



**GOLD-ORE**  
RESOURCES LTD.

**ANNUAL REPORT**  
**2002**

Letter to Shareholders  
Audited Financial Statements  
Supplementary Information  
Management Discussion & Analysis





# GOLD-ORE RESOURCES LTD.

## LETTER TO SHAREHOLDERS

During the year Gold-Ore Resources made significant corporate changes resulting in a revitalized junior precious metal explorer focused in Central America.

At the request of the Gold-Ore Board in November, 2002, Glen Dickson became Chairman and Chief Executive Officer and was immediately joined by Robert Wasylyshyn as President and Chief Operating Officer. Both of us have extensive exploration experience and are highly motivated to take on this new challenge. Previously, Alvin Jackson and Ron Ewing managed the Company and must be commended on their outstanding job of maintaining the Company and keeping it active during a particularly difficult period for junior resource companies. We wish to thank them for their years of tireless service and contribution.

Gold-Ore has adopted a strategy of focusing its exploration activities in Central America. We believe that the region has been largely under explored during the last few decades due to a number of past issues. Now however the region offers stable and supportive political administration, reasonable infrastructure and low cost exploration. Combining this with geological settings prospective for economical deposits, the Company is successfully accessing a steady stream of quality precious metal properties.

In January 2003, we opened a corporate office in Tegucigalpa, Honduras and formed a Honduran subsidiary to enable us to acquire mining concessions. We also deployed highly experienced teams of geologists and prospectors and began the process of developing our portfolio of precious metals assets. We are conducting a thorough evaluation that involves a blend of grassroots prospecting, evaluating old mining districts and reviewing potential acquisitions from third party concession holders.

At the time of this writing we have filed applications for exploration concessions over two districts in southern Honduras. Both properties host large gold bearing mineralized systems that are largely unexplored.

Moving forward over the next few months the Company will explore and advance our prospects while concurrently searching for more opportunities in Honduras and surrounding countries.



We eagerly look forward to the coming year and anticipate it to be an exciting one for Gold-Ore and its shareholders. Our objectives are to aggressively develop quality precious metals assets and gain enhanced market exposure. We wish to convey our unwavering commitment to our shareholders during this building process on the way to becoming a premier junior explorer with an outstanding portfolio of properties. Our thanks go out to our shareholders for their faith and their patience and to the people of Honduras for welcoming us into their nation.

For more information and regular updates, please visit our website at [www.goldoreresources.com](http://www.goldoreresources.com)

“Glen D. Dickson”, P.Geol  
Chairman

“Robert S. Wasylyshyn”, P.Geol  
President

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**GOLD-ORE RESOURCES LTD.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
NOVEMBER 30, 2002 AND 2001**

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MANNING ELLIOTT  
CHARTERED ACCOUNTANTS

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## AUDITORS' REPORT

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To the Shareholders of  
Gold-Ore Resources Ltd.

We have audited the balance sheets of Gold-Ore Resources Ltd. as at November 30, 2002 and 2001 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*Manning Elliott*

Chartered Accountants  
Vancouver, British Columbia  
January 17, 2003

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**GOLD-ORE RESOURCES LTD.****BALANCE SHEET****AS AT NOVEMBER 30, 2002 AND 2001**

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	<b>2002</b>	<b>2001</b>
ASSETS		
CURRENT ASSETS		
Cash	\$ 125,324	\$ 8,545
Marketable securities (At cost; market value: \$282,463) (Note 4(a))	314,300	–
Accounts receivable	26,933	7,490
Prepaid expenses	500	–
	<hr/> 467,057	<hr/> 16,035
PROPERTY, PLANT AND EQUIPMENT (Note 3)	1,348	1,092
MINERAL CLAIMS AND OPTIONS (Note 4)	–	79,365
DEFERRED EXPLORATION COSTS (Note 4)	58,979	432,597
	<hr/> 58,979	<hr/> 511,962
	<hr/> \$ 527,384	<hr/> \$ 529,089
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 8 and 9)	\$ 74,221	\$ 34,531
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 5)	1,025,769	1,025,769
DEFICIT	(572,606)	(531,211)
	<hr/> 453,163	<hr/> 494,558
	<hr/> \$ 527,384	<hr/> \$ 529,089

*See accompanying notes*

On behalf of the Board:

“Bob Wasylyshyn”  
Bob Wasylyshyn, Director

“Glen Dickson”  
Glen Dickson, Director

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**GOLD-ORE RESOURCES LTD.****STATEMENTS OF OPERATIONS AND DEFICIT****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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	<b>2002</b>	<b>2001</b>
REVENUE		
Management fees (Note 4(a))	\$ 40,960	\$ —
Gain on sale of property (Note 4(a))	56,324	—
	<hr/> 97,284	<hr/> —
EXPENSES		
Accounting and legal	11,248	20,809
Amortization	355	468
Grassroots exploration costs	39,466	—
Management fees (Note 8)	68,000	—
Office, rent, couriers and printing (Note 8)	8,605	5,204
Transfer agent and regulatory fees	10,262	12,396
Travel and promotion	743	1,499
Less interest income	—	(757)
	<hr/> 138,679	<hr/> 39,619
NET LOSS FOR THE YEAR	(41,395)	(39,619)
DEFICIT – BEGINNING OF YEAR	(531,211)	(491,592)
DEFICIT – END OF YEAR	<hr/> \$ (572,606)	<hr/> \$ (531,211)
NET LOSS PER SHARE	\$ (.01)	\$ (.01)

*See accompanying notes*

**GOLD-ORE RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (41,395)	\$ (39,619)
Items not involving cash		
Gain on sale of property	(56,324)	–
Amortization	355	468
Net change in non-cash working capital items	(294,553)	25,912
	(391,917)	(13,239)
FINANCING ACTIVITIES		
Capital stock issued	–	248,100
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(611)	–
Proceeds on sale of property	550,025	–
Purchase of mineral claims and option payments	–	(7,765)
Exploration costs	(40,718)	(221,606)
	508,696	(229,371)
INCREASE IN CASH DURING THE YEAR	116,779	5,490
CASH – BEGINNING OF YEAR	8,545	3,055
CASH – END OF YEAR	\$ 125,324	\$ 8,545
NON-CASH FINANCING ACTIVITIES		
57,900 shares were issued in payment of finders fees	–	7,590
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	–	–
Cash paid for income taxes	–	–

*See accompanying notes*

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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**1. NATURE OF OPERATIONS**

Gold-Ore Resources Ltd. ("the Company") was incorporated on October 22, 1996 under the Business Corporations Act (Alberta). On December 16, 1996 the Company was extra-provincially registered under the Company Act of British Columbia.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. The Company has not yet determined whether all of these properties contain ore reserves that are economically recoverable.

The recoverability of carrying amounts for mineral claims and options and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral claims and options and related deferred exploration costs could be written-off.

**2. SIGNIFICANT ACCOUNTING POLICIES****(a) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**(b) Cash and equivalents**

Cash and equivalents consist of cash in bank accounts and short-term deposits with maturity dates of less than three months.

**(c) Mineral claims, options and deferred exploration costs**

Impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

- (i) the enterprise's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- (ii) exploration results are not promising and no more work is being planned in the foreseeable future; or
- (iii) remaining lease terms are insufficient to conduct necessary studies or exploration work.

Once impairment has been determined then a portion of the carrying value will be written down to net realizable value.

Exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations otherwise they are recorded as an expense in the period in which they are incurred. Acquisition costs for mineral properties are deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written off.

**(d) Property, plant and equipment**

Property, plant and equipment is stated at cost. Amortization is provided on computer equipment utilizing the declining balance basis at 30% per annum.

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (e) Share issuance costs

Costs relating to issuing shares are deducted from the related share issuance proceeds.

## (f) Marketable securities

Marketable securities represent investments in publicly listed companies and are recorded at cost. They are carried at the lower of cost and fair market value unless the decline is temporary.

## 3. PROPERTY, PLANT AND EQUIPMENT

			<b>2002</b>	<b>2001</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 4,357	\$ 3,009	\$ 1,348	\$ 1,092

## 4. MINERAL CLAIMS AND OPTIONS

## (a) San Marcial Silver Property-Sinaloa, Mexico

Pursuant to an Option and Joint Venture Agreement dated February 16, 2000 and amended June 28, 2001 and February 20, 2002, the Company acquired an option to earn a 100% interest in the San Marcial Silver Property (the "Property") in Sinaloa, Mexico. The Property, 90 kilometres east of Mazatlan, consisted of two concessions covering 1,250 hectares. The Property was subject to a 3% Net Smelter Returns Royalty, which could be bought out at US\$600,000 per percentage point. In relation to this agreement, the Company paid a finders fee of US\$10,000 and issued 20,000 common shares at \$0.35 per share. The Company also issued an additional 30,000 shares at \$0.16 per share to the finder on August 15, 2001. If the property goes into production, a final payment of US\$100,000 in cash or equivalent in common shares will be made.

On January 23, 2002 the Company entered into an option agreement with Silver Standard Resources Inc. ("Silver Standard") to sell up to a 100% interest in the Company's San Marcial Silver Property in Sinaloa, Mexico. Under the terms of the agreement, Silver Standard could exercise its option to earn a 50% interest through cash payments totaling US\$29,000 (Property payment of US\$25,000 and US\$4,000 cash payment) and exploration expenditures of at least US\$175,000 by June 30, 2002. Silver Standard could then earn up to 100% in the Company's option by either issuing 200,000 common shares of Silver Standard with a value of at least US\$350,000 or paying to the Company US\$350,000 in cash and common shares of Silver Standard with at least US\$150,000 in cash. Either method of payment was at Silver Standard's option and written notice of its intention to exercise this option had to be given by July 15, 2002.

Under the terms of the agreement, the Company would also receive a management fee equal to 7% of the exploration expenditures incurred on the exploration program. A total of US\$377,286 in exploration expenditures was incurred on the property during the year, and a management fee of US\$26,410 (Cdn\$40,960) was paid to the Company.

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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## 4. MINERAL CLAIMS AND OPTIONS (continued)

## (a) San Marcial Silver Property-Sinaloa, Mexico (continued)

During the quarter ended August 31, 2002 Silver Standard elected to exercise its option and paid Gold-Ore US\$150,000 in cash and issued 45,706 common shares of Silver Standard with a market value of US\$200,000 (Cnd\$314,300). The common shares had a four-month hold period that expired on December 20, 2002. In addition, under certain property developments or silver market conditions within three years, Silver Standard will make additional payments to Gold-Ore for the San Marcial Property. Following definition of greater than 50 million ounces of measured and indicated silver resources using a 50 gram per tonne silver cut-off grade; Silver Standard will pay Gold-Ore an additional US\$0.005 per resource ounce of silver. If silver prices meet or exceed US\$6.50 per ounce for 60 consecutive days, Silver Standard will pay Gold-Ore US\$0.005 per measured and indicated resource ounce of silver based on a 50 gram per tonne silver cut-off grade.

As a result of the sale of the option on the San Marcial Property to Silver Standard, a total of \$79,365 in property acquisition costs and \$420,697 in net deferred exploration costs related to the property were charged against total proceeds of \$556,387 for a net gain of \$56,324.

Exploration expenditures for the year ended November 30, 2002:

	Accumulated to November 30, 2001	Incurred during the year	Expensed during the year	Accumulated to November 30, 2002
Assaying	\$ 19,884	\$ 660	\$ 20,544	\$ —
Consulting	—	73,745	73,745	—
Drilling	107,137	458,495	565,632	—
Field equipment and supplies	17,596	23,296	40,892	—
Field support and labour	11,151	30,370	41,521	—
Geologists	192,639	—	192,639	—
Licenses, taxes and permits	14,834	3,059	17,893	—
Surveying and mapping	3,387	3,609	6,996	—
Travel and accommodation	26,454	18,950	45,404	—
Trenching	27,255	14,866	42,121	—
Vehicles and fuel	12,260	12,160	24,420	—
Expenses recovered	—	(651,110)	(651,110)	—
<b>Total</b>	<b>\$ 432,597</b>	<b>\$ (11,900)</b>	<b>\$ 420,697</b>	<b>\$ —</b>

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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## 4. MINERAL CLAIMS AND OPTIONS (continued)

## (b) Allard Property, Colorado, U.S.A.

On May 30, 2002, the Company announced that, subject to regulatory approval, an agreement had been signed to purchase La Plata Minerals Limited, a private company in Colorado, which has a 100% interest in a major porphyry copper-precious metals deposit located in southwestern Colorado called the Allard. Under the terms of the agreement to purchase La Plata Minerals, which has been completed subsequent to the year-end, the Company issued 2,500,000 common shares and paid US\$35,000 in December 2002.

Exploration expenditures for the year ended November 30, 2002:

	Accumulated to November 30, 2001	Incurred during the year	Accumulated to November 30, 2002
Assaying	\$ —	\$ 3,801	\$ 3,801
Consulting	—	27,709	27,709
Field equipment and supplies	—	169	169
Field support and labour	—	893	893
Licenses, taxes and permits	—	15,621	15,621
Travel and accommodation	—	10,320	10,320
Vehicles and fuel	—	466	466
<b>Total</b>	<b>\$ —</b>	<b>\$ 58,979</b>	<b>\$ 58,979</b>

## 5. SHARE CAPITAL

Authorized:

Unlimited common shares, voting, without par value

Unlimited preferred shares, non-voting, without par value

Issued:

Common shares have been issued for the following consideration:

	<b>Number of shares</b>	<b>Value</b>
Balance, November 30, 2000	8,576,888	\$ 772,869
Shares issued during 2001:		
Private placements	1,495,000	248,100
Related finders fee	27,900	2,790
Share issue costs		(2,790)
Issued for finders' fee of San Marcial Silver Property	30,000	4,800
<b>Balance, November 30, 2001 and 2002</b>	<b>10,129,788</b>	<b>\$ 1,025,769</b>

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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## 5. SHARE CAPITAL (continued)

## (a) Private placements

- (i) The Company issued 986,000 units at \$0.20 per unit for proceeds of \$197,200 through an Agent. Each unit consisted of one common share and one warrant exercisable at \$0.30 per share expiring January 19, 2003. The Agent was paid warrants to acquire 160,000 units at \$0.30 per unit. Each unit consisted of one common share and one warrant exercisable at \$0.30 per unit expiring January 19, 2003 (subsequently expired).
- (ii) The Company issued 509,000 units at \$0.10 per unit for proceeds of \$50,900. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.15 per share expiring November 13, 2003 (extended from November 13, 2002).

## (b) Options outstanding as at November 30, 2002:

Number	Exercise Price	Expiry Date
50,000	\$0.12	May 28, 2004
50,000	\$0.25	May 1, 2005
250,000	\$0.10	February 28, 2007
650,000	\$0.10	April 7, 2007

## (c) Warrants outstanding as at November 30, 2002:

Number	Exercise Price	Expiry Date
1,306,000	\$0.30	January 19, 2003 (subsequently expired)
509,000	\$0.15	November 13, 2003

## (d) Escrowed shares as at November 30, 2002:

There are no shares held in escrow.

## 6. INCOME TAXES

The Company has non-capital losses to carry-forward for income tax purposes of \$273,000 expiring as follows:

	\$
2003	3,000
2004	40,000
2005	41,000
2006	35,000
2007	57,000
2008	39,000
2009	57,000

The benefit of these losses will be recorded when realized.

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**GOLD-ORE RESOURCES LTD.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

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## 6. INCOME TAXES (continued)

**Exploration and development expenditures**

At November 30, 2002, the Company has cumulative Canadian Exploration Expenses of \$120,739, which can be deducted 100% against taxable income.

Canadian Development Expenses of \$47,732 are available at a rate of 30% each year for deduction against future years' taxable income.

Foreign Exploration and Development Expenses of \$42,121 are fully deductible against Foreign Mineral profits or 10% of taxable income in any given year.

## 7. FINANCIAL INSTRUMENTS

Financial instruments included in the balance sheet are comprised of cash, marketable securities, accounts receivable and accounts payable and accrued liabilities. The fair values of these balance sheet items are equivalent to their carrying value because of the short-term maturity of those instruments. The Company is not party to any derivative instruments.

The Company has no interest rate risk or concentrations of credit risk.

## 8. RELATED PARTY TRANSACTIONS

During the year, the Company paid \$6,000 (2001: \$600) in rent to a company with common directors.

The Company has accrued \$68,000 in management salaries owing to two directors of the Company, comprised of 400,000 shares valued at \$0.13 per share and \$16,000.

## 9. SUBSEQUENT EVENTS

Subsequent to November 30, 2002, the Company has:

- (a) completed a private placement of 1,000,000 units at a price of \$0.10 per unit for total proceeds of \$100,000. Each unit consisted of one common share and one warrant to acquire one common share exercisable for a one-year period at a price of \$0.15 per share;
- (b) completed the purchase of La Plata Minerals Limited, and the US\$35,000 debt has been paid;
- (c) issued 400,000 shares, valued at \$0.13 per share to previous management in compensation for managing the Company gratis since the Company was founded. The value of these shares was included in current liabilities as at November 30, 2002; and
- (d) granted incentive stock options to a director of the Company to purchase up to 400,000 common shares at an exercise price of \$0.15, expiring January 16, 2008.

GOLD-ORE RESOURCES LTD.  
Schedule B

SUPPLEMENTARY INFORMATION  
FOR THE QUARTER ENDED NOVEMBER 30, 2002

**RELATED PARTY TRANSACTIONS**

The Company accrued \$68,000 in management salaries owing to two directors of the Company, comprised of 400,000 shares valued at \$0.13 per share and \$16,000 to be paid in cash.

**SECURITIES ISSUED**

- None -

**OPTIONS GRANTED**

- None -

**AS AT NOVEMBER 30, 2002**

**AUTHORIZED AND ISSUED SHARE CAPITAL**

<b>Class</b>	<b>Par Value</b>	<b>Authorized Number</b>	<b>Issued Number</b>	<b>Amount</b>
Common	N.P.V.	Unlimited	10,129,788	\$1,025,769

**OPTIONS AND WARRANTS OUTSTANDING**

<b>Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	650,000	\$0.10	April 12, 2007
Options	50,000	\$0.12	May 28, 2004
Options	50,000	\$0.25	May 1, 2005
Options	250,000	\$0.10	Feb 8, 2007
Warrants	986,000	\$0.30	Jan 19, 2003
Warrants*	320,000	\$0.20/\$0.30	Jan 19, 2003
Warrants	509,000	\$0.15	Nov 13, 2002

\* Broker Warrants to purchase 160,000 units at \$0.20 per unit consisting of one common share & one share purchase warrant exercisable at \$0.30 per share.

**SHARES IN ESCROW OR SUBJECT TO POOLING**

- None -

**DIRECTORS**

Glen D. Dickson – Chairman

Alvin W. Jackson

Ron A. Ewing - Secretary/Treasurer

Robert S. Wasylyshyn - President

Donald A. Sawyer

David F. Mullen

GOLD-ORE RESOURCES LTD.  
Schedule C

**MANAGEMENT DISCUSSION  
FOR THE QUARTER ENDING NOVEMBER 30, 2002**

**Operations:**

Gold-Ore is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. During 2002, the Company derived revenue totaling \$97,284 solely from management fees associated with management of exploration programs on a property that was optioned, and as a result of gains from the sale of the same property. The Company has no other sources of revenue other than interest on cash.

San Marcial Property

On August 21, 2002, the Corporation sold its interest in the San Marcial Property to Silver Standard Resources Inc. Under the terms of the sale agreement the Corporation received US\$150,000 in cash and 45,706 common shares of Silver Standard with a market value of US\$200,000, for total proceeds of Cdn\$556,387. A total of \$79,365 in property acquisition costs and \$420,697 in net deferred exploration costs related to the property were charged against the sale proceeds for a net gain of \$56,324 on the sale of the property. In addition, under certain property developments or silver market conditions within three years, Silver Standard will make additional payments to the Company for the San Marcial Property. Following definition of greater than 50 million ounces of measured and indicated silver resources using a 50 gram per tonne silver cut-off grade, Silver Standard will pay the Corporation an additional US\$0.005 per resource ounce of silver. If silver prices meet or exceed US\$6.50 per ounce for 60 consecutive days, Silver Standard will pay the Corporation US\$0.005 per measured and indicated resource ounce of silver based on a 50 gram per tonne silver cut-off grade.

La Plata Project

During 2002 the Company announced that it had agreed to purchase La Plata Minerals Limited, a private Colorado company. Under the terms of the agreement, which was completed subsequent to year-end, the Company issued 2,500,000 common shares and paid US\$35,000. La Plata has a 100% interest in the mineral properties covering the Allard prospect, the New Age Copper prospect and the Copper Hill prospect, together known as the La Plata Project. The La Plata project is located in southwest Colorado about 20 kilometres northwest of the town of Durango.

The property hosts porphyry copper deposits, containing associated silver, gold and platinum-group metals including platinum, palladium and iridium. Prior drilling on the property confirms that the mineralized zone extends to a minimum depth of 637 metres below surface.

There are no available estimates of measured reserves for the Allard prospect, as defined by NI 43-101 and the CIMM Standards regarding resource classifications. However, some estimates have been made that can be classified as inferred resources. The most recent is a study by the United States Bureau of Mines in 1992, which indicated an inferred resource of 200 million short tons grading 0.40% copper, 0.002 oz/t gold, 0.2 oz/t silver and 0.00015 oz/t combined platinum and palladium. Within the tabular body, higher-grade zones (greater than 0.50% copper) have been defined by drilling.

The Copper Hill prospect is centered on a glory hole, 1.6 kilometres southeast of the Allard prospect. Recent continuous chip sampling by Gold-Ore within the glory hole returned 2.2% copper, 20 g/t silver, 0.24 g/t gold, 0.15 g/t platinum and 0.15 g/t palladium over 10 metres. The zone remains open in all directions. As of year-end the Company had incurred a total of \$58,979 in exploration expenses on the project, primarily for preliminary assessment work. The Company plans a limited program on the project in 2003.

As of year-end the Company spent a total of \$138,679 on other property investigations and for administration. Of that total, \$39,466 was spent on other property investigations, primarily in Mexico, and \$99,213 was spent on administration expenses in Vancouver. The most significant portion of the administration expense was an accrual of \$68,000 in management salaries for two directors of the Company, comprised of 400,000 shares valued at \$0.13 per share and \$16,000 to be paid in cash. The shares were issued and the cash was paid subsequent to year-end. There were no other payments to related parties and no investor relations expenses incurred. Without the accrual for management salaries, administration expenses for 2002 totalled \$31,213, which was slightly less than the 2001 total of \$39,619.

**Liquidity and Capital Resources:**

As of year-end the Company had working capital of \$392,836, and subsequent to year-end an additional \$100,000 was raised through a private placement of 1,000,000 units at a price of \$0.10 per unit. Each unit consisted of one common share and one warrant to acquire one common share exercisable for a one-year period at a price of \$0.15 per share. It is expected that these funds will be spent on limited exploration work on the La Plata project and for investigating other exploration opportunities in Central America, specifically Honduras. The Company will be dependent on additional equity financing, as market conditions permit, to fund the expected expansion of its exploration activities as a result of the investigations in Honduras.