

QUICKSILVER VENTURES INC.

**Auditor's Report and
Financial Statements**

Years ended March 31, 2004 and 2003

Tony M. Ricci Inc.

Chartered Accountant

Suite 1304
925 West Georgia St.
Vancouver, B.C.
V6C 3L2
Tel: (604) 669-3013
Fax: (604) 669-3015

AUDITOR'S REPORT

To the Shareholders of QUICKSILVER VENTURES INC.

I have audited the balance sheets of **Quicksilver Ventures Inc.** as at March 31, 2004 and 2003 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in Canada. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2004 and 2003 and the results of its operations and changes in its cash flows for the years then ended in accordance with generally accepted accounting principles in Canada. As required by the Company Act of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

"Tony M. Ricci Inc."

CHARTERED ACCOUNTANT

Vancouver, British Columbia
June 14, 2004

QUICKSILVER VENTURES INC.

Balance Sheets

March 31, 2004 and 2003

	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 423,659	\$ 457,025
Goods and services taxes recoverable	3,084	2,019
Prepaid expenses and deposits	27,680	24,762
	<u>\$ 454,423</u>	<u>\$ 483,806</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 40,756	\$ 14,282
Shareholders' Equity		
Share capital (note 5)	432,855	532,855
Contributed surplus (note 5)	100,000	—
Deficit	(119,188)	(63,331)
	<u>413,667</u>	<u>469,524</u>
Commitments (note 8)		
Subsequent events (notes 5 and 9)	\$ 454,423	\$ 483,806

Approved by the Directors:

"Gordon J. Fretwell"

_____ Director

"Alex Tsakumis"

_____ Director

The accompanying notes are an integral part
of the financial statements.

QUICKSILVER VENTURES INC.

Statements of Operations and Deficit
Years ended March 31, 2004 and 2003

	2004	2003
Revenue:		
Interest	\$ 9,781	\$ 10,369
Expenses:		
Bank charges and interest	121	122
Office, rent and administration	6,614	8,937
Professional fees	39,908	25,095
Promotion	2,161	416
Regulatory	5,335	3,720
Transfer agent fees	6,499	3,642
	60,638	41,932
Loss before undernoted item	50,857	31,563
Write-off of interest in mineral property	5,000	—
Net loss for the year	55,857	31,563
Deficit, beginning of year	63,331	31,768
Deficit, end of year	\$ 119,188	\$ 63,331
Loss per share – basic and diluted	\$ 0.01	\$ 0.01
Weighted average number of shares outstanding	4,590,115	4,746,800

The accompanying notes are an integral part
of the financial statements.

QUICKSILVER VENTURES INC.

Statements of Cash Flows

Years ended March 31, 2004 and 2003

	2004	2003
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (55,857)	\$ (31,563)
Changes in non-cash working capital items:		
Goods and services taxes recoverable	(1,065)	1,765
Prepaid expenses and deposits	(2,918)	(21,532)
Accounts payable and accrued liabilities	26,474	4,792
	(33,366)	(46,538)
Financing activities:		
Common shares issued on exercise of Agent's options	—	14,250
Decrease in cash and cash equivalents	(33,366)	(32,288)
Cash and cash equivalents, beginning of year	457,025	489,313
Cash and cash equivalents, end of year	\$ 423,659	\$ 457,025

The accompanying notes are an integral part
of the financial statements.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 1

For the years ended March 31, 2004 and 2003

1. Nature of operations

The Company was incorporated on September 23, 1999 under the laws of British Columbia. The Company is a capital pool company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an investment of an interest in properties, assets or business. Such an acquisition will be subject to shareholder and regulatory approvals.

During the year ended March 31, 2003, trading in the shares of the Company was suspended due to the Company's failure to complete a Qualifying Transaction within eighteen months of its listing.

During the year ended March 31, 2004, the common shares of the Company commenced trading on the NEX while the Company is in the process of finding a suitable business for its Qualifying Transaction. NEX is a separate board of the Exchange for companies which were previously listed on the Exchange which have failed to maintain compliance with the ongoing financial listing standards of the Exchange. NEX was created so publicly listed shell companies may still continue to trade their securities while they seek and undertake transactions to complete their reactivation.

2. Significant accounting policies

(a) Financial instruments

The carrying amount of cash and cash equivalents, goods and services taxes recoverable, prepaid expenses and deposits and accounts payable and accrued liabilities approximates fair value because of the short-term maturity of these items.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from those estimates.

(c) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible to cash with maturities of three months or less when purchased.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 2

For the years ended March 31, 2004 and 2003

2. Significant accounting policies (continued)

(d) Loss per share

Loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

(e) Stock-based compensation

Effective April 1, 2003, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. For fiscal years beginning after January 1, 2004, direct awards of stock granted to employees are recorded at fair value on the date of grant and the associated expense is amortized over the vesting period. The Company has chosen to adopt a prospective application of the new standards whereby it accounts for awards to employees and non-employees based on the fair value method.

Since there were no stock options granted during the year, no compensation cost has been recorded in these financial statements.

(f) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. To the extent that it is not more likely than not that a future tax asset will be realized, a valuation allowance is provided.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 3

For the years ended March 31, 2004 and 2003

3. Letter of Intent with Tri Origin Exploration Ltd. (“Tri Origin”) and Tri Origin Australia NL (“Tri Origin Australia”)

The Company entered into a letter of intent (the “Letter of Intent”) executed April 10, 2003 with Tri Origin and Tri Origin Australia, pursuant to which the Company had acquired an option (the “Option”) to earn a 60% interest in and to a prospecting licence situated 600 km. northwest of Sydney, New South Wales, Australia adjacent to the Cobar Mining District and more particularly known as the “Cobar Basin Property”. The transaction was to serve as the Company’s “Qualifying Transaction” for the purposes of the policies of the Exchange.

The Letter of Intent provided, among other things, that the Company could exercise the Option and earn a 60% interest in and to the Cobar Basin Property by making property payments to Tri Origin Australia in the aggregate amount of \$40,000 and incurring property expenditures in the aggregate amount of \$2,000,000 in stages over a five year period. The Company paid a non refundable deposit of \$5,000 upon execution of the Letter of Intent.

The Company executed a termination agreement dated July 20, 2003 with Tri Origin and Tri Origin Australia, terminating the Letter of Intent executed on April 10, 2003. The termination agreement provides that the agreement between the parties is terminated without any liability to any party, except that Tri Origin and Tri Origin Australia will indemnify the Company for any costs associated with the preparation of the Qualifying Report and any costs associated with the application for the license on the Property. All other costs incurred by the Company prior to the execution of the termination agreement, including the \$5,000 deposit were foregone.

4. Letter of Intent with Norian Resources Corp. and David Blann

During the year ended March 31, 2004, the Company entered into a letter of intent (“LOI”) with Norian Resources Corp. and David Blann (together, the “Optionor”) pursuant to which the Company acquired the right to purchase a 100% interest in certain mining and exploration licenses near Lac La Hache, B.C., in the Clinton Mining division, comprising of six claims totaling 63 units (the “Property”). The transaction (the “Proposed Transaction”) was to serve as the Company’s “Qualifying Transaction” for the purposes of the policies of the Exchange.

The LOI provided, among other things, that the Company would purchase the Property by paying the Optionor, upon closing of the Proposed Transaction, the sum of \$15,000 and delivering 50,000 common shares in the share capital of the Company. The Optionor would also retain a 1.5% net smelter royalty on the Property. In addition, the Company agreed to implement a work program requiring expenditures of not less than \$300,000 of exploration on the Property within two to four years from the date of the LOI and agreed to complete the initial six months of the recommended work program.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 4

For the years ended March 31, 2004 and 2003

4. Letter of Intent with Norian Resources Corp. and David Blann (continued)

The Company agreed to pay a finder's fee of \$2,500 payable in cash along with 15,000 common shares in the share capital of the Company to an arms length party upon closing of the Proposed Transaction.

The completion of the Proposed Transaction was subject to Exchange acceptance, shareholders approval, completion by the Company of a satisfactory title and legal due diligence review of the Property and the Company obtaining a technical report in a form satisfactory to the Company and the Exchange.

During the year, prior to incurring any costs, the Company elected not to proceed with the above transaction.

5. Share capital

(a) Authorized

100,000,000 common shares without par value; and
100,000,000 preferred shares without par value.

(b) Issued and outstanding

	Number of shares	Amount
Balance, March 31, 2002	4,703,334	\$ 518,605
Exercise of Agent's options	95,000	14,250
Balance, March 31, 2003	4,798,334	532,855
Cancellation of escrow shares	(1,333,334)	(100,000)
Balance, March 31, 2004	3,465,000	\$ 432,855

During the year ended March 31, 2004, Company cancelled 1,333,334 escrow shares previously issued for \$0.075 per common share. The amount of \$100,000 has been credited to contributed surplus as a result.

During the year ended March 31, 2003, 95,000 Agent's options were exercised at a price of \$0.15 per share for gross proceeds of \$14,250 and 95,000 common shares were issued.

During the year ended March 31, 2003, the remaining 165,000 Agent's options expired.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 5

For the years ended March 31, 2004 and 2003

5. Share capital (continued)

(c) Shares held in escrow

As at March 31, 2004, nil (2003 – 1,333,334) common shares of the Company were the subject of an escrow agreement under which the shares may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon.

(d) Stock options

As at March 31, 2004, the Company has outstanding 100,000 (2003 – 463,333) stock options at an exercise price of \$0.15 per share expiring June 25, 2006.

During the year-ended March 31, 2004, the Company cancelled 363,333 stock options granted to a director and former directors and officers of the Company.

Subsequent to the year-end, 75,000 of the 100,000 options were exercised and 75,000 common shares were issued. The common shares issued on the exercise of these options are held in escrow until such time as the Company has completed a Qualifying Transaction.

6. Income taxes

The Company has non-capital losses of approximately \$113,000 for income tax purposes, which may be carried forward to reduce taxable income for future years. These losses will expire commencing 2007 through 2011.

7. Related party transactions

During the year, the Company accrued \$5,394 in legal fees to a company controlled by a director and officer of the Company.

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Notes to Financial Statements, page 6

For the years ended March 31, 2004 and 2003

8. Commitments

The Company is committed to payments regarding agreements to lease its Vancouver office premises as follows:

2005	\$ 33,096
2006	44,128
2007	45,767
2008	49,194
2009	49,492
2010	12,373
	<hr/>
	\$ 234,050

9. Subsequent events

Subsequent to the year-end, the Company completed a non-brokered private placement of 3,200,000 common shares at a price of \$0.10 per common share for gross proceeds of \$320,000. The Company paid \$10,000 as a finder's fee on this private placement. 150,000 of the common shares issued pursuant to this private placement will be held in escrow subject to the provisions of the Exchange.