Exploration (Note 1)	29,246	45
Insurance	10,531	22,367
Management fees (Note 8)	35,000	45,000
Office	12,525	18,690
Professional fees	42,121	91,632
Rent	1,537	2,223
Transfer agent and filing fees	6,490	18,307
Travel	5,852	33,304
Wages and employee benefits	27,936	91,143
<b>Loss before other expenses</b>	<b>172,094</b>	<b>323,032</b>
<b>Other expenses (income)</b>		
Deferred exploration and development costs written off (Note 1)	96	6,736
Interest income	(642)	(1,356)
Foreign exchange (gain) loss	(882)	331
	<b>(1,428)</b>	<b>5,711</b>
<b>Loss for the period</b>	<b>170,666</b>	<b>328,743</b>
<b>Deficit, beginning of period</b>	<b>19,529,911</b>	<b>18,638,484</b>
<b>Deficit, end of period</b>	<b>\$19,700,577</b>	<b>\$19,967,227</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ 0.003</b>	<b>\$ 0.005</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statements of Cash Flows - Interim  
(Unaudited – prepared by management)

<b>Six months ended May 15</b>	<b>2004</b>	<b>2003</b>
<b>Cash provided by (used in)</b>		
<b>Operating</b>		
Loss for the period	\$ (460,944)	\$ (616,553)
Amortization which does not involve cash	1,175	642
Gain on sale of capital assets	(368)	-
Gain on sale of investments	(165,662)	-
Stock option benefits	158,967	-
Mineral properties and deferred exploration and development costs written off (Note 1)	82,565	147,431
Change in non-cash operating working capital:		
Accounts receivable	30,614	(50,752)
Receivable from directors	-	(12,342)
Prepaid expenses	(10,542)	-
Accounts payable	(72,173)	(28,689)
	<b>(436,368)</b>	<b>(560,263)</b>
<b>Financing</b>		
Capital stock issued	449,000	2,737,545
	<b>449,000</b>	<b>2,737,545</b>
<b>Investing</b>		
Proceeds from sale of capital assets	15,500	-
Proceeds from sale of investments	190,183	-
Purchase of investments	(358,727)	-
Mineral properties and deferred exploration and development costs (Note 1)	(75,604)	(1,070,755)
	<b>(228,648)</b>	<b>(1,070,755)</b>
<b>Increase (decrease) in cash</b>	<b>(216,016)</b>	<b>1,106,527</b>
<b>Cash and term deposits, beginning of period</b>	<b>269,123</b>	<b>160,646</b>
<b>Cash and term deposits, end of period</b>	<b>\$ 53,107</b>	<b>\$ 1,267,173</b>
<b>Supplementary Cash Flow Information</b>		
Taxes paid	\$ -	\$ -
Interest paid	-	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statements of Cash Flows - Interim  
(Unaudited – prepared by management)

Three months ended May 15	2004	2003
<b>Cash provided by (used in)</b>		
<b>Operating</b>		
Loss for the period	\$ (170,666)	\$ (328,743)
Amortization which does not involve cash	856	321
Mineral properties and deferred exploration and development costs written off (Note 1)	96	6,736
Change in non-cash operating working capital:		
Accounts receivable	38,602	(18,004)
Prepaid expenses	153	
Accounts payable	1,736	(89,593)
	(129,223)	(429,283)
<b>Financing</b>		
Capital stock issued	-	1,487,295
Deposit on subscriptions	-	(754,500)
	-	732,795
<b>Investing</b>		
Purchase of equipment	(5,375)	-
Mineral properties and deferred exploration and development costs (Note 1)	(26,294)	(271,732)
	(31,669)	(271,732)
<b>Increase (decrease) in cash</b>	<b>(160,892)</b>	<b>31,780</b>
<b>Cash and term deposits, beginning of period</b>	<b>213,999</b>	<b>1,235,393</b>
<b>Cash and term deposits, end of period</b>	<b>\$ 53,107</b>	<b>\$ 1,267,173</b>
<b>Supplementary Cash Flow Information</b>		
Taxes paid	\$ -	\$ -
Interest paid	-	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Summary of Significant Accounting Policies  
(Unaudited – prepared by management)

May 15, 2004

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## Significant accounting policies

### Interim financial statements

All figures as at and for the periods ended May 15, 2004 and 2003 are not audited. The financial statements included herein, presented in accordance with generally accepted accounting principles in Canada for interim financial statements and stated in Canadian dollars, have been prepared by the company, without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information presented not misleading.

The statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for the fair presentation of the information contained herein. These interim financial statements should be read in conjunction with the financial statements for the year ended November 15, 2003 and notes thereto included in the company's Annual Report. The company follows the same accounting principles in the preparation of interim reports.

Results of operations and mineral exploration activity for interim periods may not be indicative of annual results.

### Ability to continue as a going concern

Chapleau Resources Ltd. is engaged in the mining industry at the exploration stage. At the exploration stage, a resource company has not determined whether its properties contain reserves that are economically recoverable, nor has it achieved significant revenue from production.

These financial statements are prepared on the basis of accounting principles applicable to a "going concern", which assume that the company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The company's continued existence is dependent upon raising additional financing, the discovery of economically recoverable ore reserve in its properties and the attainment of profitable operations.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be required in the carrying value of assets.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Summary of Significant Accounting Policies  
(Unaudited – prepared by management)

May 15, 2004

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## Significant accounting policies

### Basis of Consolidation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the Company, and its wholly owned subsidiary, Chapleau Resources (USA) Ltd. All intercompany balances and transactions are eliminated on consolidation.

### Subsidiary

Chapleau Resources (USA) Ltd is incorporated in the state of Alaska in the United States of America and holds the Company's rights to the Indian Ranch, NV group of claims.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 1. Mineral properties and deferred exploration and development costs

### Properties

	Balance November 15, 2003	Option payment during the period	Expenditures during the period	Written-off during the period	Balance May 15, 2004
Cruz, BC	\$ 545,385	\$ -	\$ -	\$ -	\$ 545,385
Indian Ranch, NV	3,132,153	-	-	-	3,132,153
Quartz Creek, BC	47,028	-	-	47,028	-
Bar 19, BC	833,697	-	1,478	-	835,175
Zinger, BC	627,505	55,000	9,645	-	692,150
Super Group					
Gold, BC	638,125	-	42,976	-	681,101
Cranbrook					
Gold, BC	202,212	-	1,919	-	204,131
La Pampa Copper, Argentina	-	-	9,537	-	9,537
Hoarfrost, NWT	24,997	-	49	-	25,046
Other	35,441	-	96	35,537	-
	\$6,086,543	\$ 55,000	\$ 65,700	\$ 82,565	6,124,678
Less BC mining exploration tax credits claimed (Note 11)					490,358
					\$ 5,634,320

### Exploration costs expensed

During the period ended May 15, 2004 the company expensed \$33,931 (2003 - \$1,940) of exploration costs related to geological and geochemical work performed on mineral claims that have not been pursued.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 1. Mineral properties and deferred exploration and development costs (continued)

### Detail of expenditures

	La Pampa Copper, Argentina	Zinger, BC	Super Group Gold, BC	Other	2004	2003
Drilling	\$ 262	\$ 748	\$ 9,625	\$ 1,919	\$ 12,554	\$ 1,120,498
Geochemical		-	5,330	289	5,619	342,552
Geology	9,275	8,897	13,936	1,334	33,442	454,580
Geophysics		-	-	-	-	2,145
Staking		-	1,000	-	1,000	194,799
Trenching		-	-	-	-	251
Tenure payments		-	13,085	-	13,085	45,752
	\$ 9,537	\$ 9,645	\$ 42,976	\$ 3,446	\$ 65,700	\$ 2,160,577

### New property agreements entered into during the period

#### Hoarfrost – North West Territories

On February 10, 2004, the company entered into an agreement with 953725 NWT Limited to increase its interest in certain mineral claims known collectively as the Hoarfrost claims.

At the date of these financial statements, the company held a 35% interest in the property, and 953725 NWT Limited held a 65% interest in the property.

The agreement transfers a 50% interest in the property to the company in return for the company's commitment to expend a total of \$2.5 million in exploration on the claims as follows:

- (a) \$400,000 on or before December 31, 2004:
- (b) an additional \$600,000 on or before December 31, 2005:
- (c) an additional \$750,000 on or before December 31, 2006:
- (d) an additional \$750,000 on or before December 1, 2007.

Upon completion of the expenditures, the company shall have earned a total interest in the claims of 85%. 953725 NWT Limited retains a 3 1/2% NSR royalty interest in the property.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 1. Mineral properties and deferred exploration and development costs (continued)

New property agreements entered into during the period (continued)

La Pampa Copper-Gold Project, Argentina

On January 22, 2004, the company entered into an agreement with BHP Billiton World Exploration Inc. (BHP) to acquire an undivided 70% interest in BHP's La Pampa Copper-Gold Project.

To exercise the option, the company must incur an aggregate of US \$1,000,000 in exploration and maintenance expenditures on the property over three years, including:

- (a) at least US \$250,000 by the first anniversary of the agreement:
- (b) at least US \$500,000 (cumulative) by the second anniversary:
- (c) at least US \$1,000,000 (cumulative) by the third anniversary.

Excess expenditures in any year will be credited toward the expenditure requirements for the subsequent year(s).

If the company completes the aforementioned expenditures, it will have exercised the option and will be vested with a 70% undivided interest in the property.

## 2. Investment in Far West securities

	2004		2003	
	Cost	Market Value	Cost	Market Value
Far West Mining Ltd. (2004 – 5,352,900; 2003 – 5,228,200)	\$ 2,443,606	\$ 6,691,125	\$ 2,114,870	\$ 20,128,570

The investment represents a 12% ownership of Far West's issued and outstanding common shares.

## 3. Equipment

	2004		2003
	Cost	Accumulated Amortization	Net
			Net

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Equipment	\$	43,549	\$	33,412	\$	10,137	\$
21,070							

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The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

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## 4. Capital stock

### Authorized

150,000,000 without par value

### Issued and outstanding

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	Number of Shares	Amount
Balance, November 15, 2003	66,327,951	\$27,738,165
Issued during the period		
Issued for cash, exercise of stock options	25,000	6,500
Issued for cash, private placement (net of issue costs)	714,285	442,500
Issued for option payments	100,000	45,000
<u>Balance, May 15, 2004</u>	<u>67,167,236</u>	<u>\$28,232,165</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 5. Stock options

A summary of the status of the company's fixed stock option plan as of May 15, 2004 and November 15, 2003, and changes during the period/year ending on those dates is presented below:

	2004		2003	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of period/year	12,751,098	\$ 0.48	11,126,098	\$ 0.38
Granted	1,250,000	0.67	3,410,000	0.82
Exercised	(25,000)	0.26	(1,221,000)	0.47
Forfeited	(1,462,200)	0.50	(564,000)	0.48
Outstanding at end of period/year	12,513,898	\$ 0.50	12,751,098	\$ 0.48

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 5. Stock options (continued)

Incentive stock options for directors, officers and Service Providers are outstanding and exercisable at May 15, 2004, as follows:

	Number of Options	Exercise Price	Expiry Date
	400,000	\$ 0.65	January 2006
	867,500	\$ 0.30	May 2006
	500,000	\$ 0.30	August 2006
	200,000	\$ 0.40	September
2006	1,125,000	\$ 0.30	October 2006
	200,000	\$ 0.65	May 2007
	3,440,000	\$ 0.26	November
2007	100,000	\$ 0.52	December
2007	500,000	\$ 0.65	January 2008
	750,000	\$ 1.00	February
2008	1,121,398	\$ 0.51	April 2009
	2,000,000	\$ 0.82	May 2013
	60,000	\$ 0.67	May 2013
	1,250,000	\$ 0.67	January 2014
	<u>12,513,898</u>		

12,513,898 common shares have been reserved for the exercise of these options.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

## 5. Stock options (continued)

### Options outstanding and exercisable

Range of Exercise Price	Outstanding at May 15, 2004	Weighted-average remaining contractual life	Weighted-average exercise price
\$0.26-\$0.40	6,132,500	3.16	\$ 0.28
\$0.50-\$0.52	1,421,398	4.77	\$ 0.51
\$0.65-\$0.77	2,210,000	7.07	\$ 0.66
\$0.82-\$1.00	2,750,000	7.81	\$ 0.87
\$0.26-\$1.00	12,513,898	5.09	\$ 0.50

## 6. Share purchase warrants

At May 15, 2004, there are 7,387,500 warrants outstanding. A total of 7,387,500 common shares have been reserved for the exercise of these warrants.

Number of Warrants Outstanding	Exercise Price	Expiry Date
5,000,000	\$ 0.40 – 0.50	November 4, 2004
250,000	\$ 0.50 – 0.65	August 22, 2004
1,400,000	\$ 0.60	June 28, 2004
737,500	\$ 1.45	April 1, 2005
7,387,500		

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

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## 7. Stock based compensation plan

At May 15, 2004, the company has one stock-based compensation plan, which is described below;

### New Stock Option Plan

In accordance with the new policies of the TSX Venture Exchange regarding stock option plans, the Board of Directors of the company adopted a new stock option plan effective March 23, 2003. The company, as a tier 1 company will now be able to grant options without vesting provisions and hold periods, provided that the grant is made at market price.

The purpose of the new plan is to allow the company to grant options to directors, officers, employees and consultants, as additional compensation. Options will be exercisable over periods of up to ten years as determined by the board of directors and are required to have an exercise price no less than the discounted market price prevailing on the day that the option is granted.

The maximum number of common shares that may be issued pursuant to options granted is 13,413,447 or such additional amounts as may be approved by shareholders of the company.

The new plan provides that the number of common shares together with all of the company's other previously established or proposed share compensation arrangements, may not exceed 20% of the total number of issued and outstanding common shares. In addition, the number of shares that may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis.

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

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## 7. Stock-based compensation plan (continued)

On January 29, 2004, the Company granted 1,250,000 stock options to non-employees. All of these options are fully vested and have an exercise price of \$0.67 for a ten-year period. Compensation expense to non-employees is determined using the Black-Scholes option pricing model. Weighted average assumptions used in calculating compensation expense in respect of options granted to consultants are as follows:

	<u>May 15, 2004</u>
Risk-free rate	4.0%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's shares	7%
Weighted average expected life of the options	5.0 years

## 8. Related party transactions

During the period, management fees of \$90,000 were paid to two directors.

## 9. Contingent liability

The company has been named the defendant in a lawsuit and a claim against the company has been filed in the amount of \$242,000. In the opinion of management, these matters are without substantial merit and no provision has been made for them in the accounts. However, should any loss result from the resolution of this claim, such loss would be accounted for as a current expenditure.

## 10. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

## 11. B.C. Mining Exploration Tax Credits

The company has applied for B.C. Mining Exploration Tax Credits in the amount of \$490,358 for the years ended November 15, 2000 to November 15, 2003. The claims have not yet been assessed and the amounts may change upon assessment.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Interim Consolidated Financial Statements  
(Unaudited – prepared by management)

May 15, 2004

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## **12. Subsequent event**

Subsequent to the date of these financial statements, the Company announced, subject to regulatory approval, that it had granted employee incentive stock options to purchase 300,000 shares in its capital stock, exercisable at a price of \$0.40 per share on or before June 15, 2014.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.