



British Columbia
Securities Commission

QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6731), P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2. Toll Free in British Columbia

INCORPORATED AS PART OF:

Schedule A
 Schedules B and C
(Place X in appropriate category.)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
MADISON ENTERPRISES CORP.	APRIL 30, 2004	2004/06/29

ISSUER'S ADDRESS

Suite 2000 – 1055 West Hastings Street

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver,	B.C.	V6E 2E9	(604) 331-8773	(604) 331-8772
CONTACT PERSON		CONTACT'S POSITION		CONTACT TELEPHONE NO.
James G. Stewart		Secretary		(604) 331-8772
CONTACT EMAIL ADDRESS			WEB SITE ADDRESS	
Jstewart@mine-tech.com			www.madison-enterprises.com	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>"Chet Idziszek"</i>	Chet Idziszek	2004/06/29
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>"James G. Stewart"</i>	James G. Stewart	2004/06/29

(Electronic signatures should be entered in "quotations".)

MADISON ENTERPRISES CORP.

QUARTERLY REPORT

APRIL 30, 2004

(Unaudited – Prepared by Management)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial Statements for the period ended April 30, 2004.

Madison Enterprises Corp.
 (An exploration stage company)
Consolidated Balance Sheets
As at

(expressed in Canadian dollars)

	April 30, 2004	October 31, 2003
ASSETS		
Current		
Cash and cash equivalents	\$ 1,003,814	\$ 664,653
Marketable securities	40,000	40,000
Receivables	114,463	241,854
Prepaid expenses and deposits	3,857	3,857
	<u>1,162,134</u>	<u>950,364</u>
Resource properties and deferred costs (Note 4)	44,064,960	43,271,169
Equipment	42,821	45,592
	<u>\$ 45,269,915</u>	<u>\$ 44,267,125</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	<u>\$ 138,052</u>	<u>\$ 128,994</u>
Shareholders' Equity		
Capital Stock (Note 5)		
Authorized		
300,000,000 common shares without par value		
Issued		
82,442,583 (October 31, 2003 – 76,545,583)		
common shares	57,500,500	55,882,956
Stock options	238,743	188,984
Share purchase warrants	43,156	150,659
Contributed surplus	1,167,167	1,167,167
Deficit	(13,817,703)	(13,251,635)
	<u>45,131,863</u>	<u>44,138,131</u>
	<u>\$ 45,269,915</u>	<u>\$ 44,267,125</u>

Nature and continuance of operations (note 1)
Subsequent events (note 9)

Approved by the Board: "Chet Idziszek" Director

"James G. Stewart" Director

Madison Enterprises Corp.
(An exploration stage company)
Consolidated Statements of Loss and Deficit
(expressed in Canadian dollars, unaudited)

	Three Months Ended April 30, 2004	Three Months Ended April 30, 2003	Six Months Ended April 30, 2004	Six Months Ended April 30, 2003
EXPENSES				
Audit and accounting	\$ -	\$ -	\$ -	\$ 4,500
Bank charges	393	257	842	702
Consulting fees	19,763	-	22,763	-
Depreciation	2,791	7,639	5,521	11,297
Filing fees	34,983	24,306	37,009	29,067
Insurance	(690)	-	173	3,725
Legal	28,618	31,099	48,038	47,822
Office and rent	30,104	70,244	57,161	138,459
Office cost reimbursement	-	(36,715)	-	(83,910)
Public relations	36,509	22,452	64,701	47,787
Shareholder information	3,046	4,805	3,046	7,688
Stock-based compensation	130,383	-	160,799	158,853
Transfer agent's fees	5,599	6,094	7,942	7,812
Travel	25,492	6,573	45,320	13,988
Wages	64,113	55,481	121,162	156,876
	<u>(381,104)</u>	<u>(192,235)</u>	<u>(574,477)</u>	<u>(544,666)</u>
OTHER INCOME				
Interest earned	4,030	10,393	5,923	13,437
Foreign exchange gain	2,325	2,329	2,486	7,324
	<u>6,355</u>	<u>12,722</u>	<u>8,409</u>	<u>20,761</u>
Loss for the period	(374,749)	(179,513)	(566,068)	(523,905)
Deficit - Beginning of period	(13,442,954)	(12,866,981)	(13,251,635)	(12,522,589)
Deficit - End of period	<u>\$(13,817,703)</u>	<u>\$(13,046,494)</u>	<u>\$(13,817,703)</u>	<u>\$(13,046,494)</u>
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Madison Enterprises Corp.
(An exploration stage company)
Consolidated Statements of Cash Flows

(expressed in Canadian dollars, unaudited)

	Three Months Ended April 30, 2004	Three Months Ended April 30, 2003	Six Months Ended April 30, 2004	Six Months Ended April 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (374,749)	\$ (179,513)	\$ (566,068)	\$ (523,905)
Items not affecting cash				
Depreciation	2,791	7,639	5,521	11,297
Stock-based compensation	130,383	-	160,799	158,853
Change in non-cash working capital items relating to operating activities				
Net increase in prepaid expenses and deposits	-	12,858	-	25,715
Net (increase) decrease in receivables	151,863	(83,653)	127,391	(151,512)
Net increase (decrease) in accounts payable and accrued liabilities	(2,413)	181	83	5,878
	<u>(92,125)</u>	<u>(242,488)</u>	<u>(272,274)</u>	<u>(473,674)</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Capital stock issued for cash	<u>1,243,750</u>	<u>2,045,388</u>	<u>1,399,000</u>	<u>2,702,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(2,750)	-	(2,750)	-
Expenditures on exploration properties	<u>(434,914)</u>	<u>(491,333)</u>	<u>(784,816)</u>	<u>(822,466)</u>
	<u>(437,664)</u>	<u>(491,333)</u>	<u>(787,566)</u>	<u>(822,466)</u>
Increase in cash and cash equivalents	713,961	1,311,567	339,160	1,406,656
Cash and cash equivalents - Beginning of period	<u>289,852</u>	<u>357,185</u>	<u>664,653</u>	<u>262,096</u>
Cash and cash equivalents - End of period	<u>\$ 1,003,813</u>	<u>\$ 1,668,752</u>	<u>\$ 1,003,813</u>	<u>\$ 1,668,752</u>

Supplemental cash flow information (note 7)

Madison Enterprises Corp.
Notes to Interim Consolidated Financial Statements
For the six months ended April 30, 2004
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia and is in the process of exploring its resource properties and has not determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

At April 30, 2004, the Company had working capital of \$1,024,082, which, together with the proceeds from share issuances subsequent to period end (Note 9), management believes will be sufficient to meet the Company's general and administrative expenses and minimum expenditure commitments on its resource properties for the coming year. If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional funding and while the Company has been successful in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The business of exploring resource properties involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete exploration and subsequent developments, and upon future profitable production from the properties or proceeds from disposition. The amounts shown as resource properties represent net costs to date, and do not necessarily represent present or future values.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, transfers or native land claims, and title may be affected by undetected defects.

2. INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

While these interim unaudited consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements, they follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended October 31, 2003.

Madison Enterprises Corp.
Notes to Interim Consolidated Financial Statements
For the six months ended April 30, 2004
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements of the Company except as described below.

Effective November 1, 2003, the Company elects to follow the fair value-based methodology for measuring all stock-based compensation. The Company had previously used the intrinsic value-based method of accounting for employee and director stock options.

Madison Enterprises Corp.
Notes to Interim Consolidated Financial Statements
For the six months ended April 30, 2004
(Unaudited – Prepared by Management)

4. RESOURCE PROPERTIES AND DEFERRED COSTS

	Mt. Kare, Papua New Guinea	Lewis Property, Nevada	Totals
Balance, October 31, 2003	\$ 41,722,002	\$ 1,549,167	\$ 43,271,169
Assays	5,483	63,306	68,789
Camp/Office	24,156	1,205	25,361
Communications	19,461	722	20,183
Community Relations	4,719	-	4,719
Compensation Payments	2,122	-	2,122
Contractors-			
Computers/Drafting	2,695	9,247	11,942
Contractors-Geophysics	10,890	-	10,890
Contractors-Other	292	-	292
Contractors-Surveying	-	6,637	6,637
Drilling	-	35,070	35,070
Food Supplies and Catering	50,237	-	50,237
Fuel Supplies	32,400	-	32,400
Geologic Staff	52,301	76,618	128,919
Geological Supplies/Equipment	5,113	489	5,602
Helicopter	94,903	-	94,903
KDC Operating Budget	1,808	-	1,808
Land & Legal	38,304	10,872	49,176
Local Labour-Wages	51,706	-	51,706
Option Fees	-	54,749	54,749
Outside Contractors-			
Community Relations	154,359	-	154,359
Port Moresby Office	14,271	-	14,271
Property Insurance	13,252	12,500	25,752
Security	889	-	889
Technical reports, printing/copying	-	6,236	6,236
Travel & Accommodation	48,885	10,594	59,479
VAT Refundable	(122,700)	-	(122,700)
	<u>505,546</u>	<u>288,245</u>	<u>793,791</u>
Balance, April 30, 2004	<u>\$ 42,227,548</u>	<u>\$ 1,837,412</u>	<u>\$ 44,064,960</u>

During the period ended April 30, 2004, the Company met its requirements to earn a 51% interest in the Lewis Property.

Madison Enterprises Corp.
Notes to Interim Consolidated Financial Statements
For the six months ended April 30, 2004
(Unaudited – Prepared by Management)

5. CAPITAL STOCK

The Company's authorized share capital consists of 300,000,000 common shares without par value.

	Number of Shares	Amount \$
Balance, October 31, 2003	76,545,583	55,882,956
Exercise of Stock Options	1,075,000	313,040
Exercise of Warrants	4,822,000	1,304,504
Balance, April 30, 2004	<u>82,442,583</u>	<u>57,500,500</u>

During the six months ended April 30, 2004, the Company granted a 100,000 share incentive stock option exercisable at a price of \$0.46 per share until December 3, 2008 and 575,000 share incentive stock options exercisable at a price of \$0.35 per share until March 10, 2009. Stock-based compensation of \$160,799 was recorded pursuant to the granting of these stock options.

The following assumptions were used for the Black-Scholes valuation of options granted during the current period.

Risk-free interest rate	3.5 – 4.1%
Expected life	5 years
Annualized volatility	77 – 79%
Dividend rate	0%

6. RELATED PARTY TRANSACTIONS

- a) The Company incurred the following expenses with directors and a company related by way of directors in common during the six months ended April 30, 2004, and 2003:

	2004 \$	2003 \$
Consulting fees	3,000	-
Legal fees	41,550	39,453
Exploration management and other expenditures on resource assets	21,450	24,563
Share issue costs charged to capital stock	-	22,844

- b) As at April 30, 2004, accounts payable and accrued liabilities include \$9,471 (October 31, 2003 - \$1,546) due to officers of the Company and companies related by way of directors in common.

Madison Enterprises Corp.
Notes to Interim Consolidated Financial Statements
For the six months ended April 30, 2004
(Unaudited – Prepared by Management)

- c) During the six months ended April 30, 2004, the Company recorded reimbursements of \$Nil (2003 - \$83,910) for rental of office space from companies related by way of directors in common, under rental agreements between the related companies.
- d) During the six months ended April 30, 2004, the Company funded some general and administrative expenses for companies related by way of directors in common. At April 30, 2004, accounts receivable include \$90,596 (October 31, 2003 - \$223,575) due from these related companies.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended April 30, 2004, the Company conducted the following non-cash transactions:

- a) Transferred \$111,040 to capital stock on the exercise of stock options for which stock-based compensation had previously been recorded.
- b) Transferred \$107,504 to capital stock on the exercise of broker warrants.

8. SEGMENTED INFORMATION

The Company has one operating segment being the exploration of mineral properties located in Papua New Guinea and the United States. All equipment is held in Canada.

9. SUBSEQUENT EVENTS

Subsequent to April 30, 2004, the Company completed a brokered private placement of 3,054,000 units at a price of \$0.25 per unit for gross proceeds of \$763,500. Each unit consists of one share and one half share purchase warrant, every full warrant entitling the purchase of one additional share of the Company at a price of \$0.30 per share, if exercised on or before May 18, 2006. The agent received a cash commission of \$57,263 representing 7.5% of the gross proceeds pursuant to this private placement. The agent also received a broker's warrant entitling the purchase of up to 366,480 shares of the Company with the same terms described above, an administration fee of \$7,500 and a corporate finance fee of 125,000 shares.

SCHEDULE B

SUPPLEMENTARY INFORMATION

MADISON ENTERPRISES CORP.
SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED APRIL 30, 2004

1. (a) Deferred costs:

See Schedule A – Notes to Interim Financial Statements, Note 4. *“Resource properties and deferred costs”*

(b) Breakdown of Office and Rent costs:

Office	\$	42,095
Rent		15,066
	\$	<u>57,161</u>

(c) Breakdown of Public Relations costs:

Expenses	\$	2,417
Fax		5,000
Investment conferences		5,757
Investor relations consultants		28,486
Internet		15,374
Printing		7,667
	\$	<u>64,701</u>

2. Expenditures made to non-arm’s length parties:

See Schedule A – Notes to Interim Financial Statements, Note 6.

MADISON ENTERPRISES CORP.
SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED APRIL 30, 2004

3. (a) Securities issued during the period:

See Schedule A – Notes to Interim Financial Statements, Note 5 and:

Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Net Proceeds	Type of Consideration
18-Nov-03	Common shares	Exercise option	165,000	\$0.17	\$28,050	Cash
25-Nov-03	Common shares	Exercise warrants	100,000	\$0.20	\$20,000	Cash
28-Nov-03	Common shares	Exercise warrants	37,500	\$0.25	\$9,375	Cash
01-Dec-03	Common shares	Exercise option	50,000	\$0.17	\$8,500	Cash
01-Dec-03	Common shares	Exercise option	50,000	\$0.15	\$7,500	Cash
17-Dec-03	Common shares	Exercise option	10,000	\$0.17	\$1,700	Cash
18-Dec-03	Common shares	Exercise option	125,000	\$0.17	\$21,250	Cash
29-Dec-03	Common shares	Exercise option	75,000	\$0.20	\$15,000	Cash
02-Jan-04	Common shares	Exercise warrants	37,500	\$0.25	\$9,375	Cash
19-Jan-04	Common shares	Exercise warrants	10,000	\$0.20	\$2,000	Cash
22-Jan-04	Common shares	Exercise option	100,000	\$0.20	\$20,000	Cash
30-Jan-04	Common shares	Exercise warrants	50,000	\$0.25	\$12,500	Cash
03-Feb-04	Common shares	Exercise option	500,000	\$0.20	\$100,000	Cash
13-Feb-04	Common shares	Exercise warrants	331,500	\$0.25	\$82,875	Cash
13-Feb-04	Common shares	Exercise warrants	17,000	\$0.25	\$4,250	Cash
16-Feb-04	Common shares	Exercise warrants	818,750	\$0.25	\$204,688	Cash
16-Feb-04	Common shares	Exercise warrants	1,681,250	\$0.25	\$420,313	Cash
18-Feb-04	Common shares	Exercise warrants	125,000	\$0.25	\$31,250	Cash
23-Feb-04	Common shares	Exercise warrants	250,000	\$0.25	\$62,500	Cash

MADISON ENTERPRISES CORP.
SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED APRIL 30, 2004

3. (a) Securities issued during the period (cont'd...):

Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Net Proceeds	Type of Consideration
23-Feb-04	Common shares	Exercise warrants	1,303,500	\$0.25	\$325,875	Cash
26-Feb-04	Common shares	Exercise warrants	60,000	\$0.20	\$12,000	Cash

(b) Options granted during the period:

Date Granted	Number	Type	Name	Exercise Price	Expiry Date
03-Dec-03	100,000	Director	Douglas Brown	\$0.46	03-Dec-08
10-Mar-04	250,000	Consultant	Stewart Armstrong	\$0.35	10-Mar-09
10-Mar-04	325,000	Consultant	David Scott	\$0.35	10-Mar-09

4. (a) Authorized and issued share capital at April 30, 2004

Class	Par Value	Authorized	Issued	
			Number	Amount
Common	N.P.V.	300,000,000	82,442,583	\$57,500,500

(b) Summary of options and warrants outstanding at April 30, 2003

Security	Number or Amount	Exercise or convertible price	Expiry Date
Options	2,140,580	\$0.17	March 6, 2006
Options	502,000	\$0.15	May 21, 2007
Options	1,843,420	\$0.20	December 30, 2007
Options	100,000	\$0.46	December 3, 2008
Options	575,000	\$0.35	March 10, 2009
Warrants	1,891,666	\$0.20	November 5, 2004
Agent Warrants	620,566	\$0.20	November 5, 2004

MADISON ENTERPRISES CORP.
SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED APRIL 30, 2004

(c) Shares in escrow or subject to a pooling agreement as at April 30, 2004

	Number of Shares
Escrow	NIL

5. List of Directors and Officers as at June 29, 2004

Name	Position
Chet Idziszek	Director, President, Chairman & C.E.O.
James Stewart	Director, Secretary
Dr. Abdullah Basodan	Director
Donald Kohls	Director
Nell Dragovan	Director
Robert Sibthorpe	Director

SCHEDULE C

MANAGEMENT DISCUSSION

MADISON ENTERPRISES CORP.

(the "Company")

MANAGEMENT DISCUSSION FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2004

MT. KARE PROPERTY, PAPUA NEW GUINEA

During the three months ended April 30, 2004, the Company began its current program of induced polarization ("IP") geophysical surveying and continued with its ongoing prospecting, pitting and trenching program in areas of geologic interest. The Company's geophysical contractor mobilized to Mt. Kare in mid-April and began field preparations for the IP survey. By month end, 5.7 line kilometres had been completed. Subsequent to the end of the reporting period, the IP survey was completed after having been extended from the planned 30 line kilometres to over 40 line kilometres. During the period, preparations for drill crew, drill equipment and geological staff mobilization were initiated. Drilling began subsequent to the end of the period in May 2004 and the Company has now completed three drill holes totaling 600 metres that tested two of the targets newly identified in the IP geophysical survey. Drilling has been stopped temporarily to allow the Company's geophysical contractor to complete its final geophysical report and to allow the Company to complete its final interpretation and compilation of the new IP geophysical data in order to prioritize drill targets at Mt. Kare. Drilling is scheduled to resume in mid-July.

As at the end of the previous quarter, the Company had incurred exploration costs of \$32,228,606 on its Mt. Kare Property in Papua New Guinea, including 235 diamond drill holes totaling 36,787 metres. To date, the existing mineral resources at Mt. Kare have been estimated by the independent engineering firm of Watts Griffis & McOuat to be indicated mineral resources of 14.68 million tonnes grading 2.36 g/t gold and 33.7 g/t silver and inferred mineral resources of 10.85 million tonnes grading 1.98 g/t gold and 22.7 g/t silver (using a 1.0 g/t gold equivalent cut-off and with the cutting of high grade gold assays to 30 g/t) representing approximately 1.8 million ounces of gold and 23.8 million ounces of silver.

During the three month period ended April 30, 2004, the Company incurred exploration expenditures of \$386,037 on the Mt. Kare Property. The expenditures on Mt. Kare included camp costs of \$8,072, community relations costs totaling \$87,410, contractor costs totaling \$76,909, helicopter costs of \$58,775 and food supplies of \$23,969. The total of camp costs, community relations costs and food supplies of \$119,451 reflect the Company's need to promote stability in an area with no government infrastructure and include health, education and security costs. The Company expects the proportion of these types of costs to decrease as the Company increases its exploration activities at Mt. Kare. Helicopter costs are a result of the lack of road access to Mt. Kare, resulting in the need for helicopter support for transportation of all required food, supplies and personnel to and from the Mt. Kare camp. The camp is powered by diesel generators which requires monthly fuel hauls, also by helicopter. The community relations costs include the rotational employment of two on-site managers and a full-time manager

located in Port Moresby. These personnel carry out a wide range of duties, including daily liaison with government staff, arranging police protection for the Mt. Kare area, organizing the health clinic for the Mt. Kare area, continuous dialogue with both the legitimate and non-legitimate landowners of the Mt. Kare area, supervising and paying of vegetation compensation claims, organizing work groups based on clan boundaries, administration of incorporating legal landowner groups, daily logistical management of the camp operations, daily communications with the Company's Vancouver office, assisting with the requests for assistance to schools, churches and individuals. Contractor costs were in respect of a full-time on-site geologist and a full-temporary time geophysicist supported by two full-time field assistants and various other pitting, trenching, sampling, line-cutting crews and a Vancouver-based geologist responsible for planning and supervising field crews and community relations staff and carrying out data compilation.

LEWIS PROPERTY, NEVADA

During the three months ended April 30, 2004, the Company continued its compilation of data obtained from work carried out prior to the period. As at the end of the previous quarter, the Company had incurred exploration costs of \$1,568,974 on the Lewis Property, including 33 drill holes totaling 23,885 feet. Results suggest that the Virgin Structural Zone, the main target on the Lewis Property, is comprised of two distinct styles of mineralization: sub-vertical, structurally controlled mineralization and sub-horizontal stratigraphically controlled mineralization. Drilling has confirmed excellent lateral and vertical continuity of mineralization from surface to a minimum depth of 700 feet. The gold-bearing mineralization, at least 1,850 feet in strike extent, takes the form of a continuous sub-vertical, linear body with a series of sub-horizontal, amoeba-shaped zones. The Company intends to continue its detailed evaluation of the Virgin Structural Zone target area using structural geologic mapping, geochemistry, geophysics and drilling, subject to arranging financing for same.

During the three month period ended April 30, 2004, the Company incurred exploration expenditures of \$61,006. The expenditures on the Lewis Property included contractor costs of \$50,278 and property insurance costs of \$12,500. Contractor costs were for a full-time on-site geologist and assistant and a Vancouver-based geologist carrying out data compilation and report preparation.

FINANCING

During the three months ended April 30, 2004, the Company arranged, subject to regulatory approval, a brokered private placement of 17,150,000 units at a price of \$0.35 per unit to generate gross proceeds of \$6,002,500. Each unit was to have been comprised of one share and one half warrant, each full warrant entitling the purchase of one additional share of the Issuer at a price of \$0.50 for a period of two years. As a result of market conditions, the terms of this placement were subsequently revised to reduce the unit price to \$0.25 per unit (with warrants exercisable at a price of \$0.30 per share) and the placement closed subsequent to the end of the period in May 2004 without all of the units having been placed, to generate gross proceeds of \$763,500.

The proceeds from this placement are being and will be used to fund exploration on the Company's Mt. Kare gold property in Papua New Guinea and the Lewis Property in Nevada.

OPERATIONS AND FINANCIAL CONDITION

At April 30, 2004, the Company had total assets of \$45,269,915 as compared with \$44,267,125 at October 31, 2003. This increase is due to the sale of share capital during the period as a result of the exercise of stock options and warrants which generated cash proceeds of \$1,399,000. Included in current assets was receivables of \$114,463, of which \$90,596 was due from related parties. This related party receivable was comprised of general and administrative expenses incurred by companies related by way of directors in common and is payable on demand. The balance of \$23,867 in receivables was comprised of a GST accrual and interest. Working capital at April 30, 2004 increased to \$1,024,082 from working capital of \$821,370 at October 31, 2003. The Company's largest cash outflow in the three month period ended April 30, 2004 was as a result of exploration expenditures of \$434,914. During the three month period ended January 31, 2004, the Company's largest cash outflow resulted from exploration expenditures of \$349,902.

During the three month period ended April 30, 2004, the Company recorded interest income of \$4,030 and a foreign exchange gain of \$2,325. During the three month period ended January 31, 2004, the Company recorded interest income of \$1,893 and a foreign exchange gain of \$161.

Expenses for the three month period ended April 30, 2004 were \$381,104, up from \$193,373 for the three month period ended January 31, 2004. This increase is due to consulting fees which increased to \$19,763 from nil due to financing consulting services; filing fees which increased by \$32,957 to \$34,983 primarily as a result of annual continuous disclosure filings and filing fees associated with the brokered private placement announced during the period; legal fees which increased by \$9,198 to \$28,618 primarily as a result of costs associated with the preparation of the Company's

annual report; public relations costs which increased by \$8,317 to \$36,509 as a result of the engagement of an investor relations representative; stock-based compensation which increased by \$99,967 to \$130,383 as a result of incentive stock options granted during the period; and wages which increased by \$7,064 to \$64,113 as a result of increased administration costs due to revised cost sharing arrangements with other companies operating out of the Company's premises. During the three month period ended April 30, 2004, the Company incurred expenses of \$34,650 with parties not at arm's length to the Company. These expenses are comprised of legal fees paid to a company controlled by a director of the Company totalling \$34,625. The Company also incurred office costs and wages on behalf of companies with directors in common pursuant to cost sharing arrangements with such companies. As at April 30, 2004, the Company had receivables of \$90,596 pursuant to such arrangements of which \$14,397 were incurred during the three months ended April 30, 2004.

The net loss for the three month period ended April 30, 2004 was \$374,749 or \$0.01 per share as compared with a net loss for the three month period ended January 31, 2004 of \$191,319, or \$0.00 per share.

Expenses for the six month period ended April 30, 2004 were \$574,477, up from \$544,666 for the six month period ended April 30, 2003 due principally to an increase in filing fees, stock-based compensation and travel. During the six month period ended April 30, 2004, the Company incurred expenses of \$66,000 with parties not at arm's length to the Company. These expenses are comprised of legal fees paid to a company controlled by a director of the Company totalling \$41,550, consulting fees of \$3,000 paid to a director and legal fees charged to resource properties of \$21,450 paid to a company controlled by a director. The Company also incurred office costs and wages on behalf of companies with directors in common pursuant to cost sharing arrangements with such companies. As at April 30, 2004, the Company had receivables of \$90,596 pursuant to such arrangements of which \$28,384 were incurred during the six months ended April 30, 2004.

The net loss for the six month period ended April 30, 2004 was \$566,068 or \$0.01 per share as compared with a net loss for the six month period ended April 30, 2003 of \$523,905, or \$0.01 per share.

CAPITAL STOCK

During the three months ended April 30, 2004, the Company issued 500,000 shares pursuant to the exercise of incentive stock options and 4,587,000 shares pursuant to the exercise of share purchase warrants to generate cash proceeds of \$100,000 and \$1,143,750, respectively. During the three months ended January 31, 2004, the Company issued 575,000 shares pursuant to the exercise of incentive stock options and 235,000 shares pursuant to the exercise of share purchase warrants to generate cash proceeds of \$102,000 and \$53,250, respectively.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the nature of the Company's activities, which consist of the acquisition, exploration, exploration management and sale of mineral properties, the most meaningful and material financial information concerning the Company relates to its current liquidity and capital resources. The Company does not currently own or have an interest in any mineral producing properties and has not derived any revenues from the sale of gold, silver or other materials in the last three financial years.

The Company's mineral exploration activities have been funded through sales of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its operations. There can be no assurance, however, that the Company will be able to obtain required financing in the future on acceptable terms, or at all, and should this occur, there is substantial doubt about the ability of the Company to continue as a going concern. In the near term, the Company plans to continue its exploration activities on its currently held properties. Based on its working capital as at April 30, 2004 together with the proceeds from the brokered private placement completed subsequent to the end of the period, the Company does not expect to require additional financing for its currently held properties during the upcoming fiscal year. The Company has not carried out debt financing nor has it made use of any financial instruments for hedging purposes. The Company had no material commitments for capital expenditures at the end of its most recent fiscal year.

Management of the Company regularly reviews the net carrying value of the Company's interest in each mineral property. Where information is available and conditions suggest impairment, estimated future net cash flows from each property are calculated using estimated future prices, proven and probable reserves, operating capital and reclamation costs on an undiscounted basis. Reductions in the carrying value of each property would be recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions such as the exploration results incurred by the Company and others suggest impairment, management assesses if carrying value can be recovered.

At April 30, 2004, the Company had working capital of \$1,024,082, which, together with the proceeds from the brokered private placement completed subsequent to the end of the period, management believes will be sufficient to meet the Company's general and administrative expenses and minimum expenditure commitments on the Lewis Property for the coming year. Subsequent to the end of the period, the Company carried out a brokered private placement of 3,054,000 units at a price of \$0.25 per unit to generate gross proceeds of \$763,500. Each unit is comprised of one share and one half warrant, each full warrant entitling the purchase of one additional share of the Issuer at a price of \$0.30 until May 18, 2006. The proceeds from this placement are being and will be used

to fund exploration on the Company's Mt. Kare gold property in Papua New Guinea and the Lewis Property in Nevada. If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional funding and while the Company has been successful in the past, there can be no assurance that it will be able to do so in the future. If such funds are not available or cannot be obtained and its joint venture arrangements are insufficient to cover the costs of the Company's mineral exploration activities, the Company will be forced to curtail its exploration activities to a level for which funding is available or can be obtained.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its mineral exploration properties.

INVESTOR RELATIONS ACTIVITIES

The Company handles most investor relations activities internally by assigning various duties to officers, directors and employees. These duties consist primarily of responding to enquiries from the Company's shareholders and the public, distribution of news and information about the Company and other developments in the resource industry, preparation for and attendance at industry conferences, maintenance of web sites on the Internet, increasing the Company's shareholder base and assisting in raising any capital which the Company might require. However, subsequent to the end of the period, the Company appointed Stewart Armstrong to act as an investor relations representative for a period of eight months beginning March 1, 2004. His primary responsibilities will be to answer investor inquiries and to liaise with investment advisors.

SUBSEQUENT EVENTS

Subsequent to the end of the period, the Company carried out a brokered private placement of 3,054,000 units at a price of \$0.25 per unit to generate gross proceeds of \$763,500. Each unit is comprised of one share and one half warrant, each full warrant entitling the purchase of one additional share of the Issuer at a price of \$0.30 until May 18, 2006. The proceeds from this placement are being and will be used to fund exploration on the Company's Mt. Kare gold property in Papua New Guinea and the Lewis Property in Nevada.