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Cariboo Gold Project

...what began as a dream

...is soon to become a ***reality****.*

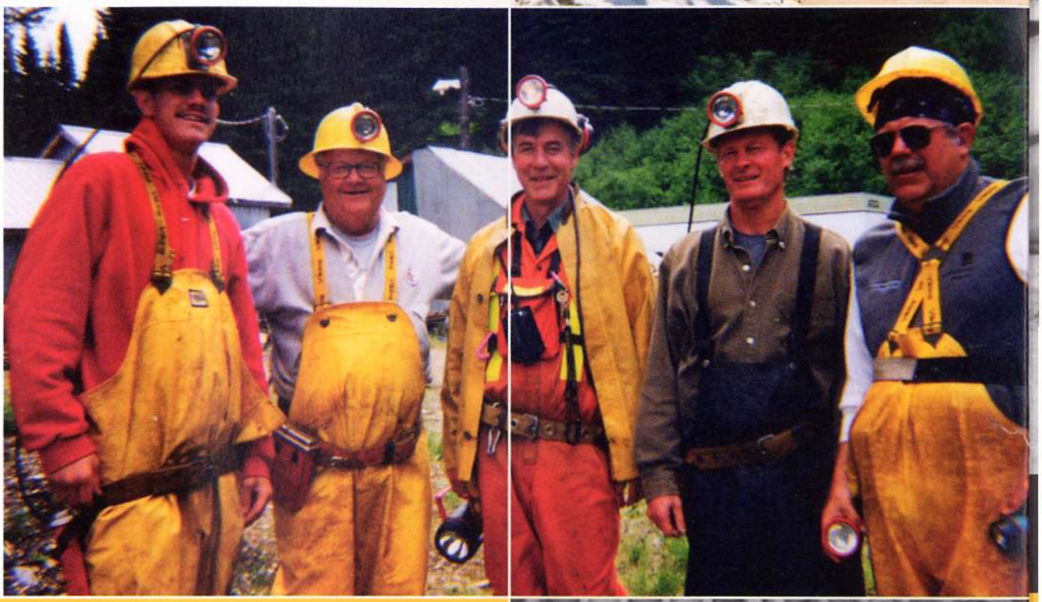
2003 ANNUAL REPORT

International Wayside Gold Mines Ltd.

contents

Present day Barkerville Historic Tow

Pictured below from left to right: Ryan Radez, Ray Strehlow, Dr. Richard Hall, Tom Mervar and Richard Radez, VP Precious Metals for David A. Noyes and Company preparing for underground 1200 Level tour on Cow Mountain.



mission

International Wayside's corporate objective is to create shareholder value through the discovery of economic gold deposits that offer both near term return on investment and long term growth. In keeping with the philosophy that mines are made – not found, the Company will continue to focus its development on regions with a proven history of gold production.

Pictured right: Pete Wright and Dale Pinkerton road building.on Cow Mountain.

profile

Mosquito Creek Headframe looking north east to Williams Creek. Photographed by Kingsford Healy.

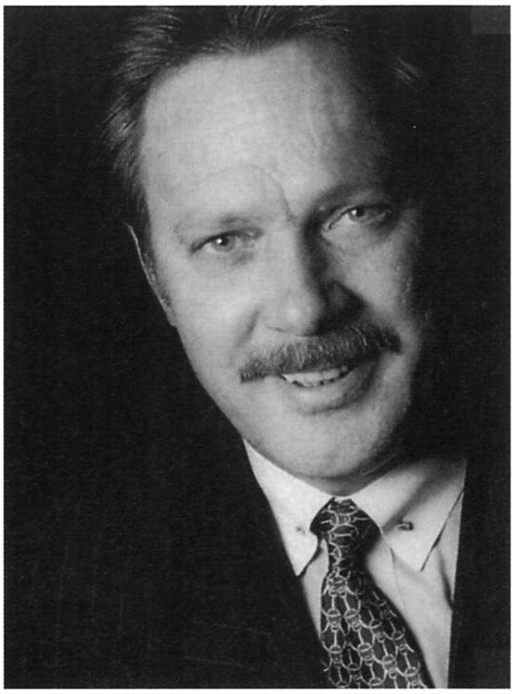
Breathing New Life into Historic Region.

International Wayside Gold Mines Ltd. is a well established exploration and mining Company that controls over 176 square kilometers of prospective land in the historic Wells-Barkerville district of British Columbia, Canada. In the 1860's a spate of discoveries in the region led to the famous "Cariboo Gold Rush" - one of the biggest gold rushes in Canadian history. International Wayside's Cariboo Gold Project encompasses three former producing gold mines and a large block of placer claims in the district, that to date, have produced a combined total of 3.83 million ounces of gold. Over the past six years the Company has spent over $10 million dollars on exploration and drilling, aggressively developing its property assets. This activity has led to the subsequent unveiling of the Bonanza Ledge Discovery and numerous additional gold showings. Paramount to the success of the operation, these important strides have taken the Company several critical steps forward towards achieving its ultimate goal of becoming the region's next commercial gold producer.

Applying advanced exploration techniques to proven mining districts.

A new year beckons... the objective is clear.

president's messag



"An independent Preliminary Assessment Report (Scoping Study) conducted on Cow Mountain and Bonanza Ledge indicated a Probable Mineral Reserve of 3,427,000 tons of ore grading 0.086 ounces of gold - sufficient for a mine life of 6.5 years."

On behalf of the Board of Directors, it gives me great pleasure to report to you on the Company's activities for the year ended 2003. Several important milestones were achieved in what was the 7th consecutive year furthering the Cariboo Gold Project. The Company has expensed over 10 million dollars on exploration, development and land acquisitions, in the Historic Wells-Barkerville district of central British Columbia. This having been accomplished, during a time that history may record as one of mining's bleakest periods for raising capital. The advancements have set the stage for accelerated development well into the future.

Among the highlights was the renewed Partnership Agreement your Company entered into with the British Columbia Government. The Partnership Agreement will see government provide valuable research and support for Cariboo Gold Project, as part of its ongoing commitment to promote and stimulate mining exploration and development in the province. The support shown by the British Columbia Government is a strong testimony, to the rising stature of the Cariboo Gold Project, and will undoubtedly prove to be a major asset for the Company.

On the exploration front, a host of stated key objectives contributed significantly to the success of the 2003 campaign.

Drilling on Barkerville Mountain identified a promising new gold zone on the Myrtle Claim. Drilling on the Bonanza Ledge confirmed it's impressive thickness. B.C. Vein drilling extended the length to an amazing 4,200 feet, and is open in all directions.

These significant developments were followed with an Independent Resource Estimate by Giroux Consultants Ltd., "Resource Estimate on the BC Vein and Bonanza Ledge Deposits Wells, British Columbia." The Independent Resource Estimate concluded that utilizing a 0.02 oz/t Au cut-off, that in the Bonanza Ledge, BC Vein and Cow Mountain areas there were 7,327,000 tons of 0.078 oz/t Au classified as Indicated Resources (570,600 oz Au) and 2,049,000 tons 0.059 oz/t Au classified as Inferred Resources (121,400 oz Au).

This was followed by a Independent Preliminary Assessment Report (Scoping Study) by DJP Consultants Ltd. who concluded that using the Independent Resource Estimate there is a Probable Mineral Reserve of 3,427,000 tons grading 0.86 oz/t Au (294,722 oz. Au) and that there are sufficient Reserves to provide 1500 tons per day by open pit mining methods to a processing plant on site for a mine life of 6 1/2 years producing 261,967 ounces of gold with an internal rate of return, before taxes, utilizing used equipment, of 29.5% with $340 US gold. The report also suggests that more drilling within and below the bottom of the proposed open-pits will possibly find new ounces and bring additional ounces from the Resource Estimate category to the Probable Mineral Reserve category. Management's objective is to find and prove enough ounces of gold for a 10-year mine life. The completion of the Preliminary Assessment Report was a major development for your Company, which has taken a gold resource and advanced it to a probable mineral reserve. It also signals the dawning of an exciting new era, and a significant forthcoming challenge for which the Company is uniquely suited to meet.

Additionally, the completion of an extensive environmental baseline study represents the culmination of over three years and $1 million dollars expended on studies, including evaluating fishery, wildlife, water quality, hydrology, meteorology, archaeology and anthropology.

These reports are required to the Amend the Application submitted in April 2000 to the British Columbia Environmental Assessment Office (EAO) for a Development Permit for a proposed plan to conduct open pit gold mining on Cow Mountain and Bonanza Ledge deposits on Barkerville Mountain. The project includes upgrading the single phase Quesnel-Barkerville power line to provide 3-phase power for milling operations. Company has begun preparations for future developments and has already successfully completed 3km of road improvements and the construction of a bridge that will provide easy access to the proposed open-pits.

The future looks very bright indeed, as we continue to set our sights on achieving our ultimate objective - gold production. Moving forward, we recognize our success is not only measured by the discoveries we make, but in the responsible manner in which we conduct ourselves. Our objective is to make certain the peoples of the areas, where we have chosen to do our work, benefit from our presence. We create employment and training programs, and assist local businesses where possible. These objectives result in Company employees in Wells, British Columbia being welcomed by these outwardly friendly and hard working local people who want a commercial gold mine, and help our efforts where they can to create employment and economic development.

The success of the past year is undoubtedly a tribute to the diligence of our committed team of professionals and hard working employees, both in the field in Wells and in Vancouver. For this, I want to thank you all for your total commitment and individual contributions.

"The spirit of cooperation shown by Chief Frank Boucher and the entire Lhtako Dene Nation is a testimony to the support the Cariboo Gold Project has received"

In closing, I would like to extend a special thanks to our Chairman of the Board, Richard Atkinson, our Chief Financial Officer, Ken Maddison, and Director, Douglas Hurst for their time and guidance, the entire management team and professional consultants who have unquestionably played an integral role in our success. In particular Richard Hall and Godfrey Walton for their unwavering conviction that the Cariboo Gold Project will become an exploration project to be reckoned with. Jo Harris whose experience, skills and patience were of such importance with EAO. Ken Brouwer of Knight Piesold whose leadership for the Development Permit Application was excellent.

I would also like to acknowledge Fran MacPherson, our hard working Office Manager in Wells, and Audrey Dinning, your Company's Corporate Secretary in Vancouver, who is truly the glue that keeps it all together. Finally, I want to extend a special thanks to you, our valued shareholders and financial backers. We could not have succeeded without your continued support. Thank You!

J. Frank Callaghan
President and Chief Executive Officer

year in review

CARIBOO GOLD PROJECT

When International Wayside Gold Mines Ltd. first reported on the Cariboo Gold Project in 1995, it was uncertain what the future would hold for a junior exploration and mining firm embarking on such a comprehensive project. What the Company did know for sure however, was the region and the vast land holdings contained within the project's boundaries boasted a long history of reported gold production unparalleled in the annals of British Columbia mining. Equally important, it was understood the project offered exceptional untapped potential and numerous areas of interest, that if strategically developed, could restore this once prolific gold district back to its glory days.

TIMELINE FOR SUCCESS

Dating back to its inception in 1994, the Cariboo Gold Project has undergone some of the most in-depth and comprehensive exploration and development ever witnessed in the district to assume its position as one of the region's most prospective, emerging gold camps. This has included 109,742 feet (33,449 meters) of drilling from 376 diamond drill holes, the development of a data base that includes over 11,000 gold assays, 8,043 soil samples, 79.9 km of magnetometer Surveys, 68 km of Induced Polarization Surveys, 54.4 km of Gamma data, 1,539 of airborne Mag and EM Surveys, and the acquisition of 176 square km of claims. The result of this exploration has been consistently positive and in many cases extraordinary.

INITIAL OPEN PIT RESOURCE

Between 1995 and 1998, the Company completed 225 diamond drill holes totaling 37,724 feet (11,500m) on Cow Mountain to further test the potential of an open pit resource over the Rainbow, Sanders and Pinkerton zones. Approximately 50 per cent of the program consisted of underground long-hole percussion drilling from the 1200-Level adit of the Cariboo Quartz mine and produced an indicated resource of 6.6 million tons grading 0.06 oz gold/ton at a cutoff of 0.02 oz/ton Au, as calculated by Giroux Consulting Ltd.

International Wayside management conduct visual inspection in the compound at Wells, B.C. Pictured left to right: Company Director Doug Hurst, Ian Gordon of VP Cannacord Capital, Company Chairman Richard Atkinson, VP of Exploration Godfrey Walton, and Charlie O'Sullivan.

Proposed open-pit mining operation will employ heavy-duty equipment on surface to blast and transport ore – similar to operation pictured below.

BONANZA LEDGE DISCOVERY

Supported by the success of its comprehensive drilling campaign in 1998 and 1999, the Company turned its focus to another high priority target on the Cariboo Gold Project, the B.C. Vein, to begin expanding on its newly defined resource. The objective of the program was to locate high-grade ore shoots of the variety located and exploited by the previous operator, the Cariboo Gold Quartz Mining Company in the 1940's.

International Wayside conducted a 31-hole drilling program from surface, which totaled 2,245 meters (7,366 feet) over a strike length of 384 meters (1,260 feet). Significant gold values were intersected in nearly every hole of the target area. In 2000, one of the holes, BC2K-10, returned a very impressive 0.719 ounces of gold per ton over 84.7 feet. Hole 31 returned 80 feet of 0.29 oz. gold/ton. Upon further evaluation, Company geologists discovered that the same geological environment, called the Cariboo Gold Trend, continued for miles in a northwest-southeast direction. Equally intriguing, the gold was discovered in a stratigraphic position not previously recognized in the Cariboo Gold Camp.

News of the discovery had an immediate and profound impact throughout the exploration and mining community prompting a flurry of activity to the region. The ensuing modern day gold rush would see more than a dozen junior mining companies stake thousands of acres of land in proximity to the Company's holdings. For management of International Wayside, the discovery was considered a revelation and represented a quantum leap towards its ultimate goal of delineating a mineable ore body.

ADVANCED EXPLORATION

In 2001 the Company conducted an exploration program consisting of 16,883 feet of diamond drilling in 25 holes. 22 holes tested the B.C. Vein/Bonanza Ledge and three targeted the nearby Wells Trend. The program was met with success when 22 of the holes encountered mineralization. Highlights included an intersection in the primary target area on hole BC01-18 that returned grades of 0.212 oz. gold/ton over 15.5 feet. The 25-hole program brought the total of holes drilled into the B.C. Vein/Bonanza Ledge mineralized zones to 104 drill holes-with 88 returning significant intersections.

Canadian Institute of Mining underground tour 1200 Level of Cow Mountain in the area of the proposed open-pit.

year in review

Driller Gene Harris and Kevin Cright pulling drill core on Bonanza Ledge/ BC Zone. Drilling has continued to produce positive results.

Most importantly, the program supported management's belief that the mineralization of the three former producing mines on the property and the Bonanza Ledge/B.C. Vein are related, suggesting the system is at least four miles long and open in all directions. Moreover, because all the intersections were shallow, within 300 feet of surface, that it was determined a high likelihood existed that open pit mining could be applied to extract the ore.

In June of 2002, International Wayside reported results from a 19 hole drill program that extended the B.C. Vein/Bonanza Ledge trend to 4,200 feet along strike, remaining open in all directions. Highlights from the program include hole BC02-08 reported assayed grades of 0.287 oz. gold/ton over 204.5 feet including 58.5 feet grading 0.690 oz. gold/ton.

In October of 2002, the Company reported a significant new Discovery on its Myrtle claims, which are optioned from Gold City Industries Ltd. Results from drilling included an intersection of 58 feet of multiple quartz-sulphide veins grading 0.266 oz. gold/ton.

DEVELOPMENT PROPOSED

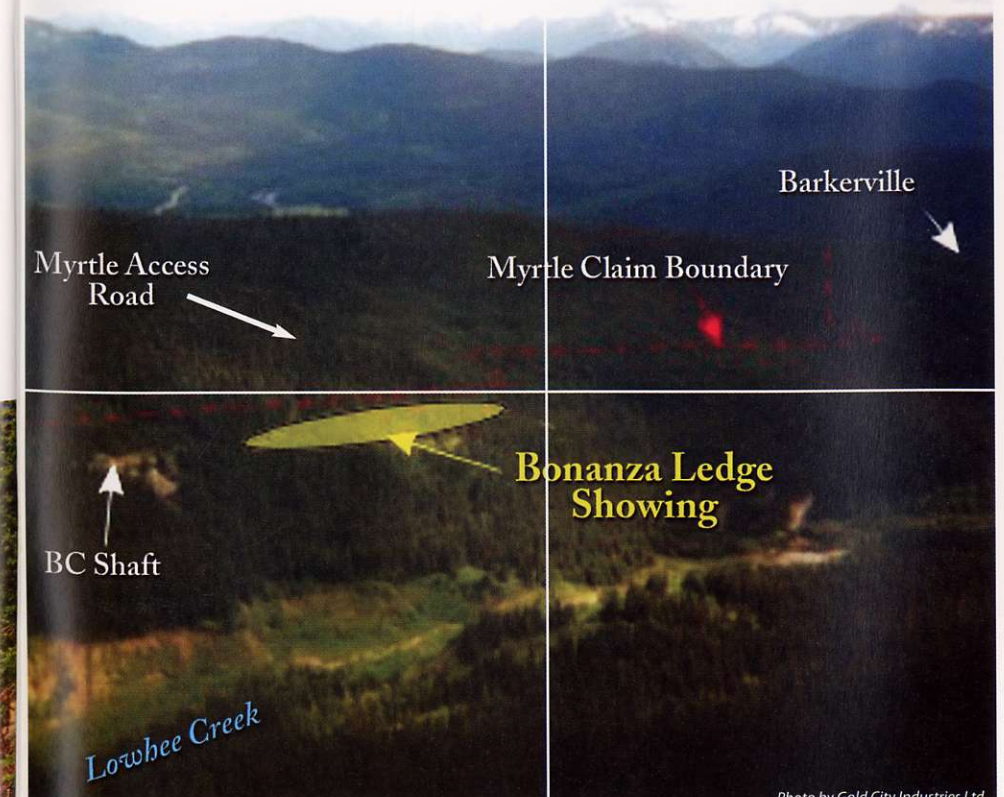
In a milestone development in December 2002, International Wayside announced the completion of a Mineral Resource Estimate on the B.C. Vein and Bonanza Ledge and Cow Mountain deposits. In conjunction with the independent report, the Company further reported a Preliminary Assessment Report (Scoping Study) was being prepared to assess the viability of an open pit mining operation on three areas of the Company's Cariboo Gold Project, utilizing a central milling facility.

Pulling drill rods for the next phase of drilling on Bonanza Ledge during the winter work program on the Cariboo Gold Project.

In April, 2003, the Company took another important step towards its objective of advancing the Cariboo Gold Project forward with the announced completion of the Preliminary Assessment Report prepared by David J. Pow, P.Eng., of DJP Consultants Ltd.

The report concluded a Probable Mineral Reserve of 3,427,000 tons grading 0.086 oz. gold/ton (294,722 oz. Au) exists on two areas, Cow Mountain and Barkerville Mountain, which are sufficient to provide 1500 tons per day to a processing plant on site for a mine life of 6 1/2 years. The report states the operation would produce 261,967 ounces of gold with an internal rate of return, before taxes, utilizing used equipment, of 29.5% with $340 US gold.

Larry Gagnon, Driller with Bonanza Ledge discovery drill core.



View looking south east on Barkerville Mountain.

dateline

1860 – 1987
Historic Wells district records 4 million ounces of gold production.

OCTOBER 1994
International Wayside options 50% of highly prospective Cariboo Gold Quartz mine.

MAY 1995 – 1998
Multi-phase surface and underground drilling program initiated on Cow Mountain.

SEPTEMBER 1998 – 2000
Drilling commences on the B.C. Vein.

JANUARY 1999
Company options remaining 50% of Cariboo Gold Quartz mine, 100% of Island Mountain and Mosquito Creek mines.

FEBRUARY 2000
Baseline studies commence on the Cariboo Gold Project.

MARCH 2000
Bonanza Ledge Discovery of high-grade gold mineralization causes major staking rush to region.

APRIL 2000
Memorandum of Understanding signed with First Nations, Lhtako Dene Band with respect to development of Cariboo Gold Project.

JULY 2000
Submission filed to British Columbia Government Environmental Assessment Office to develop Cariboo Gold Project.

APRIL 2001
Drilling program initiated on the Canusa B.C. Vein/Bonanza Ledge.

APRIL 2002
Drilling program initiated on Bonanza Ledge and B.C. Vein.

JULY 2002
British Columbia Government enters Partnership Agreement with Company to promote mining exploration. BC02-08 intersected 204.5 feet grading 0.287 oz. gold/ton.

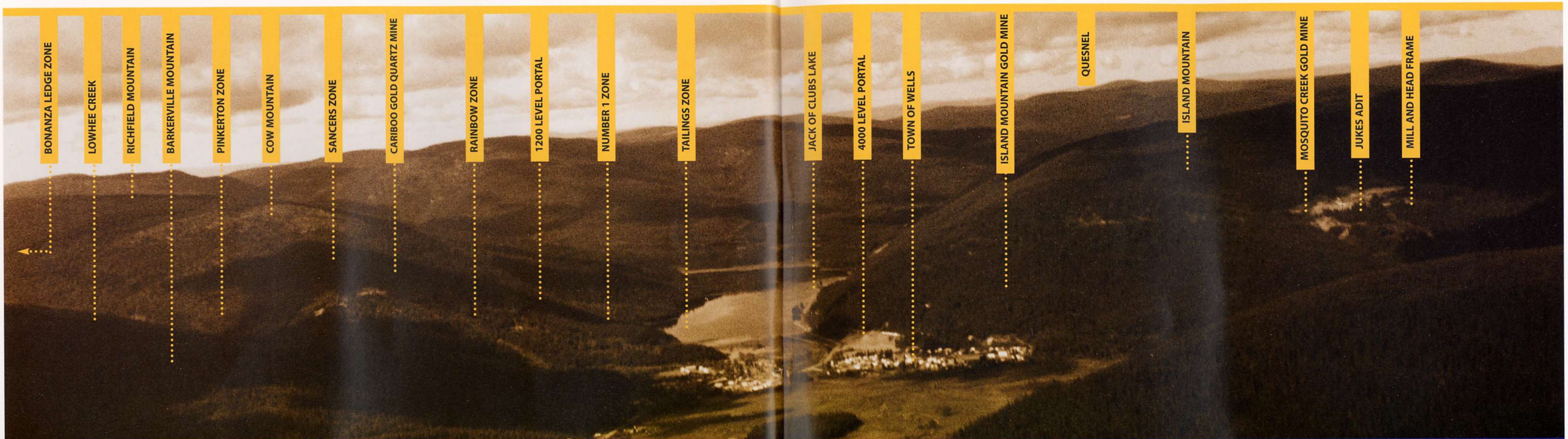
OCTOBER 2002
Drilling confirms B.C. Vein to 4,200 feet in length open in all directions.

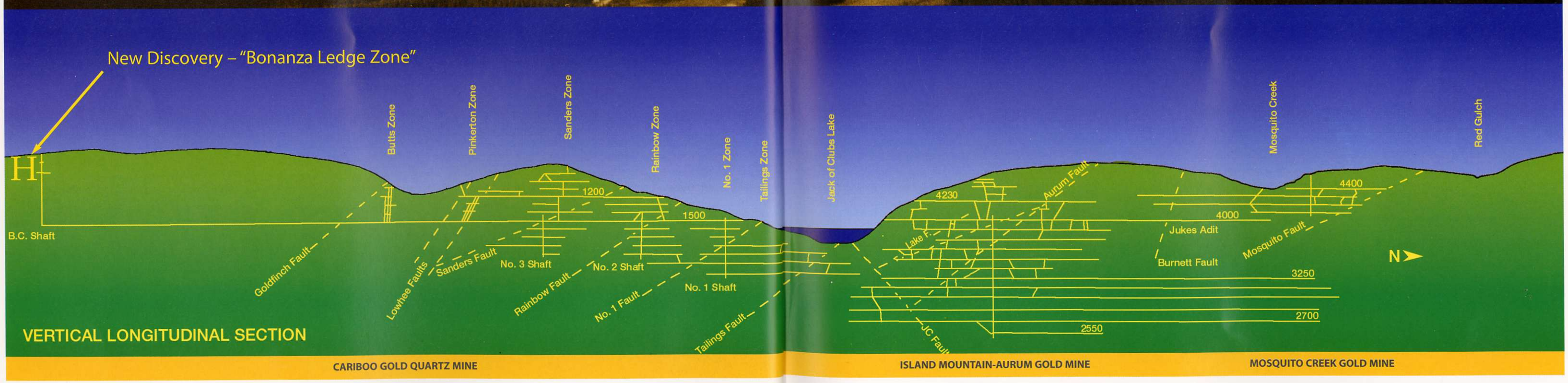
DECEMBER 2003
Probable mineral reserves calculated at 3,427,000 tons grading 0.086 oz. gold/ton.

APRIL 2003
Preliminary Assessment Report supports viability and potential of open pit mining operation on Cow Mountain and Bonanza Ledge of the Cariboo Gold Project.

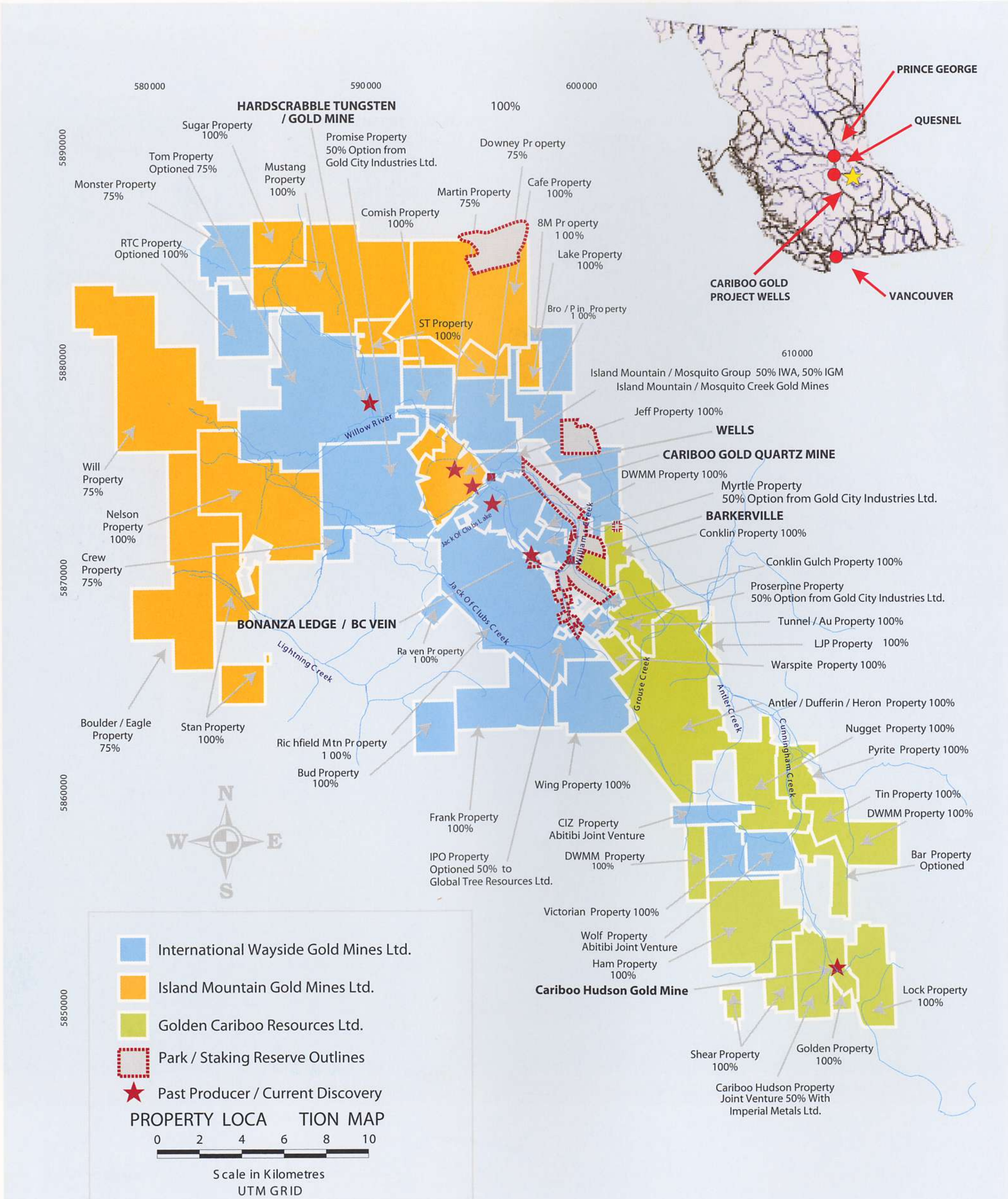
JUNE 2003
Drilling program on Bonanza Ledge returns high-grade intercepts highlighted by intercept of 103 feet grading 1.2 oz. gold/ton application for 10,000 ton bulk sample smitted to British Columbia Government.

property overview





claim map



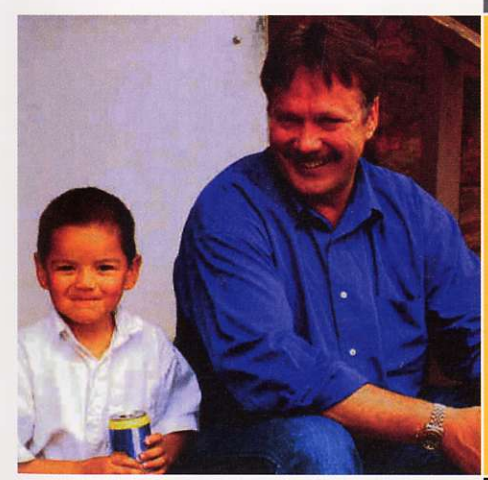
ethical & responsible

*Pictured Lhtako elders **Catharine (Cathy) Peters** (l) and **Julie George** (r) at the Cariboo Gold Project site visit, as part of the Memorandum of Understanding signed with the Company and the Lhtako Dene Nation.*

HONORING OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

International Wayside believes environmental and social considerations are vitally important to all our operations. We utilize proper safety standards to protect the health of all our employees and we respect the concerns of the people who reside in the regions where we have chosen to conduct our work.

We recognize our responsibility and role in minimizing the environmental impact of our exploration and proposed mining operations. We have adopted the highest standards to ensure careful environmental stewardship and sustainability for the area and will continue to make this initiative a high priority.



Frank Callaghan with Davish Longue on the steps of the Lhtako Dene Nation Office.

> *"We are setting a new precedence in a region that has seen continuous exploration and mining dating back to the 19th century. We are committed to the betterment of the region – and its people."*
>
> J. Frank Callaghan
> President and Chief Executive Officer

Ken Pollack sampling water quality in Wells.

regional program

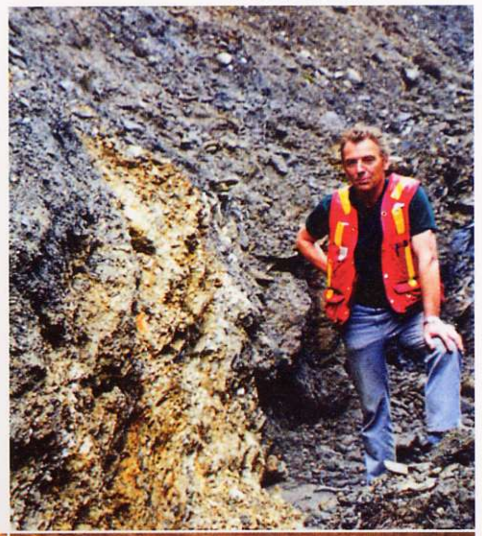
During the past year, the Company has successfully added a host of new claim blocks to its strategic portfolio of properties. The new targets are situated in close proximity to the Company's 176 square kilometers of prospective land that now form the Cariboo Gold Project.

The exploration potential of these targets have been investigated by the Company's reconnaissance team and are considered very promising. The areas of interest are underlain by a geological setting and geochemistry similar to the Bonanza Ledge stratigraphy. Extensive rock chip sampling of this material has returned strong anomalous gold values.

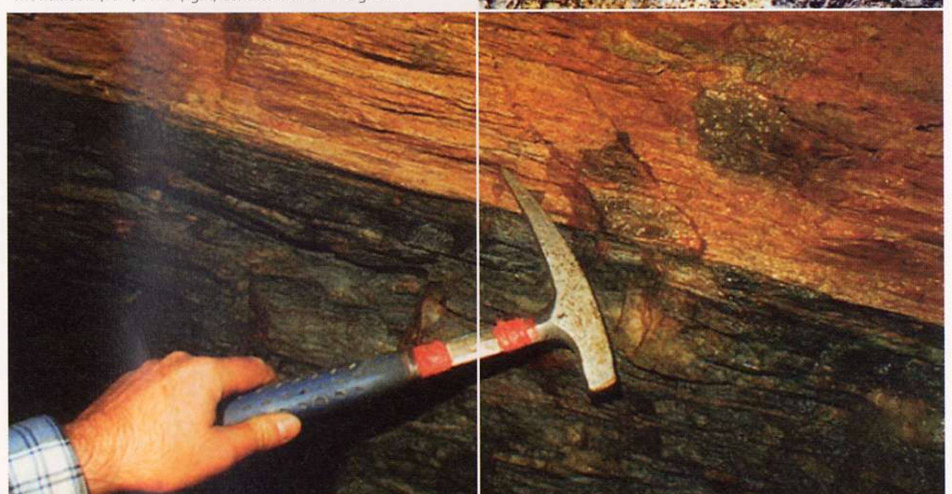
In the 2004 field season the anomalies will be investigated with closely spaced geochemistry to better define the targets that warrant testing at depth with a diamond drilling campaign. In the upcoming campaign, International Wayside plans to carry out a phased exploration program on these regional targets to outline their resource opportunity.

In Q2 2004 the Company has applied to the British Columbia Government to conduct a 10,000 ton bulk sampling program on the Bonanza Ledge Zone. The objective of the program will be to test and confirm metallurgy and ore grades. As part of an upcoming 2004, multi-phase drill program, the Company will be aggressively following up on the newly discovered zone on its Myrtle Claim, while it continues to conduct an ongoing program designed to confirm and expand its current gold resource on Cow Mountain.

Geologist Ned Reid (credited with Bonanza Ledge discovery) trenching on Cow Mountain.



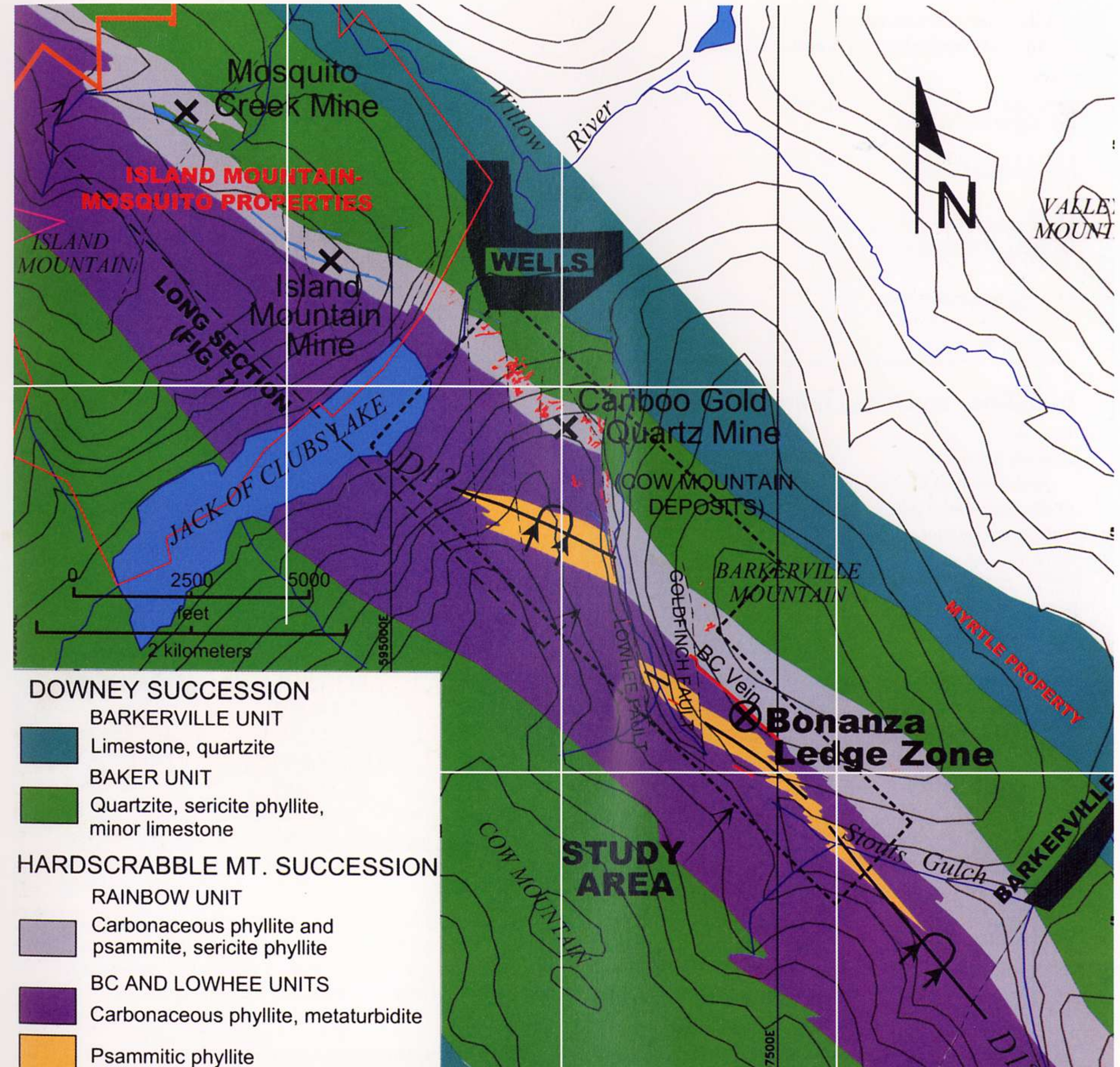
The Rainbow (dark) Baker (light) Contact shown underground.



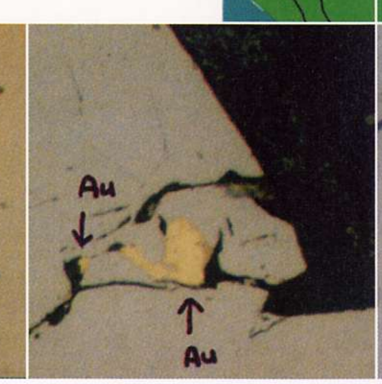
> *"The recent identification of several large geochemical anomalies and gold occurrences at the Cariboo Gold Project further enhances potential"*

Pictured left to right: Corporate Communications VP Andrew Reese, Frank Callaghan with Ken Maddison the Company's Chief Financial Officer show off a sample of high grade drill core from Bonanza Ledge on Barkerville Mountain.

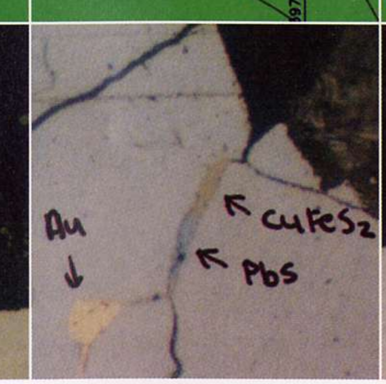
property geology of wells – barkerville area



A gold grain 50 µm in length is encapsulated in pyrite.



A 25 µm gold grain is intergrown with pyrite.



Several gold grainsup to 10 µm, occur along fractures with chalcopyrite (dark yellow) and galena (silver-grey).

A 7.5 gold grain occurs on the margin of a pyrite crystal.

balance sheets

expressed in canadian dollars | february 28, 2003 and 2002

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	$ 215,022	$ 13,587
Amounts receivable and prepaid expenses	43,184	12,100
	258,206	25,687
Reclamation deposits	36,000	36,000
Investments (note 3)	33,133	14,133
Due from related parties (note 6(a))	212,622	421,320
Property and equipment (note 4)	279,058	298,463
Mineral properties (note 5)	10,303,883	9,240,016
	$ 11,122,902	$ 10,035,619
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 391,168	$ 422,800
Due to related parties (note 6(b))	127,366	264,960
Current portion of mortgage payable	1,079	996
	519,613	688,756
Mortgage payable (note 7)	66,021	67,100
Shareholders' equity:		
Capital stock (note 8)	21,742,821	19,376,073
Contributed surplus - stock options (note 8(d))	142,995	–
Advances on share subscriptions (note 8(b))	13,500	81,668
Deficit	(11,362,048)	(10,177,978)
	10,537,268	9,279,763
	$ 11,122,902	$ 10,035,619

Going concern (note 1)
Commitments (notes 5 and 7)
Subsequent events (note 8(e))

See accompanying notes to financial statements.

Approved on behalf of the Board:

J. Frank Callaghan
Director

H. Ken Maddison
Director

statements of operations and deficit

expressed in canadian dollars | years ended february 28, 2003 and 2002

	2003	2002
Interest income	$ 1,014	$ 6,969
Administrative expenses:		
Accounting, audit and legal	121,683	147,703
Amortization	47,833	53,532
Automobile	18,081	8,172
Bank charges and interest	47,569	25,143
Management fees (note 6(c))	120,000	120,000
Office and administration	70,859	49,978
Printing	45,657	14,670
Rent	6,997	8,030
Shareholder communications and advertising	243,854	130,796
Telephone	34,436	17,653
Transfer agent and filing fees	47,678	34,251
Stock-based compensation (note 8(d))	142,995	–
Wages, consulting fees and benefits	237,442	398,496
	1,185,084	1,008,424
Other expenses:		
Loss on disposal of investments (note 3)	–	13,067
Write-down of investments (note 3)	–	14,000
Write-down of mineral properties (note 5(b))	–	49,400
	–	76,467
Loss for the year	(1,184,070)	(1,077,922)
Deficit, beginning of year	(10,177,978)	(9,100,056)
Deficit, end of year	$ (11,362,048)	$ (10,177,978)
Basic and diluted loss per share (note 2(g))	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding	70,185,525	52,031,697

See accompanying notes to financial statements.

auditors' report to shareholders

We have audited the balance sheets of International Wayside Gold Mines Ltd. as at February 28, 2003 and 2002 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 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 February 28, 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 (British Columbia), we report that, in our opinion, these principles have been applied, except for the effect of the change in the method of accounting for stock-based compensation as explained in note 2(e) to the financial statements, on a consistent basis.

KPMG LLP

KPMG LLP (signed)
Chartered Accountants
Vancouver, Canada
June 11, 2003

statements of cash flows

expressed in canadian dollars | years ended february 28, 2003 and 2002

	2003	2002
Cash provided by (used in):		
Operations:		
Loss for the year	$ (1,184,070)	$ (1,077,922)
Items not involving cash:		
Amortization	47,833	53,532
Loss on disposal of investments	–	13,067
Write-down of investments	–	14,000
Write-down of mineral properties	–	49,400
Stock-based compensation	142,995	–
	(993,242)	(947,923)
Changes in non-cash operating working capital:		
Amounts receivable and prepaid expenses	(31,084)	274,124
Accounts payable and accrued liabilities	160,786	187,339
	(863,540)	(486,460)
Investments:		
Reclamation deposits	–	(14,000)
Proceeds on sale of investments	–	9,800
Due from related parties	208,698	(421,320)
Purchase of property and equipment	(28,428)	(1,382)
Expenditures on mineral properties, net of recoveries	(992,047)	(982,330)
	(811,777)	(1,409,232)
Financing:		
Due to related parties	(137,594)	75,322
Mortgage payable	(996)	(1,240)
Issuance of capital stock for cash	2,001,842	1,203,403
Advances on share subscriptions	13,500	81,668
	1,876,752	1,359,153
Increase (decrease) in cash and cash equivalents	201,435	(536,539)
Cash and cash equivalents, beginning of year	13,587	550,126
Cash and cash equivalents, end of year	$ 215,022	$ 13,587
Supplemental cash flow information:		
Interest paid	$ 17,671	$ 17,641
Taxes paid	–	–
Non-cash operating, financing and investing activities:		
Issuance of capital stock for mineral properties	90,820	27,250
Issuance of capital stock on settlement of debts, net of escrow shares cancelled (notes 8(b) and 8(f))	192,418	224,074
Shares received pursuant to mineral property option agreements	19,000	21,000

See accompanying notes to financial statements.

notes to financial statements

expressed in canadian dollars | years ended february 28, 2003 and 2002

1. **Going concern:**

The Company was incorporated on February 12, 1970 under the Company Act (British Columbia). Its principal business activities are the exploration and development of mineral properties in British Columbia, with its principal property being the Cariboo Gold Project (note 5(b)).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at February 28, 2003, the Company had a working capital deficiency of $261,407. The Company's continuing operations and the ability of the Company to discharge its liabilities and fulfill its commitments as they come due is dependent upon the ability of the Company to continue to obtain equity financing. Failure to continue as a going concern would require the restatement of assets and liabilities on a liquidation basis, which would differ materially from the going concern basis.

2. **Significant accounting policies:**

(a) Basis of presentation:
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments:
Investments are carried at cost less any provision for other-than-temporary impairment in value.

(c) Property and equipment:
Property and equipment is recorded at cost. Amortization is provided, once the assets are in use, over their estimated useful lives on a declining balance basis at rates between 5% and 20% per annum.

(d) Mineral properties:
The Company capitalizes the acquisition cost of mineral properties and defers exploration and development expenditures directly related to specific mineral properties, net of recoveries received, until such time as the extent of mineralization has been determined and the mineral properties are developed, the Company's mineral rights are allowed to lapse or the Company determines that the deferred costs are in excess of the net recoverable amount. At that time the deferred costs are either amortized on a unit-of-production basis, written off or written down, as appropriate.

Mineral property acquisition costs include the cash consideration paid and the fair value of common shares issued, based on the trading price of the shares on the date of the agreement to issue the shares.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Refundable mineral exploration tax credits are also recorded on receipt as the amounts are subject to acceptance by the taxation authorities.

Amounts shown for mineral properties represent costs incurred to date, less write-downs, write-offs and recoveries, and do not necessarily reflect present or future values.

(e) Stock-based compensation:
Effective March 1, 2002, the Company adopted the new accounting standard of the Canadian Institute of Chartered Accountants, Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense. Under this standard, stock-based payments to non-employees, and employee awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after March 1, 2002, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted.

expressed in canadian dollars | years ended february 28, 2003 and 2002

Significant accounting policies (continued):

(e) Stock-based compensation(continued):

As allowed under the new standard, the Company has elected to continue to apply the settlement method and not to follow the fair value based method of accounting for stock options granted to directors and employees. Under the settlement method, no compensation expense is recognized when stock options are granted to directors and employees if the exercise price of the stock options granted is at market value. Any consideration paid by directors and employees on exercise of stock options or purchase of shares is credited to share capital. However, disclosure of the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair value based method, is disclosed as pro-forma information (note 8(d)).

Prior to the adoption of the new standard, no compensation expense was recognized at the time options were granted, when the options were granted at market prices. Any consideration paid by employees or directors on exercise of options was credited to share capital.

(f) Income taxes:
The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax basis (temporary differences), and loss carry forwards. Future income tax assets and liabilities are measured using the substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantially enacted. The amount of future income tax assets recognized is limited to the amount that is, in management estimation, more likely than not to be realized.

(g) Loss per share:
Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. However, diluted loss per share does not differ from basic loss per share as the effect of outstanding options and warrants would be anti-dilutive.

(h) Use of estimates:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of recoverability of mineral property deferred costs, useful lives for amortization and valuation allowance of future tax assets. Actual results could differ from those estimates.

(i) Financial instruments:
As at February 28, 2003 and 2002, in all material respects the carrying amounts of the Company's financial instruments, other than investments and amounts receivable from and payable to related parties, approximate their fair values due to the short-term to maturity of such instruments. The fair value of investments is disclosed in note 3. It is not practicable to determine the fair values of the amounts receivable from and payable to related parties due to the related party nature of such amounts and the absence of a secondary market for such instruments.

(j) Comparative figures:
Certain of the prior years' comparative figures have been reclassified to conform to the presentation adopted in 2003.

3. **Investments:**

	2003			2002		
	Number of shares	Carrying value	Quoted market price	Number of shares	Carrying value	Quoted market price
Island Mountain Gold Mines Ltd.	252,000	$ 30,133	$ 35,280	52,000	$ 12,133	$ 3,120
Global Tree Technologies Inc.	300,000	3,000	3,000	200,000	2,000	2,000
		$ 33,133	$ 38,280		$ 14,133	$ 5,120

The Company receives shares of other companies pursuant to mineral property option agreements (note 5(b)). One of the companies is related by way of certain common directors.

3. **Investments (continued):**

During fiscal 2002, the Company sold 98,000 shares of Island Mountain Gold Mines Ltd. ("IMGML") for proceeds of $9,800 and realized a loss on disposal of $13,067. In addition, the Company wrote down the carrying value of its investment in Global Tree Technologies Inc. ("Global") to its quoted market price as at June 26, 2002, to reflect the average market value of Global during the preceding year.

4. **Property and equipment:**

2003	Cost	Accumulated amortization	Net book value
Land	$ 59,300	$ –	$ 59,300
Building	33,200	9,230	23,970
Office equipment	160,727	110,060	50,667
Mining equipment	370,792	239,966	130,826
Vehicles	14,295	14,295	
	$ 638,314	$ 359,256	$ 279,058

2002	Cost	Accumulated amortization	Net book value
Land	$ 59,300	$ –	$ 59,300
Building	33,200	3,237	29,963
Office equipment	146,594	100,927	45,667
Mining equipment	370,792	207,259	163,533
	$ 609,886	$ 311,423	$ 298,463

5. **Mineral properties:**

	2003	2002
Wayside property (a)	$ 1	$ 1
Cariboo Gold Project (b)	10,303,882	9,240,015
	$ 10,303,883	$ 9,240,016

(a) Wayside property:
At February 28, 2003, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If, and when, the property commences commercial production, the Company will be required to issue shares equal in value to $480,000 to the party from whom it was initially acquired.

Based on limited financial resources and current economics, the Company has been focusing its efforts in recent years on the Cariboo Gold Quartz property (note 5(b)) and has been seeking, without success, a joint venture partner to fund exploration expenditures on the Wayside property. Based on the limited exploration work performed on the property in recent years and the uncertainty of recovering the deferred costs, the Company is carrying this property at a nominal amount.

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5. **Mineral properties (continued):**

(b)Cariboo Gold Project:

	2003	2002
Acquisition costs and option payments	$ 238,715	$ 242,954
Option payments and shares received	(154,000)	(71,000)
Exploration and development expenditures:		
Administration fees (note 6(c))	66,785	50,330
Assaying	36,478	34,164
Consulting (note 6(c))	132,179	16,430
Engineering	34,870	30,423
Environmental	7,899	3,377
Land fees and permitting	101,809	72,211
Exploration	168,473	382,179
Equipment rentals (note 6(c))	42,079	63,882
Project administration fees (note 6(c))	23,000	30,000
Mine and field supplies	357,199	107,366
Travel	8,381	26,264
Total exploration and development expenditures	979,152	816,626
Net expenditures during the year	1,063,867	988,580
Balance, beginning of year	9,240,015	8,300,835
Write-down during the year	–	(49,400)
Balance, end of year	$ 10,303,882	$ 9,240,015

During 1994, the Company entered into an option agreement with Mosquito Consolidated Gold Mines Ltd. ("Mosquito"), to earn a 50% undivided interest in the Cariboo Gold Quartz property, consisting of certain mineral claims and leases located in the Cariboo Mining Division, British Columbia. In order to earn its 50% interest in the property, the Company is required to make option payments totalling $50,000 (paid), issue 500,000 common shares (issued), and incur cumulative exploration and development expenditures totalling $1,450,000 over a six year period to October 3, 2000 (incurred). For each additional year thereafter until a production decision is made, the Company agrees to spend $500,000 on further exploration and development work on the property, although the agreement provides that the Company can apply expenditures incurred during the six year period to October 3, 2000 in excess of $1,450,000 against this $500,000 annual expenditure commitment.

During fiscal 1999 and amended in fiscal 2002, the Company entered into an agreement with Mosquito whereby the Company can acquire the remaining 50% of the Cariboo Gold Quartz property held by Mosquito as well as a 100% interest in Mosquito's Island Mountain and Mosquito Creek properties that are contiguous to the Cariboo Gold Quartz property (which collectively form the Cariboo Gold Project) (the "Properties"), for cash totalling $4,054,303 to be paid in stages to December 31, 2003 ($554,303 paid to February 28, 2003). The letter agreement provides for a NSR royalty to Mosquito of 3% of net revenues derived from production of minerals from the Properties and the Company has the option of purchasing this royalty for a period of one year from the completion of a positive feasibility study for U.S. $4,200,000. The Company is responsible for settling an existing 10% net profits interest on the Properties and has been granted an option to purchase all equipment on the Properties owned by Mosquito. Mosquito retains all placer rights to the Properties.

5. **Mineral properties (continued):**

(b) Cariboo Gold Project (continued):

During fiscal 2000, the Company entered into an agreement with IMGML, a public company listed on the TSX Venture Exchange ("TSX-V") which has certain common directors with the Company, granting IMGML an option to earn a 50% interest in the Island Mountain and Mosquito Creek properties from the Company. In order to earn its 50% interest, the agreement provides that IMGML will pay the Company $150,000 upon execution of the agreement (received) and make annual option payments to the Company of $50,000 per year for the next five years ($250,000 received to February 28, 2003, which includes a pre-payment of the payment due in fiscal 2004), issue 500,000 shares of IMGML in stages (350,000 shares received to February 28, 2003) and incur $4,000,000 in exploration expenditures over a five year period. The Company is the operator on the exploration work programs, although it utilizes the services of the primary contractor used for the exploration work programs on its own properties (see notes 6(a) and 6(c)).

During fiscal 2001, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements, as amended, call for the Company to pay $242,500, issue 664,500 common shares and incur $730,000 of exploration expenditures over a four year period.

Also during fiscal 2001, the Company entered into an agreement with Global, a public company listed on the TSX-V, granting Global an option to acquire a 50% interest in 24 mineral claims located in the Cariboo Mining Division. In order to earn its 50% interest, the agreement provides that Global will pay the Company $25,000 upon execution of this agreement (received) and $25,000 within one year of regulatory approval, issue to the Company a total of 500,000 shares of Global in stages (200,000 shares received to February 28, 2002) and incur $1,550,000 of exploration expenditures over a five year period. During fiscal 2002, the Company and Global amended the agreement to extend the due date of the payment due in 2002, increase the amount by $5,000 and allow for the payment to be made in shares of Global or cash. During fiscal 2003, the Company and Global further amended the agreement to extend the due date of the payment due in 2002 to December 31, 2003, increase the amount to $60,000 and allow for this payment to be made in shares of Global or cash. In addition, the Company and Global agreed to reduce the exploration expenditure commitment to $1,450,000 by December 31, 2006 and increase the share consideration to a total of 600,000 shares of Global (to be issued in stages). The Company received an additional 100,000 shares of Global in fiscal 2003.

During fiscal 2002, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements require the Company to pay $1,000 and issue 110,000 common shares. In addition, during fiscal 2002, the Company's interest in certain mineral claims staked in fiscal 2001 were cancelled and the Company wrote off the costs associated with those claims.

During fiscal 2003, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements require the Company to issue 391,534 common shares (issued) and pay a total of $25,000 over a two-year period ($2,500 paid in fiscal 2003).

6. **Related party balances and transactions:**

(a) Balance receivable:
The amounts receivable from related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

	2003	2002
Receivable from Island Mountain Gold Mines Ltd.	$ –	$ 404,866
Receivable from other companies with certain common directors	41,085	16,454
Receivable from a company controlled by a director (note 6(c))	171,537	–
	$ 212,622	$ 421,320

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6. **Related party balances and transactions:**

(a) Balance receivable (continued):

The balance receivable from IMGML relates primarily to the operating agreements for the exploration work programs described in note 5(b).

The balance receivable from other companies with certain common directors relates primarily to an allocation of administrative costs incurred by the Company.

(b) Balances payable:
The amounts payable to related parties, which are non interest bearing, unsecured and due on demand, are comprised of the following:

	2003	2002
Due to Island Mountain Gold Mines Ltd. (note 6(a))	$ 124,631	$ –
Due to a company controlled by a director (note 6(c))	–	146,156
Due to directors	2,735	118,804
	$ 127,366	$ 264,960

(c) Related party transactions:
A summary of the amounts charged to the Company by directors, and by companies controlled by directors, is as follows:

	2003	2002
Exploration and development expenditures:		
Equipment rentals	$ 76,625	$ 61,607
Project administration fees	23,000	30,000
Administration fees on reimbursed expenditures	42,509	50,330
Consulting fees	12,026	–
Administrative expenses:		
Management fees	120,000	120,000
	$ 274,160	$ 261,937

7. **Mortgage payable:**

In connection with the acquisition of land and a building near the Cariboo Gold Project, the vendors granted the Company a mortgage payable of $70,000 that bears interest at 8% per annum, is payable in monthly installments of $534, including interest, and is due on January 1, 2005. The principal repayments due in each of the three fiscal years are as follows:

2004	$ 1,079
2005	66,021
	$ 67,100

8. **Capital stock:**

(a) Authorized capital:
100,000,000 common shares without par value

8. **Capital stock (continued):**

(b) Issued and outstanding:

	Number of shares	Total
Balance, February 28, 2001	49,623,751	$ 17,921,346
Issued during the year:		
For cash by way of private placements	7,479,214	1,177,903
For cash on exercise of share purchase options (note 8(d))	275,000	42,750
For acquisition of mineral properties (note 5(b))	235,000	27,250
On settlement of debts	1,010,563	224,074
Share issuance costs	–	(17,250)
Balance, February 28, 2002	58,623,528	19,376,073
Issued during the year:		
For cash by way of private placements	14,458,674	1,781,467
For cash on exercise of share purchase options (note 8(d))	1,405,986	223,250
For cash on exercise of share purchase warrants (note 8(e))	1,669,615	200,442
For acquisition of mineral properties (note 5(b))	641,534	90,820
On settlement of debts	1,653,015	229,437
Cancellation of escrow shares (note 8(f))	(471,541)	(37,019)
Share issuance costs	–	(121,649)
Balance, February 28, 2003	77,980,811	$ 21,742,821

During fiscal 2002, the Company completed five private placements, the first consisting of 1,592,713 units at $0.25 per unit. A total of 955,000 units were flow-through. Each unit consists of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant. One whole share purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.35 per share for a one-year period.

Two other private placements totaled 3,896,501 units at $0.15 per unit, of which 3,129,834 units were flow-through. Each unit consists of one flow-through or non-flow-through common share and one-half of a flow-through or non-flow-through share purchase warrant. One whole purchase warrant allows the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.25 per share for a one-year period.

The other two private placements totaled 2,015,000 units at $0.10 per unit, of which 500,000 units were flow-through. Each unit consists of one-flow-through or non-flow-through common share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional flow-through or non-flow-through common share at a price of $0.10 per share for a one-year period.

The Company also returned 25,000 shares to treasury which had been erroneously issued in a fiscal 2001 private placement at $0.25 per share, and cancelled them.

In addition, the Company issued 664,896 common shares at $0.25 per share and 295,667 common shares at $0.15 per share in settlement of a total of $210,574 of accounts payable, and issued 50,000 common shares at $0.27 per share in settlement of $13,500 of amounts payable to related parties.

At February 28, 2002, the Company had received advances on share subscriptions totalling $81,668 relating to a private placement of a total of 1,926,674 units at $0.10 per unit, with each unit consisting of one common share and one share purchase warrant, with each share purchase warrant exercisable at $0.10 for a one year period. During fiscal 2003, the Company received the remaining $101,335 and issued the 1,926,674 common shares and 1,926,674 share purchase warrants.

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8. **Capital stock (continued):**

(b) Issued and outstanding (continued):

In addition to the above private placement, during fiscal 2003, the Company completed eight other private placements The first was a short form offering document filed under the policies of the TSX-V for 1,200,000 units at $0.45 per unit. The 1,200,000 units consisted of a total of 2,400,000 flow-through common shares at $0.15 per share, 1,200,000 non-flow-through common shares at $0.15 per share, 1,200,000 flow-through share purchase warrants exercisable at $0.25 per share to December 31, 2002 and 600,000 non-flow-through share purchase warrants exercisable at $0.25 per share for a one-year period. In addition to its customary sales commission, the agent for this offering received 540,000 share purchase warrants exercisable at $0.15 per share for a two-year period.

The Company also completed three private placements totalling 4,590,000 units at $0.10 per unit, of which 2,940,000 units were flow-through. Each unit consisted of one flow-through or non-flow-through common share and one share purchase warrant exercisable at $0.15 per share for a one-year period.

In addition, the Company completed three other private placements totalling 2,257,000 common shares at $0.15 per share, of which 1,507,000 shares were flow-through. Included in these private placements were 1,097,000 share purchase warrants exercisable at $0.20 per share for a one-year period, 500,000 share purchase warrants exercisable at $0.20 per share in the first year and $0.25 in the second year, and 66,000 share purchase warrants exercisable at $0.15 in the first year and $0.19 in the second year. The Company paid a finders fee of 35,000 shares in connection with the 500,000 share private placement.

The other private placement totalled 2,050,000 units at $0.12 per unit, of which 1,870,000 units were flow-through. Each unit consisted of one flow-through or non-flow-through common share and one share purchase warrant exercisable for $0.17 per share for a one-year period.

In addition, the Company issued a total of 1,282,824 common shares at $0.15 per share in settlement of a total of $192,418 of accounts payable, and issued 370,191 common shares at $0.10 per share in settlement of $37,019 of amounts payable to a related party.

(c) Flow-through shares:
During fiscal 2003, the Company issued a total of 8,717,000 flow-through common shares for cash consideration of $1,104,450 and during fiscal 2002, the Company issued a total of 4,584,834 flow-through common shares for cash consideration of $758,225 (note 8(b)). These and previous years expenditures related to the use of flow through share proceeds are included in mineral properties but are not available as a tax deduction to the Company as the tax benefits of these expenditures have been renounced to the investors (note 9).

(d) Share purchase options:
Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than $0.10 per share. Options have a maximum term of five years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting of options is made at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

8. **Capital stock (continued):**

(d) Share purchase options (continued):

The continuity of the Company's share purchase options for the years ended February 28, 2003 and 2002, all of which are exercisable, are as follows:

Exercise prices	Expiry dates	Balance February 28, 2002	Granted	Exercised	Expired/ cancelled	Balance February 28, 2003
$ 0.17	February 2, 2003	617,600	–	(617,600)	–	–
$ 0.30	February 10, 2003	150,000	–	–	(150,000)	–
$ 0.30	February 16, 2003	100,000	–	–	(100,000)	–
$ 0.50	August 30, 2003	1,825,397	–	–	(75,000)	1,750,397
$ 0.15	August 31, 2003	135,000	–	(75,000)	(45,000)	15,000
$ 0.15	October 8, 2003	426,719	–	(421,719)	(5,000)	–
$ 0.25	May 10, 2004	1,302,500	–	–	(140,000)	1,162,500
$ 0.15	May 28, 2005	–	1,960,000	(291,667)	–	1,668,333
$ 0.17	June 9, 2005	–	394,318	–	(10,000)	384,318
$ 0.17	August 2, 2005	–	792,911	–	–	792,911
		4,557,216	3,147,229	(1,405,986)	(525,000)	5,773,459
Weighted average exercise price		$ 0.33	$ 0.16	$ 0.16	$ 0.30	$ 0.28

Exercise prices	Expiry dates	Balance February 28, 2001	Granted	Exercised	Expired/ cancelled	Balance February 28, 2002
$ 0.17	February 2, 2003	692,600	–	(75,000)	–	617,600
$ 0.30	February 10, 2003	150,000	–	–	–	150,000
$ 0.30	February 16, 2003	100,000	–	–	–	100,000
$ 0.50	August 30, 2003	2,050,397	–	–	(225,000)	1,825,397
$ 0.15	August 31, 2003	135,000	–	–	–	135,000
$ 0.15	October 8, 2003	626,719	–	(200,000)	–	426,719
$ 0.25	May 10, 2004	–	1,312,500	–	(10,000)	1,302,500
		3,754,716	1,312,500	(275,000)	(235,000)	4,557,216
Weighted average exercise price		$ 0.35	$ 0.25	$ 0.16	$ 0.49	$ 0.33

If the fair value method had been used to account for options granted to directors, officers and employees, the Company's loss and loss per share for the year ended February 28, 2003 would have been adjusted to the pro forma amounts indicated below (note 2(e)):

Loss for the year:	
As reported	$ 1,184,070
Stock-based compensation to directors and employees	274,714
Pro forma	$ 1,458,784
Basic and diluted loss per share:	
Reported	$ 0.02
Pro forma	0.02

Under the new accounting standard, the value of options granted to non-employees during the year ended February 28, 2003, using the fair value method, was estimated to be $142,895, which has been reflected in these financial statements as stock-based compensation expense and contributed surplus - stock options.

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8. **Capital stock (continued):**

(d) Share purchase options (continued):

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

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	4.02%
Expected dividend yield	0%
Expected stock price volatility	137%
Expected option life	3 years

(e) Share purchase warrants:
The continuity of the Company's share purchase warrants for the years ended February 28, 2003 and 2002, are as follows:

Exercise prices	Expiry dates	Balance February 28, 2002	Issued	Exercised	Expired	Balance February 28, 2003
$0.15 (1)(2)	August 20, 2002 (1)(2)	2,236,485	–	(527,365)	(1,709,120)	–
$0.35 (2)	August 20, 2002 (2)	26,100	–	–	(26,100)	–
$0.25	October 5, 2002	868,750	–	–	(868,750)	–
$0.35	August 1, 2003 (3)	796,356	–	–	–	796,356
$0.25	September 24, 2002	333,333	–	–	(333,333)	–
$0.25	October 2, 2003 (4)	818,083	–	–	–	818,083
$0.25	October 11, 2003 (5)	370,000	–	–	–	370,000
$0.25	January 25, 2004 (6)	426,833	–	–	–	426,833
$0.10	January 25, 2003	1,015,000	–	(1,015,000)	–	–
$0.10	February 5, 2004	1,000,000	–	–	–	1,000,000
$0.10	March 29, 2003 (7)	–	1,926,674	(25,000)	–	1,901,674
$0.25	December 31, 2002	–	1,200,000	(20,000)	(1,180,000)	–
$0.25	May 15, 2003 (8)	–	600,000	–	–	600,000
$0.15	May 15, 2004	–	540,000	(82,250)	–	457,750
$0.20/0.25	August 29, 2003/2004	–	500,000	–	–	500,000
$0.15/0.19	September 26, 2003/2004	–	66,000	–	–	66,000
$0.15	November 22, 2003	–	775,000	–	–	775,000
$0.15	December 3, 2003	–	950,000	–	–	950,000
$0.15	December 18, 2003	–	290,000	–	–	290,000
$0.15	January 3, 2004	–	575,000	–	–	575,000
$0.15	January 4, 2004	–	2,000,000	–	–	2,000,000
$0.17	January 24, 2004	–	2,050,000	–	–	2,050,000
$0.20	February 18, 2004	–	1,097,000	–	–	1,097,000
		7,890,940	12,569,674	(1,669,615)	(4,117,303)	14,673,696
Weighted average exercise price		$ 0.25	$ 0.17	$ 0.12	$ 0.19	$ 0.18

Exercise prices	Expiry dates	Balance February 28, 2001	Issued	Exercised	Expired	Balance February 28, 2002
$0.35	February 28, 2002	1,262,500	–	–	(1,262,500)	–
$0.35 (1)	May 20, 2002 (1)(9)	1,840,085	–	–	(12,500)	1,827,585 (1)
$0.35 (2)	May 28, 2002 (2)(10)	435,000	–	–	–	435,000 (2)
$0.25 (11)	October 5, 2002 (11)	868,750	–	–	–	868,750
$0.35	August 1, 2002	–	796,356	–	–	796,356
$0.25	September 24, 2002	–	333,333	–	–	333,333
$0.25	October 2, 2002	–	818,083	–	–	818,083
$0.25	October 11, 2002	–	370,000	–	–	370,000
$0.25	January 25, 2003	–	426,833	–	–	426,833
$0.10	January 25, 2003	–	1,015,000	–	–	1,015,000
$0.10	February 5, 2003	–	1,000,000	–	–	1,000,000
		4,406,335	4,759,605	–	(1,275,000)	7,890,940
Weighted average exercise price		$ 0.41	$ 0.20	$ –	$ 0.35	$ 0.25

8. **Capital stock (continued):**

(e) Share purchase warrants (continued):

(1) During fiscal 2003, the Company received regulatory approval to extend the expiry date of the 1,827,585 share purchase warrants exercisable at $0.35 before May 20, 2002, from May 20, 2002 to August 20, 2002, subject to an accelerated expiry provision, and to reduce the exercise price from $0.35 to $0.15 per share.

(2) During fiscal 2003, the Company received regulatory approval to extend the expiry date of the 435,000 share purchase warrants exercisable at $0.35 before May 28, 2002, from May 28, 2002 to August 20, 2002, subject to an accelerated expiry provision, and to reduce the exercise price on 408,900 of these share purchase warrants from $0.35 to $0.15 per share.

(3) During fiscal 2003, the Company received regulatory approval to extend the expiry date of these share purchase warrants from August 1, 2002 to August 1, 2003.

(4) During fiscal 2003, the Company received regulatory approval to extend the expiry date of these share purchase warrants from October 2, 2002 to October 2, 2003.

(5) During fiscal 2003, the Company received regulatory approval to extend the expiry date of these share purchase warrants from October 11, 2002 to October 11, 2003.

(6) During fiscal 2003, the Company received regulatory approval to extend the expiry date of these share purchase warrants from January 25, 2003 to January 25, 2004.

(7) Subsequent to February 28, 2003, the Company received regulatory approval to extend the expiry date of these share purchase warrants from March 29, 2003 to March 29, 2004.

(8) Subsequent to February 28, 2003, the company received regulatory approval to extend the expiry date of these share purchase warrants from May 15, 2003 to May 15, 2004.

(9) During fiscal 2002, the Company received regulatory approval to extend the expiry date of 1,827,585 of these share purchase warrants from February 20, 2002 to May 20, 2002.

(10) During fiscal 2002, the Company received regulatory approval to extend the expiry date of these share purchase warrants from February 27, 2002 to May 28, 2002.

(11) During fiscal 2002, the Company received regulatory approval to extend the expiry date of these share purchase warrants from October 5, 2001 to October 5, 2002 and to reduce the exercise price from $0.65 to $0.25.

(f) Escrow shares:
At February 28, 2003, none (2002 - 496,875) of the issued shares are held in escrow. Shares held in escrow may not be released without the consent of the regulatory authorities.

During fiscal 1998, the Company filed an application with the regulatory authorities for the release of up to 126,684 performance shares from escrow, which was approved. However, to February 28, 2002, the shares had not yet been released from escrow. Pursuant to the underlying escrow agreements, the remaining escrow shares are subject to cancellation if the release criteria has not been met within certain time periods.

During fiscal 2003, the Company released 25,334 common shares from escrow, cancelled the remaining escrow shares and received regulatory approval to issue 370,191 shares at $0.10 per share as a settlement of all amounts due to remaining escrow shareholders.

expressed in canadian dollars | years ended february 28, 2003 and 2002

9. **Income taxes:**

Substantially all of the difference between the actual income tax expense (recovery) of nil and the expected B.C. statutory corporate income tax recovery relates to losses not recognized.

The significant components of the Company's future income tax assets and liabilities are as follows:

	2003	2002
Future income tax assets:		
Property and equipment	$ 118,000	$ 76,000
Mineral properties	342,000	829,000
Losses carried forward	867,000	1,129,000
Total future income tax assets	1,327,000	2,034,000
Valuation allowance	(1,327,000)	(2,034,000)
	$ –	$ –

At February 28, 2003, the Company has operating losses of approximately $2,189,000 (2002 - $3,172,000 that expire at various dates to 2010.

10. **Segment disclosures:**
The Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of British Columbia, Canada.

Nancy Curry (front) preparing for a property tour. Dorothy Hoffort of Wolverton Securities and Derek van Laare on the skidoos withVerna Savor of Alpine Snow Ventures, in front of the Wells Community Hall.

corporate information

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Board of Directors and Officers
Richard Atkinson, B.A.Sc., P.Eng., Director, Chairman
J. Frank Callahgan, Director, President and CEO
H.K. (Ken) Maddison, F.C.A., Director and CFO
Douglas Hurst, B.Sc. (Geol.), Director
Audrey Dinning, Corporate Secretary

Consulting Geologists & Engineers
Godfrey Walton, M.Sc., P.Geo.
Richard D. Hall, Ph.D., P.Eng.
Ken Lord., B.Sc.
Jean Pautler, P.Geo.
Shaun Dykes, P.Geo
Wayne Pickett, M.Sc., P.Geo.
Steve Kocsis, P.Geo.
David Hladky, M.Sc. Geology
Elvira Ryan, M.Sc., Honors Geology
Angelique Justason, Field Technician
Panterra Geoservices Inc.
John V. Tully & Associates
Giroux Consultants Ltd.
David J. Pow, P. Eng.

Government & First Nations
Jo Harris & Associates

General Contractors
Standard Drilling and Engineering Ltd.
Wright Contracting Ltd.
Boychuck Contracting
Gary Polischuk, Prospecting Services
John Bot Contracting
Doug Merrick Contracting
Sabre Exploration Ltd.
Eagle Mapping Services Ltd.

Environmental Consultants
Knight Piesold Ltd.

Transfer Agent
Computershare Trust Company of Canada
Vancouver, British Columbia

Bank
Bank of Montreal
Vancouver, British Columbia

Auditors
KPMG LLP, Chartered Accountants
Vancouver, British Columbia

Legal Counsel
Vector Corporate Finance Lawyers
Vancouver, British Columbia

Stock Exchange Listing
TSX Venture Exchange
Trading Symbol: IWA
CUSIP Number: 946910 10 5
SEC Registration #: 12g3-2(b) 82-1606
Standard and Poors Registered

Share Structure (Feb 28, 2003)
Total Authorized: 200,000,000
Shares Outstanding: 77,980,811
Fully Diluted: 98,427,969

1200 Level Portal at Cow Mountain – Claude Blagdon, U.G. Shift Boss, Drillers, Mike Mulholland, Larry Pawlowicz.

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