

**Committee Bay Resources Ltd.**

**Consolidated Financial Statements**

**Three Months ended March 31, 2004 and 2003**

**(unaudited – prepared by management)**

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**Committee Bay Resources Ltd.**  
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**NOTICE TO READER**

To: The Shareholders of  
**Committee Bay Resources Ltd.**

The interim balance sheet of Committee Bay Resources Ltd. as at March 31, 2004 and the interim statements of income and deficit and of cash flow for the three-month periods ended March 31, 2004 and 2003 have been compiled by management.

No audit or review to verify the accuracy or completeness of such information has been performed. Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta  
May 31, 2004

**Committee Bay Resources Ltd.**  
**Consolidated Balance Sheets**  
(unaudited – prepared by management)

Mar. 31 2004    Dec. 31 2003

**Assets**

**Current**

Cash	\$	4,165,547	\$	1,899,746
Accounts receivable		463,850		375,875
Guaranteed investment certificates (note 3)		400,000		350,000

5,029,397    2,625,621

**Restricted guaranteed investment certificates (note 3)**

185,000    185,000

**Prospecting permit deposits (note 4)**

243,820    243,820

**Equipment**

168,572    74,390

**Mineral interests (note 5)**

1,502,833    1,447,425

\$ 7,129,622    \$ 4,576,256

**Liabilities and shareholders' equity**

**Current**

Accounts payable	\$	824,341	\$	178,854
Advances from Gold Fields		893,514		-

1,717,855    178,854

**Shareholders' equity**

Share capital (note 6)	6,153,221	4,948,494
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Contributed surplus	377,100	246,000
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Deficit	(1,118,554)	(797,092)
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5,411,767    4,397,402

\$ 7,129,622    \$ 4,576,256

Approved By The Board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

**Committee Bay Resources Ltd.**  
**Consolidated Statements of Loss and Deficit**  
(unaudited – prepared by management)

<b>For the three months ended March 31</b>	<b>2004</b>	<b>2003</b>
<b>Expenses</b>		
Advertising and promotion	\$ 39,577	\$ 9,035
Amortization	6,770	-
Conferences and meetings	77,967	8,428
Corporate filing fees	9,557	2,320
Interest and bank charges	271	53
Investor relations	12,232	-
Office and administration	19,150	629
Professional fees	980	2,019
Rent	6,440	-
Stock-based compensation	131,100	-
Telephone and utilities	8,127	-
Wages and consulting fees	81,843	30,000
	<b>394,014</b>	<b>52,484</b>
Operator recoveries	<b>(68,749)</b>	-
<b>Loss from operations</b>	<b>325,265</b>	<b>52,484</b>
<b>Other income</b>		
Interest	<b>3,803</b>	-
<b>Loss before income taxes</b>	<b>(321,462)</b>	<b>(52,484)</b>
<b>Future income tax recovery (note 11)</b>	<b>-</b>	<b>-</b>
<b>Net loss for the year</b>	<b>(321,462)</b>	<b>(52,484)</b>
<b>Deficit, beginning of year</b>	<b>(797,092)</b>	<b>(241,875)</b>
<b>Deficit, end of year</b>	<b>\$ (1,118,554)</b>	<b>\$ (294,359)</b>
<b>Basic and diluted loss per share (note 6)</b>	<b>\$ (0.0167)</b>	<b>\$ (0.005)</b>

**Committee Bay Resources Ltd.**  
**Consolidated Statements of Cash Flows**  
(unaudited – prepared by management)

<b>For the three months ended March 31</b>	<b>2004</b>	<b>2003</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (321,462)	\$ (52,484)
Adjustments for:		
Amortization	6,770	-
Stock-based compensation	131,100	-
	(183,592)	(52,484)
Change in non-cash working capital items	1,451,026	24,849
	1,267,434	(27,635)
<b>Cash flows from investing activities</b>		
Guaranteed investment certificates	(50,000)	-
Purchase of equipment	(100,952)	-
Expenditures on mineral interests	(55,408)	(30,229)
	(206,360)	(30,229)
<b>Cash flows from financing activities</b>		
Issuance of share capital	1,204,727	377,006
<b>Net increase in cash</b>	<b>2,265,801</b>	<b>319,142</b>
<b>Cash, beginning of year</b>	<b>1,899,746</b>	<b>84,958</b>
<b>Cash, end of year</b>	<b>4,165,547</b>	<b>404,100</b>

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

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**1 Nature of operations**

Committee Bay Resources Ltd. ("CBR" or the "Company"). The Company is a development stage enterprise and is currently exploring its mineral interests in Nunavut, Canada in order to bring the properties to the extraction and processing stage.

The Company is in the process of exploring its mineral properties which have the potential of being economically recoverable. The measurement of certain assets and liabilities is dependent on future events therefore the preparation of these financial statements requires the use of estimates, which may vary from actual results. In particular, the recoverability of the amounts shown for mineral interests is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the interests, the ability of the Company to obtain necessary financing to complete development, and upon the future profitable production or proceeds from disposition of the mineral interests. The amounts shown for mineral interests represent net costs incurred to date and do not necessarily represent present or future values. Such estimates have been made using careful judgements, which, in management's opinion, are within reasonable limits of materiality and conform to the significant accounting policies summarized below.

**2 Basis of presentation**

The accompanying unaudited financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited financial statements for the year ended December 31, 2003. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in Canada have been omitted. These interim financial statements should be read in conjunction with the December 31, 2003 audited financial statements and the notes thereto. In the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair presentation of the balance sheet, results of operations, and cash flows of those interim periods have been included.

**3 Guaranteed investment certificates**

Guaranteed investment certificates ("GICs") bear interest at 2.25% and mature by April 15, 2004. The Company has provided \$150,000 of GICs as security to the Company's bank for electronic funds transfer services and corporate Mastercard liabilities. The Company has provided \$35,000 of GICs as security for an irrevocable letter of credit of the same amount expiring March 7, 2004, renewable annually, with respect to the performance of a third party under a land use license. The letter of credit was provided as a guarantee for possible reclamation work in order to facilitate exploration in the area by third party geological consultants.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

**4 Prospecting permit deposits**

Prospecting permit deposits paid in the amount of \$0.10 per acre are recoverable at the rate of \$0.10 per acre of exploration spending within the first year of permit ownership upon filing of requisite geological assessment reports. If the spending commitments are not met the deposits are forfeited. The deposits relate to the following areas of interest:

	<b>Mar. 31 2004</b>	Dec. 31 2003
Committee Bay Greenstone Belt	<b>\$ 85,798</b>	\$ 85,798
Boothia Peninsula	<b>95,804</b>	95,804
Baffin Island	<b>62,218</b>	62,218
	<b>\$ 243,820</b>	\$ 243,820

**5 Mineral interests**

**2004**

	Balance, beginning of 2004	First Quarter costs	Balance, Mar 31 2004
<i>Committee Bay Greenstone Belt</i>			
Acquisition costs	\$ 53,707	\$ -	\$ 53,707
Claims and staking	45,116	44,774	89,890
Fieldwork	1,254,665	19,548	1,274,213
Geological consulting	167,018	61,086	228,104
Option income	(56,785)	-	(56,785)
Operator recoveries	(114,231)	(70,000)	(184,231)
Total	1,349,490	55,408	1,404,898
<i>Committee Bay Diamond</i>			
Fieldwork	62,873	-	62,873
Geological consulting	11,687	-	11,687
Total	74,560	-	74,560
<i>Boothia Peninsula</i>			
Geological consulting	11,687	-	11,687
<i>Baffin Island</i>			
Geological consulting	11,688	-	11,688
	<b>\$ 1,447,425</b>	<b>\$ 55,408</b>	<b>\$ 1,502,833</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

**5 Mineral interests, continued**

	Balance, beginning of 2003	First Quarter costs	Balance Mar 31, 2003
<i>Committee Bay Greenstone Belt</i>			
Acquisition costs	\$ 53,707	\$ -	\$ 53,707
Claims and staking	39,088	-	39,088
Fieldwork	1,101,346	30,229	1,131,575
Option income	(56,785)	-	(56,785)
	<u>\$ 1,137,356</u>	<u>\$ 30,229</u>	<u>\$ 1,167,585</u>

The Company has taken steps to verify title to resource properties in which it has an interest. However, these procedures do not guarantee the Company's title as property title may be subject to unregistered prior agreements and potential non-compliance with exploration expenditure and reporting requirements.

*a) Committee Bay Greenstone Belt*

The Company has mineral interests at December 31, 2003 of 528,824 acres near Committee Bay, Nunavut, consisting of 304,956 acres of mineral claims and 223,868 acres of prospecting permits. Each acre of mineral claims requires expenditures of \$2.00 per acre per year over the ten year life of the claim. The claims held by the Company have a weighted average remaining life of 8.3 years. There are \$787,426 in excess credits from mineral exploration programs prior to January 1, 2003 which can be applied towards certain of these expenditure obligations. The work program summaries reporting the expenditures incurred in 2003 have not yet been filed, though management estimates that such expenditures will contribute towards the overall expenditure commitment. In order to keep the prospecting permits in good standing, the Company must incur \$43,924 in expenditures during 2004 and \$89,597 in 2005. Portions of the property are subject to a 1% net smelter royalty ("NSR").

On April 1, 2003 the Company entered into an Option Agreement with Gold Fields Exploration BV ("Gold Fields") to grant Gold Fields an option to earn up to a 55% interest in the Committee Bay Gold property by funding exploration expenditures of US\$1,750,000 by April 1, 2004, US\$1,000,000 by April 1, 2005 and US\$2,250,000 by April 1, 2007. Gold Fields may acquire an additional 10% interest by funding a further US\$1,000,000 by April 1, 2008, US\$1,000,000 by April 1, 2009, US\$1,000,000 by April 1, 2010 and US\$2,000,000 by April 1, 2011. The funds must be advanced in CDN\$ and the amount in US\$ is obtained by converting the amount advanced by the exchange rate on the day the funds are received. The funds advanced must be maintained in a separate bank account and are restricted in use to payment of qualifying expenditures. Upon earning a 55% interest Gold Fields will retain a 1% diamond royalty on the property.

*b) Committee Bay Diamond*

Costs related to diamond exploration work on the Committee Bay Gold property are recorded as a separate area of interest.

*c) Boothia Peninsula*

The Company received prospecting permits for 958,043 acres in the area of interest north of the Committee Bay Greenstone belt. The related deposits of \$0.10 per acre are recoverable if the Company spends a minimum of \$0.10 per acre on exploration within one year (note 4).

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

**5 Mineral interests, continued**

*d) Baffin Island*

The Company received prospecting permits for 622,173 acres in this area of interest. The related deposits of \$0.10 per acre are recoverable if the Company spends a minimum of \$0.10 per acre on exploration within one year (note 4).

**6 Share capital**

**Authorized**

Unlimited number of common shares

**Common shares issued**

		Number		Amount
Balance December 31, 2001		11,047,887	\$	805,255
Common shares pursuant to business combination	(a)	(3,797,887)		209,771
Common shares for finder's fees on business combination	(a)	367,500		91,875
Common shares on private placements	(b)	1,666,000		416,500
Flow through common shares on private placements	(c)	1,010,000		252,500
Common shares for finder's fees on private placements		15,000		3,750
Common shares on exercise of share options		28,500		5,700
Common shares on exercise of agents warrants		2,520		504
Income tax effect of flow-through shares		-		(99,089)
Share issue costs		-		(215,690)
Balance December 31, 2002		10,339,520		1,471,076
Common shares on private placement	(d)	2,005,000		701,750
Common shares on private placement	(e)	1,333,333		399,999
Common shares on private placement	(f)	2,500,000		1,875,000
Common shares on exercise of share options		264,300		66,075
Common shares on exercise of agents warrants		238,560		56,820
Common shares on exercise of share purchase warrants		2,048,498		764,924
Common shares issued for finder's fees		435,216		148,565
Share issue costs		-		(535,715)
Balance December 31, 2003		<b>19,164,427</b>	<b>\$</b>	<b>4,948,494</b>
Flow through common shares on exercise of warrants	(g)	1,400,000		350,000
Common shares on exercise of warrants		1,534,333		689,883
Common shares on exercise of share options		466,394		138,594
Common shares on exercise of agents warrants		35,000		26,250
Balance March 31, 2004		<b>22,600,154</b>		<b>6,153,221</b>

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

**6 Share capital, continued**

- (a) Pursuant to the reverse take over on July 15, 2002 (note 2), the Company's shares were exchanged for shares of Arta, resulting in a total of 7,617,500 shares outstanding.
- (b) In private placements on July 29 and October 29, 2002, the Company issued an aggregate of 1,666,000 units at \$0.25 per unit. Each unit comprised one common share and one warrant to acquire one common share at \$0.30 per share which expire between July 29 and October 28, 2004. The Company paid finders fees of 15,000 common shares at \$0.25 per share.
- (c) In private placements on July 29 and October 29, 2002, the Company issued an aggregate of 1,010,000 flow-through common shares at \$0.25 per share. The entire \$252,500 of flow-through expenditures were incurred and renounced in 2002.
- (d) In a private placement on April 15, 2003, the Company issued 2,005,000 units at \$0.35 per unit. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at \$0.45 per share expiring October 15, 2003.
- (e) In private placements on May 5 and June 4, 2003, the Company issued an aggregate 1,333,333 units to Gold Fields at \$0.30 per unit. Each unit comprised one common share and one warrant to purchase one common share at \$0.40 per share. 1,000,000 warrants expire on May 30, 2004 and 333,333 warrants expire June 30, 2004. The Company paid finders fees of 395,216 shares at \$0.30 per share.
- (f) On September 26, 2003, the Company issued 2,500,000 units at \$0.75 per unit. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at \$0.85 per share expiring March 26, 2005. The Company paid finders fees of 40,000 units and 200,000 warrants to purchase 200,000 common shares at \$0.75 per share expiring March 26, 2005.

An aggregate of 1,349,580 (2003 - 2,249,296) common shares are subject to escrow restrictions and held on deposit with Olympia Trust Company, pursuant to an escrow agreement. These shares are to be released in semi-annual installments over the course of the 36-month period beginning August 8, 2002.

**Share purchase warrants**

	Warrants	Weighted avg. exercise price
Outstanding warrants, December 31, 2001	-	\$ -
Issued	3,066,000	0.28
Outstanding warrants, December 31, 2002	3,066,000	0.28
Issued	3,585,831	0.57
Exercised	(2,048,498)	0.37
Outstanding warrants, December 31, 2003	4,603,333	\$ 0.46
Exercised	(2,934,333)	0.35
Outstanding warrants, March 31, 2004	1,669,000	\$ 0.65

Share warrants outstanding have expiry dates ranging from October 28, 2004 to March 26, 2005.

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**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**(unaudited – prepared by management)**

**March 31, 2004 and 2003**

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Number of Warrants	Exercise Price	Weighted average remaining contractual life in years
594,000	0.30	.60
1,075,000	0.85	1.00
4,603,333	0.65	.86

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**Per share calculations**

For the period ended March 31, 2004, the basic weighted average number of common shares outstanding was 19,225,965 (2003 - 10,341,158). The exercise of options and warrants would not be dilutive for the periods ended March 31, 2004 and 2003 as the Company was in a loss position.

**7 Right to participate agreement**

During 2003, the Company granted Gold Fields the right to participate in any issue of common shares, securities convertible into common shares and preference shares, except for issuances related to the exercise of stock options, acquisitions of mineral interests or take over of another entity.

Gold Fields may participate in accordance with its then percentage equity interest in the Company as calculated in accordance with the agreement to a maximum participation level of 9.9% provided their interest is 5% or more of the then issued common shares as defined by the agreement.

This right will continue to be in effect provided Gold Fields' interest, as calculated by the agreement, is at least 5%. Once their interest is less than 5% the right ceases and can not be reinstated.

**8 Stock options**

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 20% of the issued and outstanding listed shares (on a non-diluted basis) and 2,783,384 shares; the aggregate number of options granted to consultants shall not exceed 2% of the outstanding listed shares; and the aggregate number of shares so reserved for issuance to any one optionee that is an officer, director or employee shall not exceed 5% of the outstanding shares (on a non-diluted basis). In the case of an optionee that is a consultant, the aggregate number of shares shall not exceed 1% of the issued and outstanding shares (on a non-diluted basis) at the time of grant. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, manager, consultant or employee of the corporation for reasons other than death, one year after the death of an optionee and on the fifth anniversary of the date the option was granted. Pursuant to the policies of the TSX Venture Exchange ("TSXV"), options granted pursuant to the Plan in excess of 10% of the issued and outstanding Common Shares at the time of the grant must be subject to vesting.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**

**December 31, 2003 and 2002**

**8 Stock options, continued**

	Number	Weighted avg. exercise price
Outstanding December 31, 2001	-	-
Arta options assumed on business combination	250,000	\$ 0.20
Granted	1,300,000	0.25
Exercised	(28,500)	0.20
Expired	(116,500)	0.20
<hr/>		
Outstanding December 31, 2002	1,405,000	0.24
Granted	1,100,000	0.51
Exercised	(264,300)	0.25
<hr/>		
Outstanding December 31, 2003	2,240,700	\$ 0.38
Granted	210,000	1.93
Exercised	(466,394)	0.30
<hr/>		
Outstanding March 31, 2004	1,984,306	\$ 0.56

Pursuant to the Company's reverse take over of Arta (note 2), the Company incorporated all 250,000 outstanding stock options into its stock option plan. All options granted in 2002 vested immediately. Of the 1,100,000 options granted in 2003, 314,286 were vested as at December 31, 2003 and the remainder vest at the rate of 157,143 every three months and will be fully vested by February 15, 2005. Options granted in 2004 vest at a rate of 35,000 options per quarter beginning in the first quarter of 2004.

The Company has recorded stock based compensation in the amount of \$131,100 as an expense in the consolidated statement of loss and an increase to contributed surplus. The compensation expense has been determined based on the fair value of the options at the grant date and does not include any options issued prior to January 1, 2003. The weighted average grant date fair value of \$1.86 (2003 - \$0.42) per stock option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2004	2003
Estimated risk-free rate	3.75%	3.91%
Expected volatility	110%	115%
Estimate annual dividend yield	0.0%	0.0%
Expected life of options	5 years	5 years

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**

**December 31, 2003 and 2002**

**8 Stock options, continued**

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Number exercisable
0.20	105,000	2.30	105,000
0.25	660,875	3.60	660,875
0.42	72,715	4.40	42,857
0.52	935,716	4.40	428,571
1.93	210,000	4.80	35,000
Total	1,984,306	4.06	1,272,304

The options expire between August 3, 2006 and August 12, 2008. The weighted average exercise price of options exercisable at December 31, 2003 is \$0.21.

**9 Agents warrants**

	Warrants	Weighted avg. exercise price
Outstanding warrants, December 31, 2001	150,000	\$ 0.20
Granted	97,080	0.30
Exercised	(2,520)	0.20
Outstanding warrants, December 31, 2002	244,560	0.24
Granted	220,000	0.76
Exercised	(238,560)	0.24
Outstanding warrants, December 31, 2003	226,000	0.75
Exercised	(35,000)	0.75
Outstanding warrants, March 31, 2004	191,000	\$ 0.75

6,000 agents warrants expire October 28, 2004 and the remainder expire March 26, 2005. The Company has recorded \$114,000 related to the estimated fair value of warrants granted in 2003. The amount is recorded as share issue costs and contributed surplus. The weighted average grant date fair value of \$0.52 per warrant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions; estimated risk-free rate of 2.83%, expected volatility of 115%, expected annual dividend yield of 0.0% and expected life of 1.5 years.

**Committee Bay Resources Ltd.**  
**Notes to the Consolidated Financial Statements**

**December 31, 2003 and 2002**

**10 Related party transactions**

During the quarter, the Company incurred consulting expenses of \$31,250 (2003 - \$30,000) and capitalized mineral interest - geological consulting services of \$6,250 (2002 - nil) related to management services provided by companies controlled by directors.

During the quarter, the Company capitalized mineral interest - geological consulting services of \$9,000 (2002 - nil) related to management services provided by a company with common management.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**11 Income taxes**

The components of future income tax balances are as follows:

	<b>Mar. 31 2004</b>	Dec. 31, 2003
Future income tax asset		
Non-capital loss carry-forwards	\$ 356,554	\$ 356,554
Share issue costs	180,677	180,677
Other	4,909	4,909
Future income tax liability		
Mineral interests in excess of tax basis	<u>(50,459)</u>	<u>(50,459)</u>
	<b>491,681</b>	491,681
Valuation allowance	<u>(491,681)</u>	<u>(491,681)</u>
	<b>\$ -</b>	<b>\$ -</b>

**12 Financial instruments**

Financial instruments consist of recorded amounts of accounts receivable and guaranteed investment certificates, which will result in future cash receipts, as well as accounts payable and accrued liabilities, which will result in future cash outlays.

a) Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to a significant concentration of credit risk as virtually all of the accounts receivable at the year end are due from two parties; Gold Fields for exploration cash calls and CCRA for the goods and services tax recoverable.

b) Fair Value

The carrying values of the financial instruments noted above approximate their fair values due to their short term nature.

**December 31, 2003 and 2002**

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**13 Subsequent events**

**New financing**

On April 16, 2004, the Company closed a bought deal financing for 3,500,000 units at a price of \$2.10 per Unit for gross proceeds of \$7,350,000. Each Unit consisted of one common share of the Company and one-half of a transferrable share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$2.75 per share within twelve months of issuance. The underwriters received a cash commission of \$514,500 and warrants to acquire 350,000 common shares at a price of \$2.25 per share within twelve months and a corporate finance fee of 15,000 Units.

**Indicator Minerals Letter of Intent**

On April 22, 2004, the Company signed a letter of intent ("LOI") with Indicator Minerals Inc. ("Indicator"), a company with common directors and management, whereby Indicator can earn up to a 70% interest in only the diamond rights of the Company's areas of interest (note 7).

Under the terms of the LOI Indicator can earn a 50% interest by spending \$3,000,000 on exploration by December 31, 2006, including a committed expenditure of \$500,000 by December 31, 2004. An additional 20% interest can be earned by spending a further \$2,000,000 by December 31, 2007. Furthermore, Indicator must issue 1,000,000 common shares and reimburse the costs incurred by the Company to acquire the prospecting permits. The properties are subject to a gross over riding royalty of up to 2%.

The LOI is subject to the following conditions being met by June 15, 2004:

- a) Indicator securing sufficient financing;
- b) Approval by both companies Board of Directors; and
- c) Regulatory approval

**14 Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.