

**ALTO VENTURES LTD.**

**INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**FOR THE SIX MONTH PERIOD ENDED**

**DECEMBER 31, 2004**

Management has compiled the unaudited interim financial statements of Alto Ventures Ltd. for the six month period ended December 31, 2004 (along with the comparative interim period in 2003). These statements have not been reviewed by the Company's external auditors.

## Report to Shareholders

### For the Period Ending December 31, 2004

During the quarter, Alto completed a \$2 million financing, largely taken up by European investors. This financing completed the reorganization of Alto wherein Hidefield Gold plc and Anglo Pacific Group plc, two London Stock Exchange/AIM - listed resource companies, vended mineral assets to the Company in exchange for shares of Alto. Alto is pleased to have the financial support and strong relationships with the European financial community through its association with its major shareholders. Alto currently has 42.5 million shares outstanding, of which Hidefield owns 36% and Anglo Pacific owns 19%.

Subsequent to quarter end, drilling commenced in early January, 2005 on a planned 5,000 metre program at the Despinassy gold project near Val d'Or, Quebec. Initial results from five holes drilled on the **DAC deposit** (formerly Area One from drilling by the previous operator, Cameco Corporation) are highly encouraging. Each hole intersected wide intervals of shear hosted gold mineralization, up to 33 metres thick, containing multiple, high grade quartz veins. The best results from each of the holes include: **Zone 4 - 14.6 g/t Au over 3.7 metres (including 51.2 g/t Au over 1.0 metre); Zone 2 - 7.0 g/t Au over 7.2 metres (including 16.4 g/t Au over 2.7 metres); Zone 2 - 6.7 g/t Au over 3.1 metres (including 14.0 g/t Au over 1.2 metres); Zone 2 - 6.4 g/t Au over 5.9 metres (including 22.0g/t Au over 1.4 metres); and Zone 3 - 45.8 g/t Au over 0.4 metres**

The style of gold mineralization at Despinassy is typical of "greenstone" gold deposits mined in the Abitibi Gold Belt. Anomalous gold occurs within the Despinassy Shear Structure that is over 200 metres wide and drilling to date has traced gold mineralization for 5 kilometres along strike. Four parallel zones (Zones 1, 2, 3, and 4) of intense alteration and quartz veining have been intersected in the DAC deposit. Zones 2 and 3 are particularly well mineralized with good continuity between drill holes. Sections of high grade quartz veins, which range in width from 0.3 metres to almost 10 metres occur within these zones. Alto is encouraged by the continuity of these gold zones and the grades of gold mineralization encountered to date.

The principal objective of these drill holes is to initiate the estimation of an inferred resource in the DAC deposit. The current holes were drilled 25 metres apart horizontally in 25 to 50 metre vertical step-outs. In addition, Alto is drilling on IP anomalies up to three kilometers to the west along the Despinassy Shear Structure that were identified in a fall geophysical program. Previously undrilled Cameco IP targets, two kilometers to the east, will also be tested in the current program.

Alto also completed surface exploration programs on the Alcudia gold project nearby Noront Resources Ltd. Windfall Lake discovery in Urban Township, Quebec and its Cote-Archie Lake gold project in the Geraldton – Beardmore Gold Mining District. As more than 85% of the Alcudia property is overburden covered, further exploration will focus on mechanized trenching and stripping in covered areas of induced polarization anomalies and interpreted fault structures.

The Cote Archie Lake property covers 12 kilometres of prospective ground east of, and along strike from, the productive vein system developed in the Leitch mine. The Geraldton-Beardmore district produced in excess of four million ounces gold, during a thirty-five year operating period extending through the late 1960's, from high grade, shear-hosted quartz vein systems and lower grade deposits related to banded iron formations. Leitch was one of the premier high grade mines of the camp and produced 860,000 ounces gold at an average grade of 0.92 ounces per ton (31.5 grams per tonne) gold before closure in 1968.

Initial exploration on the property, involving prospecting, trenching, and preliminary sampling, has resulted in the identification of two gold occurrences including an east-northeast trending shear zone, up to 12 metres wide, believed to represent the strike projection of the structure hosting the Leitch veins

approximately 5 kilometres to the west. The zone has been exposed in two trenches, 200 metres apart, with quartz and quartz-carbonate-sulphide veins from which grab samples contain up to 10.2 grams per tonne gold. The original Cote gold showing, located 600 metres to the north, has reported gold mineralization of up to 0.79 ounces per ton (27 grams per tonne) gold. Further trenching by Alto in this vicinity has traced a series of shear hosted quartz veins in a north-northwest trending direction. Initial grab samples from veins in these trenches contain gold mineralization up to 17.3 grams per tonne gold.

During the quarter, the Company also announced the appointment of Marian (Mike) Koziol to the position of Vice President, Exploration. Alto is very fortunate to have someone of Mike's calibre join the team and, as Qualified Person, direct the Company's exploration programs. Mike is a geologist with 26 years of experience exploring for gold and base metals in the Canadian Shield. He played key roles in a number of gold and base metals discoveries during his career with Saskatchewan Mining Development Corporation and Cameco Gold Inc. (CGI), including the McIlvenna Bay Copper-Zinc deposit, Saskatchewan, and the Comtois and Despinassy gold deposits in Quebec. During his tenure as District Geologist from 1996 to 2002, Mike was responsible for all exploration activities carried out by CGI in Eastern Canada, where he evaluated, acquired, and managed a number of large gold and base metal exploration projects in Saskatchewan, Manitoba, Ontario and Quebec. Mike graduated with a BSc degree in Geological Sciences from McGill University in 1978 and holds a number of professional and technical memberships -P. Geo. (Ontario) and P. Eng. (Ontario and Saskatchewan).

The exploration season for 2005 will be very active with advancement of the Company's prospects in Quebec, Ontario and Manitoba. Initial results at Despinassy have been an excellent start to what will be an exciting year for Alto.

On Behalf of the Board of Directors,

Rick Mazur  
President & CEO

February 25, 2005

**Liabilities**

## Current

Accounts payable and accrued liabilities	\$	<b>76,617</b>	\$	93,970
Due to related parties		-		114,228

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		<b>76,617</b>		208,198
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## Subscriptions

		-		210,000
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**Shareholders' Equity**

Contributed surplus		<b>220,921</b>		-
Share capital (Note 5)		<b>10,189,296</b>		5,832,095
Deficit		<b>(6,268,872)</b>		(5,829,253)

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		<b>4,141,345</b>		2,842
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		<b>\$ 4,217,962</b>		\$ 421,040
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Going concern (note 1)

Approved by the board:

/s/Richard Mazur

/s/ David Cowan

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Director

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Director

**Alto Ventures Ltd.** a development stage company**Statements of Loss and Deficit**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>General &amp; Administration</b>				
Amortization	\$ 925	\$ 81	\$ 1,045	\$ 163
Consulting and management fees	87,724	16,690	133,873	38,743
Interest and bank charges	(6,762)	110	(6,519)	990
Investor relations	13,305	-	13,305	-
Office and miscellaneous	1,658	770	13,943	944
Rent	6,000	3,000	9,000	6,000
Shareholder information	11,310	-	12,374	569
Stock based compensation	-	-	220,921	-
Telephone	1,396	367	2,726	628
Transfer agent and regulatory fees	22,297	1,827	30,892	2,796
Travel and promotion	1,916	11,195	8,059	11,458
Expenses before undernoted	<b>139,769</b>	<b>34,040</b>	<b>439,619</b>	<b>62,291</b>
Gain on settlement of debt	-	-	-	(7,964)
Mineral properties written down	-	-	-	5,000
Other income	-	-	-	(7,879)
Net loss for the period	<b>139,769</b>	<b>34,040</b>	<b>439,619</b>	<b>51,448</b>
Deficit, beginning of period	<b>6,129,103</b>	<b>5,246,913</b>	<b>5,829,253</b>	<b>5,229,505</b>
Deficit, end of period	<b>\$ 6,268,872</b>	<b>\$ 5,280,953</b>	<b>\$ 6,268,872</b>	<b>\$ 5,280,953</b>
Loss per share - basic and diluted	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.04</b>	<b>\$ 0.01</b>

**ALTO VENTURES LTD.** a development stage company**Statements of Cash Flow**

	Three months ended		Six months ended	
	December 31		December 31	
	2004	2003	2004	2003
<b>Operating Activities</b>				
Net loss for the period	\$ (139,769)	\$ (34,040)	\$ (439,619)	\$ (51,448)
Items not affecting cash				
Amortization	925	81	1,045	163
Bad debt expense	–	–	–	820
Stock based compensation	–	–	220,921	–
Gain on settlement of debt	–	–	–	(7,964)
Resource assets written down	–	–	–	5,000
	<u>(138,844)</u>	<u>(33,959)</u>	<u>(217,653)</u>	<u>(53,429)</u>
Changes in non-cash working capital	<u>(102,875)</u>	<u>(401)</u>	<u>(215,429)</u>	<u>17,143</u>
	<u>(241,719)</u>	<u>(34,360)</u>	<u>(433,082)</u>	<u>(36,286)</u>
<b>Financing activities</b>				
Amounts due to related parties	–	47,798	–	59,500
Subscriptions received	–	–	(210,000)	–
Common shares issued for cash	2,013,696	–	2,813,696	–
Common shares issued for mineral properties	1,420,000	–	1,500,000	–
	<u>3,433,696</u>	<u>47,798</u>	<u>4,103,696</u>	<u>59,500</u>
<b>Investing activities</b>				
P. P. & E.	(11,798)	–	(14,781)	–
Mineral property acquisitions for shares (note 4)	(1,420,000)	–	(1,500,000)	–
Mineral property expenditures (note 4)	(102,636)	(8,563)	(241,131)	(18,602)
	<u>(1,534,434)</u>	<u>(8,563)</u>	<u>(1,755,912)</u>	<u>(18,602)</u>
Increase (decrease) in cash and equivalents	1,657,543	4,875	1,914,702	4,612
Cash and equivalents, beginning of period	393,081	633	135,922	896
Cash and equivalents, end of period	<u>\$ 2,050,624</u>	<u>\$ 5,508</u>	<u>\$ 2,050,624</u>	<u>\$ 5,508</u>

**ALTO VENTURES LTD.** a development stage company  
**NOTES TO THE FINANCIAL STATEMENTS**  
(UNAUDITED)  
December 31, 2004

**1. NATURE OF OPERATIONS**

Alto Ventures Ltd (“the Company”) is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. These financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Its ability to continue as a going concern is dependent upon the continued support of the related parties, the ability of the Company to raise equity financing, the discovery of economically recoverable reserves and the attainment of profitable operations. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**2. BASIS OF PRESENTATION**

The interim period financial statements have been prepared by the Company, in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain inform and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company’s latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**3. LOSS PER SHARE**

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

**4. MINERAL PROPERTIES**

**ALTO VENTURES LTD.** a development stage company  
**NOTES TO THE FINANCIAL STATEMENTS**  
(UNAUDITED)

December 31, 2004

Coldstream Property	109,862	-	15,965	-	125,827
Windfall Lake Claims	56,250	-	-	(56,250)	-
Oxford Lake	12,337	800,000	26,943	-	839,280
Despinassy	8,116	95,000	62,369	-	165,485
Mud Lake	-	17,500	10,603	400	28,503
Cote Archie Lake	-	25,000	44,622	-	69,622
Green Oaks	-	450,000	5,029	1,200	456,229
Dog Lake	-	270,000	-	400	270,400
Other projects	2,000	-	5,972	(2,000)	5,972
	<hr/>				
Total mineral properties	\$271,768	\$ 1,657,500	\$ 183,386	\$ (56,250)	\$ 2,056,404

Deferred exploration costs by activity

	six months to December 31, 2004	six months to December 31, 2003
Acquisition	\$ 1,657,500	\$ 10,000
Report and filing	41,193	-
Geophysical surveying	26,876	-
Trenching	25,203	-
Geological mapping & data compilation	21,717	763
Travel, camp, and other	17,635	2,234
Line and road cutting	15,786	45
Diamond drilling	14,080	-
Prospecting & claim staking	9,152	-
New projects	5,031	-
Licences, permits and taxes	2,979	5,560
Other	3,734	-
	<hr/>	
	\$ 1,840,886	\$ 18,602

a) Coldstream Property

Pursuant to a letter of agreement dated August 1, 2002 with Hidefield, PLC, a company with directors in common with the Company, the Company was granted an option to acquire a 100% interest in 71 contiguous patented claims and licenses of occupation in the Burchell Lake area, Thunder Bay, Ontario. As consideration, the Company issued 800,000 shares valued at \$80,000 (\$0.10 per share) to Hidefield, PLC and is required to expend \$100,000 in exploration expenditures over a three year period. The property is subject to a 2% net Smelter Royalty. The Company also staked twenty mining claims adjoining the property.

**4. MINERAL PROPERTIES (continued)**

b) Greenoaks Gold Property



**ALTO VENTURES LTD.**, a development stage company  
NOTES TO THE FINANCIAL STATEMENTS  
(UNAUDITED)

December 31, 2004

By agreements dated June 4, 2004 the Company agreed to purchase the Greenoaks gold property comprising 15 leasehold patents located in the Beardmore-Geraldton Gold District, Northwest Ontario from Hidefield Gold plc, as part of the Hidefield transaction in consideration for 4,500,000 common shares of Alto.

c) Oxford Lake Property

By agreements dated June 4, 2004 the Company agreed to purchase the Oxford Lake gold property located in the Gods Lake area of northern Manitoba from Hidefield plc (Symbol "HIF"), a company with directors in common with the Company and an AIM listed company on the London Stock Exchange and Anglo Pacific Group plc (Symbol "APF"), listed on the London Stock Exchange, in consideration for 4,000,000 common shares of Alto to HIF and 4,000,000 common shares to APF.

d) Dog Lake Property

By agreements dated June 4, 2004 the Company agreed to purchase the The Dog Lake gold property located approximately 14 kilometres southwest of Missinabie, Ontario from Hidefield plc, as part of the Hidefield transaction in consideration for 2,700,000 common shares of Alto. The Dog Lake property consists of 8 patented claims covering 155 hectares, located in the Michipicoten greenstone belt.

e) Despinassy Property

The Despinassy project is located in Despinassy Township, approximately 75 km northeast of Val D'Or, Quebec and lies within the Archean age Abitibi greenstone belt in the eastern Superior Province in Quebec. The property consists of 113 claims totalling 4453.6 hectares. The Company assigned the option to earn into a joint venture with Commander Resources Ltd., holder of a 30% interest in the project, from Cameco Corporation ("Cameco") by paying \$10,000 and issuing 200,000 common shares. Alto can earn a 70% interest in Despinassy from Cameco by making an initial cash payment to Cameco of \$50,000, pay a further \$50,000 in cash or shares, at the Company's option, after 6 months, make four further payments of \$100,000, as to \$25,000 in cash and \$75,000 in cash or shares, at the Company's option, on the first to fourth anniversary dates and make a final payment on the fifth anniversary of \$50,000 in cash and \$150,000 in cash or shares, at the Company's option.

f) Mud Lake Property

On August 1, 2004 the Company entered into an option to acquire a 100% interest in the Mud Lake property by making a cash payment of \$10,000 and issuing 50,000 shares of Alto, a cash payment of \$15,000 and issuing 50,000 shares of Alto upon the first anniversary date of the agreement and a cash payment of \$15,000 and issuing 50,000 shares of Alto upon the second anniversary date of the agreement. The vendors will retain a 2.5% net smelter return royalty

**4. MINERAL PROPERTIES (continued)**

(NSR) and Alto has the right to buyback 1.5% of the NSR for \$500,000. The Mud Lake property consists of 1,664 hectares located in the Geraldton – Beardmore gold camp.

**ALTO VENTURES LTD.**, a development stage company  
**NOTES TO THE FINANCIAL STATEMENTS**  
(UNAUDITED)

December 31, 2004

g) Cote-Archie Lake

On September 13, 2004 the Company obtained the option to acquire a 100% interest in the Archie Lake property by making a cash payment of \$20,000 and issuing 50,000 common shares of the Company on signing of the agreement, a cash payment of \$10,000 and issuing 50,000 shares upon the first anniversary date of the agreement and a cash payment of \$10,000 and issuing 50,000 shares upon the second anniversary date of the agreement. The vendors will retain a 2.0% net smelter return royalty (NSR) and Alto has the right to buyback 1.0% of the NSR for \$1,000,000. The Cote Archie Lake property consists of 18 claims totaling 2,352 hectares and covers 12 kilometres of prospective ground east of, and along strike from, the productive vein system developed in the Leitch mine.

**5. CAPITAL STOCK**

	<b>Number of Shares</b>	<b>Amount</b>
Balance June 30, 2002	2,633,287	\$ 5,379,278
Issued pursuant to stock options exercised	93,142	9,314
Issued pursuant to private placements	2,923,332	203,750
Issued pursuant to property acquisition	800,000	80,000
Issued pursuant to debt settlement	699,260	79,175
Balance June 30, 2003	7,149,021	5,751,517
Issued pursuant to stock options exercised	49,997	5,000
Issued pursuant to debt settlement	755,780	75,578
Balance June 30, 2004	7,954,798	5,832,095
Issued pursuant to private placements	8,000,000	800,000
Issued pursuant to property acquisitions	15,000,000	1,500,000
Issued pursuant to private placements	11,118,889	2,017,777
Issued pursuant to stock options exercised	28,571	2,857
Issued pursuant to debt settlement	365,675	36,567
Balance December 31, 2004	<u>42,467,933</u>	<u>\$ 10,189,296</u>

**6. SEGMENT INFORMATION**

The Company currently conducts substantially all of its operations in Canada in one business segment.

**ALTO VENTURES LTD a development stage company**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Description of Business**

The Company is a junior mining company whose primary focus is on exploration, development and acquisition of mineral properties in Manitoba, Ontario and Quebec. The Company announced on April 21, 2004 that it had entered into a series of transactions that it believes should substantially advance the Company's ambition to become a significant explorer for gold in Canada. Through these transactions, the Company has acquired four gold properties in Manitoba, Ontario and Quebec to add to its Coldstream project in northwestern Ontario. In connection with these transactions, Alto undertook two financings of \$800,000 which closed on September 15, 2004 and \$2,001,000 which closed on December 30, 2004, acquired an experienced and recognized management team with an impressive track record in the mineral exploration business and enhanced the position of its major shareholder, a UK- based company with important relationships to the European financial community.

**Hidefield Asset Acquisition**

The Company entered into an agreement dated June 4, 2004 with Hidefield plc (AIM:HIF) ("Hidefield"), providing for the acquisition by the Company of certain Canadian mineral properties held by Hidefield. Hidefield holds approximately 18% of the shares of the Company and the Executive Chairman of Hidefield, John Prochnau, is also a director of the Company. Under the terms of the agreement, the Company issued a total of 10,700,000 common shares of the Company at a deemed price of \$0.10 per share to Hidefield in order to acquire the Greenoaks gold property, Ontario, the Dog Lake gold property, Ontario and Hidefield's 50% interest in the Oxford Lake gold property, Manitoba. The Oxford Lake property is the subject of a 50-50 joint venture with Anglo Pacific Group PLC, a company at arms length to the Company, and in this regard the Company also entered into an agreement dated June 4, 2004 with Anglo Pacific Group PLC ("Anglo") to acquire its 50% interest in the Oxford Lake property for 4,000,000 common shares of the Company having a deemed price of \$0.10 per share. These agreements received regulatory approval.

**Cameco Option to Purchase**

The Company also reached agreement with Mirador Management Co. ("Mirador") a partnership at the time was at arms length to the Company, wherein Mirador agreed to assign its rights to acquire an option (the "Cameco Option") from Cameco Corporation on its 70% interest in the Despinassy gold property, Quebec. As consideration for the assignment, the Company reimbursed Mirador for a \$10,000 payment made to Cameco in order to secure the Cameco Option and issued 200,000 shares of the Company at a deemed price of \$0.10 per share. Under the terms of the Cameco Option, the Company made a cash payment to Cameco of \$40,000 on execution of the definitive option agreement, and will pay a further \$50,000 in cash or shares, at the Company's option, after 6 months, make 4 further payments of \$100,000, as to \$25,000 in cash and \$75,000 in cash or shares at the Company's option, annually on the anniversary dates of execution of a definitive option agreement and make a final payment on the 5th anniversary date of execution of \$50,000 in cash and \$150,000 in cash or shares at the Company's option. The Cameco Option contemplates that any shares issued as consideration would be at a deemed price equal to the average closing price of the Company's shares over the 30 days preceding payment.

The Despinassy property is currently the subject of a 70-30 joint venture between Cameco and Commander Resources Ltd. (TSX.V: CMD) under which Commander holds a right of first refusal to acquire Cameco's 70% interest. Commander has agreed to waive this right in consideration of the issuance of 100,000 common shares of the Company at a deemed price of \$0.10 per share and a commitment by the Company to use its best efforts to incur at least \$500,000 of exploration

expenditures over two years on the Despinassy property, with Commander's obligations therein to be carried to a maximum of \$150,000.

### Results of Operations

The Company recorded a loss during the quarter ended December 31, 2004 of \$140,000 as compared to a loss of \$34,000 in the 2<sup>nd</sup> quarter of the previous year. For the six months the loss was \$440,000 which was \$378,000 higher than the same period in the previous year. The increase over the same periods of the previous year is largely attributable to the increased exploration activity. This increase in exploration coincided with an increase in general and administrative costs of the Vancouver office, management services, rent and travel. Also the regulatory fees were higher as a consequence of the costs of share issuances and compliance arising therefrom.

### Summary of Quarterly Results

	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2004	2004	2004	2004	2003	2003	2003	2003
<b>Financial results</b>								
Net loss for the period	139,769	299,850	497,862	50,438	34,040	17,408	40,208	43,018
Basic and diluted loss per share	0.01	0.03	0.05	0.01	0.01	0.01	0.01	0.01
Expenditures on resource properties	1,636,141	138,495	6,261	21,806	8,563	10,039	9,027	9,823
<b>Balance sheet data</b>								
Cash and cash equivalents	2,050,624	393,081	135,922	362	5,508	633	896	4,959
Resource properties	2,046,404	354,013	271,768	803,821	782,015	773,452	768,413	777,618
Total assets	4,207,962	943,934	421,040	805,609	789,932	782,429	780,602	792,654
Shareholders' equity	4,131,345	539,559	2,842	584,276	634,713	668,754	522,012	562,221

### Financial Condition, Liquidity and Capital Resources

The cash on hand at December 31, 2004 was \$2,051,000 which is an increase of \$1,658,000 during the quarter. These funds will be primarily used for acquisition and exploration on mineral properties. As at December 31, 2004 the common shares issued and outstanding were 42,467,933. During the quarter a total of 26,147,460 shares were issued for a private placement and as a settlement on the Hidefield and Cameco transactions.

### Transactions with Related Parties

The Company issued 10,700,000 common shares having a deemed price of \$0.10 per share to Hidefield Gold plc in relation to the Hidefield asset acquisition as described above. Hidefield's fully diluted shareholding has increased as a result of this transaction to 39.8%. The Company issued 4,000,000 shares having a deemed price of \$0.10 per share to Anglo Pacific Group plc in relation to the Hidefield asset acquisition as described above. Anglo's fully diluted shareholding has increased as a result of this transaction and its' participation in the last two private placements to 26.4%. The Company issued 200,000 common shares having a deemed price of \$0.10 per share to Mirador Management Co. in relation to the Cameco Option agreement.

### Additional Disclosure for Venture Issuers Without Significant Revenue

The capitalized exploration and development costs are presented in the notes to the financial statements.

General and administration expenses are presented in detail in the Statements of Loss and Deficit.

There were no material cash costs incurred during the period.

#### **Disclosure of Outstanding Share Data**

The following table details the share capital structure as at February 28, 2005, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				<u>42,467,933</u>
Share purchase options	August 30, 2007	\$ 0.10	131,000	
	September 15, 2005	\$ 0.15	200,000	
	September 15, 2009	\$ 0.15	<u>1,300,000</u>	1,631,000
Warrants	September 16, 2005	\$ 0.20	8,000,000	
	December 30, 2006	\$ 0.30	11,118,889	<u>19,118,889</u>
Fully diluted as at February 28, 2005				<b>63,217,822</b>

#### **Outlook**

The Company, through its acquisition of new gold projects, two financings and emplacement of a new management team, anticipates an active year of exploration on its properties. A drill program for the Despinassy project is underway and the first results have been released as discussed in the report to shareholders section of this quarterly report.