

FORM 51-901F

QUARTERLY REPORT

Incorporated as part of:

 X **Schedule A**

 Schedules B & C

(place x in the appropriate category)

ISSUER DETAILS:

NAME OF ISSUER SUR AMERICAN GOLD CORPORATION

ISSUER ADDRESS P.O. BOX 16023, 1199 LYNN VALLEY RD.
NORTH VANCOUVER, B.C., V7J 3H2

ISSUER PHONE NUMBER (604) 904-8956

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CONTACT PERSON MR. J. RENNIE BLAIR

CONTACT'S POSITION DIRECTOR

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FOR QUARTER ENDED MARCH 31, 2004

DATE OF REPORT MAY 31, 2004

CERTIFICATE

SCHEDULE A REQUIRED TO COMPLETE THIS REPORT IS 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.

J. RENNIE BLAIR "J. Rennie Blair" May 31, 2004

NAME OF DIRECTOR **SIGNED** **DATE SIGNED**

ALICIA NICHOLSON "Alicia Nicholson" May 31, 2004

NAME OF DIRECTOR **SIGNED** **DATE SIGNED**

Sur American Gold Corporation

CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,508,137	\$ 935,315
Amounts receivable and advances	18,241	20,063
Prepaid expenses	<u>4,833</u>	<u>4,833</u>
	1,531,211	960,211
INVESTMENTS IN AND ADVANCES TO AFFILIATES (Note 5)	2,103,775	1,825,401
CAPITAL ASSETS (Note 6)	<u>71,315</u>	<u>69,046</u>
	\$ <u>3,706,301</u>	\$ <u>2,854,658</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 404,108	\$ 273,126
Loans payable (Note 7)	<u>503,317</u>	<u>498,877</u>
	907,425	772,003
LOANS PAYABLE (Note 7)		
NON-CONTROLLING INTEREST IN SUBSIDIARY	<u>212,668</u>	<u>212,668</u>
	<u>1,120,093</u>	<u>984,671</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	10,839,993	9,874,074
SHARES SUBSCRIBED		
CONTRIBUTED SURPLUS (Note 9)	2,126,692	902,324
RETAINED EARNINGS (DEFICIT)	<u>(10,380,477)</u>	<u>(8,906,411)</u>
	<u>2,586,208</u>	<u>1,869,987</u>
	\$ <u>3,706,301</u>	\$ <u>2,854,658</u>
GOING CONCERN AND NATURE OF OPERATIONS (Note 1)		
SUBSEQUENT EVENTS (Note 15)		

See accompanying summary of accounting policies and notes to consolidated financial statements

Approved by the Board “J. Rennie Blair” Director “Alicia Nicholson” Director

Sur American Gold Corporation

CONSOLIDATED INTERIM STATEMENTS OF LOSS AND DEFICIT (UNAUDITED)

	3 Months ended March 31,	
	2004	2003 (Note 2)
EXPENSES		
Bank charges and interest	\$ 503	\$ 549
Depreciation and amortization	4,967	1,402
Foreign exchange (gain) loss	6,454	(300)
Interest on loan payable	11,260	10,146
Legal and professional	19,891	21,471
Office and miscellaneous	6,838	4,322
Regulatory and shareholder costs	42,704	11,479
Rent	6,000	6,000
Salaries and benefits	32,202	22,500
Telephone and fax	1,983	765
Travel and accommodations	1,400	2,684
Stock-based compensation	<u>1,445,095</u>	
INCOME (LOSS) BEFORE OTHER ITEMS	<u>(1,579,297)</u>	<u>(81,018)</u>
OTHER ITEMS		
Interest income	105,231	908
Impairment of resource interests	<u> </u>	<u> </u>
NET INCOME (LOSS) FOR THE PERIOD	(1,474,066)	(80,110)
RETAINED EARNINGS (DEFICIT), beginning of the period	<u>(8,906,411)</u>	<u>(7,679,639)</u>
RETAINED EARNINGS (DEFICIT), end of the period	\$ <u>(10,380,477)</u>	\$ <u>(7,759,749)</u>
EARNINGS (LOSS) PER SHARE, basic and diluted		
	\$ <u>(0.03)</u>	\$ <u>(0.00)</u>

See accompanying summary of accounting policies and notes to consolidated financial statements

Sur American Gold Corporation

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW (UNAUDITED)

	<u>3 Months ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (1,474,066)	\$ (80,110)
Adjustments to reconcile net cash provided by (used in) operating activities		
Depreciation and amortization	4,967	1,402
Impairment of resource interests		
Stock-based compensation	1,445,095	
Decrease (increase) in		
Amounts receivable and advances	1,822	8,685
Prepaid expenses		547
Increase (decrease) in		
Accounts payable and accrued liabilities	<u>130,400</u>	<u>(19,846)</u>
	<u>6,316</u>	<u>(89,322)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditures on resource interests		(23,904)
Purchase of capital assets	(7,235)	
Advances to affiliates	(171,453)	
Cash held by acquired subsidiary		
	<u>(178,688)</u>	<u>(23,904)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuances of common shares	866,500	570,000
Share subscription received		
Share issued costs	<u>(121,306)</u>	
	<u>745,194</u>	<u>570,000</u>
INCREASE IN CASH DURING THE PERIOD	572,822	456,774
CASH, beginning of the period	<u>935,315</u>	<u>80,849</u>
CASH, end of the period	\$ <u><u>1,508,137</u></u>	\$ <u><u>537,623</u></u>

See Note 14.

See accompanying summary of accounting policies and notes to consolidated financial statements

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

1. GOING CONCERN AND NATURE OF OPERATIONS

Sur American Gold Corporation (the "Company") is incorporated under the laws of the Province of Alberta. Its principal business activity is natural resource exploration, presently focusing on unproven mineral interests located in the Philippines.

For the period ended March 31, 2004 the Company incurred a net loss of \$ 1,474,066 (March 2003 - \$ 80,110) and as at March 31, 2004 had a deficit of \$ 10,380,477 (March 2003 - \$ 7,759,749). The Company's ability to continue in operation is dependent on its ability to secure additional financing to fund ongoing administrative, and planned exploration, expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and settle its liabilities in other than the normal course of business, possibly at amounts different from those presented in these consolidated financial statements.

2. ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which necessarily involves the use of estimates. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Exploradora La Esperanza S.A., and its 70% owned subsidiary Sabena Limited.

Revenue recognition

Interest income is recognized ratably as earned and when collection is believed to be reasonably assured.

Resource interests

Costs incurred to acquire and explore a resource interest are capitalized. These capitalized costs are periodically assessed for impairment and an impairment change is recognized in the accounts upon abandonment, upon failure to detect economically recoverable materialization or when exploration activities are not anticipated to occur or to continue in the foreseeable future.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at annual rates between 20% and 30%.

Earnings (loss) per share

Earnings (loss) per share is determined using the weighted-average number of common shares outstanding during the period, which amounted to 52,329,348 (Dec.2003 – 38,901-081) common shares. Diluted earnings (loss) per share has not been presented separately as the effect of common shares issuable on exercise of warrants and stock options is anti-dilutive.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

2. ACCOUNTING POLICIES - continued

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars at the rate of exchange on the balance sheet date and non-monetary assets and liabilities at historical rates. Revenues and expenses are translated at appropriate transaction date rates except for depreciation and amortization, which are translated at historical rates. Gains and losses on translation are included in income.

Income taxes

Income taxes are recorded on a tax allocation basis. Under this method, current income taxes are recognized for the estimated income taxes payable for the year. Future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are recognized using enacted income tax rates. Future income tax assets are recognized with respect to deductible temporary differences and loss carryforwards only to the extent their realization is considered more likely than not.

Comparative figures

Certain 2003 comparative figures have been reclassified to conform to the presentation used in the current year.

3. CHANGE IN ACCOUNTING POLICY

In the fourth quarter of 2003, the Company adopted the fair value method of accounting for all employee and non-employee stock-based compensation under the amended recommendations of the Canadian Institute of Chartered Accountants' Handbook Section 3870 *Stock-based Compensation and Other Stock-based Payments*. This change has been applied retroactively to January 1, 2003

Under the fair value method, stock-based compensation expense is recognized at the time of award with an offsetting increase in contributed surplus.

4. BUSINESS COMBINATION

In June 2003 the Company acquired a 70% equity interest in an Australian corporation, Sabena Limited ("Sabena"), in exchange for 5,000,000 common shares issued from treasury. The remaining 30% of Sabena is held by three individuals, one of whom is presently a director of Sabena, and two of whom are also presently directors of Sabena and the Company and who are former directors of the vendor, Eastern Corporation Limited an Australian public company.

At the date of acquisition Sabena held: an option, exercisable on payment of \$ 150,000 Australian dollars to a corporation (with a common director), which was exercised subsequent to the date of acquisition, to acquire a 40% equity interest in Philco Mining Corporation, a Philippine corporation that holds interests in several unproven mineral exploration projects; a 50% interest in the T'Boli Gold Project joint venture, a Philippine mineral exploration joint venture that holds interests in several unproven mineral exploration projects; and an option to acquire the mineral processing rights to all mineralization found on the above noted projects. As a result of a ruling by the Supreme Court of the Philippines in January, 2004 the Company believes its mineral processing rights would be limited to a 40% interest in such processing due to applicable foreign ownership restrictions in place under Philippine law.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

4. BUSINESS COMBINATION - continued

Subsequent to December 31, 2003 Sabena transferred its 50% interest in the joint venture to the Company and concurrently converted its interest into a direct 40% equity interest in Tribal Mining Corporation ("TMC"). TMC is a Philippine Corporation that holds the legal rights to the T'Boli project. This was done to comply with the 40% foreign ownership restriction.

The acquisition has been accounted for using the purchase method. The cost of acquisition, being \$ 500,000 (\$ 0.10 per share) was allocated as follows:

Assets acquired:

Option to acquire a 40% equity interest in Philco Mining Corporation	\$ 385,245
50% interest in T'Boli Gold Project joint venture	385,244
Cash	<u>1,649</u>
	772,138

Liabilities assumed:

Accounts payable and accrued liabilities	59,470
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Non-controlling interest in subsidiary	<u>212,668</u>
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Fair value of consideration issued	\$ <u><u>500,000</u></u>
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The operating results of Sabena have been included in these consolidated financial statements from the effective date of acquisition of June 18, 2003. Sabena is essentially a holding company and is therefore inactive.

5. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company holds equity interests (two through Sabena and the other directly) in three Philippine entities engaged in the exploration of unproven mineral interests located in the Philippines.

Philco Mining Corporation

40% equity interest	\$ 265,373
Mineral exploration advances	918,071
Interest receivable	<u>269,715</u>
	<u>1,453,159</u>

Batoto Resources Corporation

40% equity interest	<u>265,372</u>
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Tribal Mining Corporation

40% interest	<u>385,244</u>
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\$ 2,103,775

The advances bear interest at 36% per annum, compounded monthly. The Company's ability to recover the investments and mineral exploration advances is dependent upon the investees' success in locating economically recoverable mineral deposits and in successfully developing a profitable extraction, processing and marketing business, or on the sale of the underlying interests in an amount sufficient to allow for repayment of the advances and accrued interest and recovery of the investments.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

5. INVESTMENTS IN AND ADVANCES TO AFFILIATES - continued

Batoto Resources Corporation was established after the acquisition of Sabena and holds certain unproven mineral interests previously held by Philco Mining Corporation. As a result, \$ 265,372 of the \$ 530,475 acquisition cost of the interest in Philco Mining Corporation was assigned to the interest in Batoto Resources Corporation.

6. CAPITAL ASSETS

	March 2004			Dec 2003
	Cost	Accumulated amortization	Net	Net
Vehicle	\$ 45,646	\$ 10,269	\$ 35,377	\$ 38,800
Office furniture and equipment	<u>108,709</u>	<u>72,771</u>	<u>35,938</u>	<u>30,246</u>
	\$ <u><u>154,355</u></u>	\$ <u><u>83,040</u></u>	\$ <u><u>71,315</u></u>	\$ <u><u>69,046</u></u>

7. LOANS PAYABLE

	March 2004	Dec 2003
Loan payable of \$ 250,000 and accrued interest payable of \$ 43,936, due on January 5, 2004, bearing interest at 14% per annum, unsecured	\$ 293,936	\$ 293,936
Due to directors without interest, unsecured and due on January 5, 2004	44,441	44,441
Due on January 5, 2004 without interest and unsecured	15,000	15,000
Due to a corporation with certain directors in common on June 30, 2004, bearing interest at 5% per annum (\$ 150,000 Australian dollars)	<u>149,940</u>	<u>145,500</u>
	\$ <u><u>503,317</u></u>	\$ <u><u>498,877</u></u>

8. SHARE CAPITAL

Authorized

Unlimited common shares without par value

	March 2004		Dec 2003	
	Shares	\$	Shares	\$
Issued				
Beginning of year	50,379,348	\$ 9,874,074	26,801,063	\$ 6,573,394
Common shares issued for:				
Private placements			9,657,000	1,574,250
Exercise of warrants	4,835,000	725,250	1,432,000	159,800
Exercise of stock options	1,225,000	141,250	2,675,000	419,380
Acquisition of subsidiary			5,000,000	500,000
Settlement of debt			4,814,285	674,000
Stock-compensation adjustment		<u>220,725</u>		
	<u>56,439,348</u>	<u>10,961,299</u>	<u>50,379,348</u>	<u>9,900,824</u>
Less: Share issued costs		<u>121,306</u>		<u>26,750</u>
	<u><u>56,439,348</u></u>	\$ <u><u>10,839,993</u></u>	<u><u>50,379,348</u></u>	\$ <u><u>9,874,074</u></u>

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

8. SHARE CAPITAL -continued

(a) During the year ended December 31, 2003 the Company completed:

- i. a private placement of 5,600,000 units at \$ 0.10 per unit, for gross proceeds of \$ 560,000. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share, for a period of two years, for \$ 0.15 on or before March 27, 2004 and \$ 0.20 on or before March 27, 2005. A commission of \$ 2,500 in cash and 25,000 warrants was paid on a portion of the private placement. Persons related to a director purchased 22,000 units of the private placement; and
- ii. a private placement of 4,000,000 units at \$ 0.25 per unit, for gross proceeds of \$ 1,000,000. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share, for a period of two years, for \$ 0.35 until November 19, 2004 and \$ 0.50 until November 19, 2005. A commission of \$ 10,000 in cash and 57,000 units was paid on a portion of the private placement. Directors and a person related to a director purchased 724,000 units of the private placement.

(b) At December 31, 2003 the Company had outstanding warrants issued, pursuant to various private placements, which may be exercised to purchase 9,350,000 common shares. The warrants expire at various dates through November 2005.

Details of warrants issued during the period ended March 31, 2004 and the year ended December 31, 2003 are as follows:

	<u>March 2004</u>	<u>Dec 2003</u>
Issued, beginning of year	9,350,000	1,100,000
Issued pursuant to private placements		9,682,000
Exercised	<u>(4,835,000)</u>	<u>(1,432,000)</u>
	<u>4,515,000</u>	<u>9,350,000</u>

The following table summarizes information about warrants issued and exercisable at March 31, 2004.

<u>Exercise price</u>	<u>Warrants outstanding</u>	<u>Expiry date</u>
\$ 0.15/0.20	458,000	March 27, 2005
0.35/0.50	<u>4,057,000</u>	November 19, 2005
	<u>4,515,000</u>	

(c) See also Note 15.

9. STOCK-BASED COMPENSATION

The Company has an incentive stock option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of stock options to directors, officers, employees and consultants. The terms of the option and the option price are fixed by the directors at the time of grant subject to price restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of five years and vest on the date of award.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

9. STOCK-BASED COMPENSATION - continued

The following is a summary of the total number of stock options outstanding:

	<u>Options outstanding</u>	<u>Weighted average exercise price</u>
Balance at January 1, 2003	2,100,000	\$ 0.12
Awarded	5,575,000	0.17
Expired	(50,000)	0.25
Exercised	<u>(2,675,000)</u>	<u>0.10</u>
Balance at January 1, 2004	4,950,000	0.19
Awarded	1,400,000	1.30
Expired	(10,000)	0.25
Exercised	<u>(1,225,000)</u>	<u>0.12</u>
Balance at March 31, 2004	<u>5,115,000</u>	\$ <u>0.19</u>

The following summarizes information about stock options outstanding at March 31, 2004:

<u>Exercise price</u>	<u>Number outstanding and exercisable</u>	<u>Expiry date</u>
\$ 0.25	200,000	September 2004
0.10	50,000	May 2007
0.10	50,000	January 2008
0.11	1,065,000	September 2008
0.15	1,350,000	September 2008
0.25	150,000	November 2008
0.45	850,000	December 2008
1.30	<u>1,400,000</u>	February 2009
	<u>5,115,000</u>	

As discussed in Note 3, effective January 1, 2003 the Company adopted the amendments to Section 3870 in respect of accounting for stock-based compensation.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

9. STOCK-BASED COMPENSATION - continued

The fair value of stock options awarded to employees, directors and consultants was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

	<u>March 2004</u>	<u>Dec 2003</u>
Risk-free interest rate	3%	2.8 to 4.13%
Estimated volatility	153%	134% to 164%
Expected life	2.5 years	5 years

The average fair value of stock options awarded during the 2003 fiscal year, calculated using the Black-Scholes option pricing model, was \$ 0.19.

The Black-Scholes option pricing model was developed for use in estimating the fair value of stock options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Change in the underlying assumptions can materially affect the fair value estimates.

10. INCOME TAXES

As at December 31, 2003, the Company has approximately \$ 2,600,000 of non-capital losses available to offset future taxable income in Canada which expire between 2004 and 2009. The potential benefit of these losses have not been recognized in the consolidated financial statements as there is no reasonable assurance such benefit will be realized.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable and advances, investments in and advances to affiliates, accounts payable and accrued liabilities and loans payable.

Fair value

The fair value of cash, amounts receivable and advances and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

The fair value of the interest-bearing loans payable is believed to approximate the carrying amount as the loans is believed to bear fair market rates of interest for debt of similar risk. The fair value of the amounts due to directors is not readily obtainable.

It is not practicable to determine the fair value of the investments in and advances to affiliates.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2004 and 2003

11. FINANCIAL INSTRUMENTS -continued

Interest rate risk

The interest-bearing loans payable bear interest at fixed rates, and the amounts due to directors are non-interest bearing. Therefore these amounts do not expose the Company to interest rate cash flow risk.

Credit risk

The Company's maximum exposure to credit risk is represented by the book value of the Company's financial instruments. Credit risk associated with advances to affiliates is concentrated in minority-held, mineral exploration entities located in the Philippines.

12. RELATED PARTY TRANSACTIONS

Included in amounts receivable and advances is \$ 0 (Dec. 2003 - \$ 9,125) due from directors.

Included in accounts payable and accrued liabilities is \$ 119,252 (Dec 2003 - \$ 177,026) payable to directors and a corporation controlled by a director.

During the year, gross rent of \$ 6,000 (Dec 2003 - \$ 30,000) was paid to directors.

See Notes 7, 8 and 9.

13. SEGMENTED INFORMATION

The Company's corporate assets are located in Canada and the Company holds investments in corporations located in the Philippines and Australia and natural resource exploration activities have occurred in Colombia in past years.

	March 2004				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	\$ 1,523,171	\$ 1,830	\$	\$ 6,210	\$ 1,531,211
Capital assets	<u>54,116</u>	<u></u>	<u></u>	<u>17,199</u>	<u>71,315</u>
	\$ <u>1,577,287</u>	\$ <u>1,830</u>	\$ <u></u>	\$ <u>23,409</u>	\$ <u>1,602,526</u>
	Dec 2003				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	\$ 952,168	\$ 1,833	\$	\$ 6,210	\$ 960,211
Capital assets	<u>51,847</u>	<u></u>	<u></u>	<u>17,199</u>	<u>69,046</u>
	\$ <u>1,004,015</u>	\$ <u>1,833</u>	\$ <u></u>	\$ <u>23,409</u>	\$ <u>1,029,257</u>

Sur American Gold Corporation
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2004 and 2003

14. **SUPPLEMENTAL CASH FLOW INFORMATION**

The Company has conducted non-cash financing activities as follows:

	<u>March 2004</u>	<u>Dec 2003</u>
Investing activities		
Acquisition of subsidiary	\$ Nil	\$ (770,489)
Financing activities		
Common shares issued to acquire subsidiary		500,000
Common shares issued for subscriptions received		90,000
Subscription settled with common shares		(90,000)
Debt settled for common shares		674,000
Shares issued to settle debt		(674,000)
Non-controlling interest in subsidiary		212,668
Notes payable issued to settle accounts payable and accrued liabilities		
	<u>\$ Nil</u>	<u>\$ (57,821)</u>

The Company has paid interest of \$ 0 (Dec 2003 - \$ 71,712).

15. **SUBSEQUENT EVENTS**

Subsequent to March 31, 2004:

- 1,225,000 stock options were exercised for cash of \$ 172,750. Of this amount, directors exercised 1,040,000 stock options for cash of \$ 172,750.
- 65,000 warrants were exercised for proceeds of \$ 22,750.

See Note 4.