

7/6/04 → OK
 June 14/04

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

6. MINERAL PROPERTIES (continued)

A debenture for US \$400,000 bearing interest at 0% if payments are made on time, and at 15% if a payment is late, dated September 24, 2002, secured by the Redstone Property, was issued to Redstone Resources Inc. as security for the Company's obligations under the agreement. The Company is current in its obligations under this debenture.

(c) Hushamu Property

The Hushamu property consists of 144 mineral claims located on northern Vancouver Island, British Columbia.

Pursuant to an agreement dated August 21, 2002 with Itech Capital Corp. ("ITECH"), the Company agreed to acquire all the shares of Moraga Resources Ltd. ("Moraga"), a British Columbia company, in consideration of cash payments in the aggregate of \$110,000 (paid in 2002).

In addition, the Company paid ITECH interest at the rate of 5% per annum, calculated monthly, on balances owing from August 22, 2002; reimbursed ITECH for specified expenses aggregating \$15,692; and must pay ITECH another \$1,000,000 if a decision is made to place the Hushamu property into production. The Hushamu property interest is subject to a 10% Net Profits Royalty payable to a third party.

The only material asset of Moraga as at August 22, 2002 was the Hushamu property interest which was reflected on Moraga's books at the nominal value of \$1. Moraga had no material liabilities. The acquisition costs of Moraga, consisting of the cash payments aggregating \$110,000, the specific expenses identified for reimbursement aggregating \$15,692 and other costs associated with the acquisition have been capitalized as the Hushamu property interest.

(d) OK Property

Pursuant to an agreement dated April 24, 2003, the Company was granted an option by Eastfield Resources Ltd. ("Eastfield") to earn an 80% interest in 7 mineral claims located near Powell River, British Columbia in consideration of a total of \$330,000 (\$10,000 paid) in cash payments and incurring a total of \$600,000 in exploration expenditures on the property, to be paid and expended to April 24, 2009. Upon earning an 80% interest in the property, the Company could purchase the remaining 20% interest for \$1,000,000.

Subsequent to December 31, 2003, the Company terminated the option on the property. An aggregate \$49,491 of acquisition and exploration costs have been written off.

Argentina

	Taca Taca	San Jorge	Total
Balance, December 31, 2001	\$ -	\$ -	\$ -
Property acquisition costs	57,924	-	57,924
Balance, December 31, 2002	57,924	-	57,924
Property acquisition costs	343,235	410,026	753,261
Property exploration costs			
Geological	26,426	26,858	53,284
Field office and administration	42,552	-	42,552
Taxes and filing fees	27,495	770	28,265
Maps and reports	1,612	6,995	8,607
Project management	6,000	-	6,000
Travel and accommodation	1,727	-	1,727
Value added tax	-	849	849
Additions during year	449,047	445,498	894,545
Balance, December 31, 2003	\$ 506,971	\$ 445,498	\$ 952,469