

QUICKSILVER VENTURES INC.

Notice to Reader

Six months ended September 30, 2004 and 2003

Tony M. Ricci Inc.

Chartered Accountant

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NOTICE TO READER

I have compiled the interim balance sheet of Quicksilver Ventures Inc. as at September 30, 2004 and the interim statements of operations and deficit and cash flows for the six month period then ended from information provided by management. I have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

The comparative figures for the period ended September 30, 2003 are based on financial statements prepared by management.

"Tony M. Ricci Inc."

Chartered Accountant

Vancouver, B.C.
November 15, 2004

QUICKSILVER VENTURES INC.

Balance Sheets

(Unaudited – See Notice to Reader)

	September 30, 2004	March 31, 2004
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 583,049	\$ 423,659
Goods and services taxes recoverable	12,604	3,084
Prepaid expenses and deposits	9,109	27,680
	604,762	454,423
Furniture, equipment and leasehold improvements (note 3)	42,614	–
	\$ 647,376	\$ 454,423
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,415	\$ 40,756
Shares subscription (note 7)	3,750	–
	22,165	40,756
Other payables	49,150	–
Shareholders' Equity		
Share capital (note 7)	751,405	432,855
Contributed surplus (note 7)	100,000	100,000
Deficit	(275,344)	(119,188)
	576,061	413,667
Commitments (note 9)	\$ 647,376	\$ 454,423

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

Six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

	Three months ended September		Six months ended September	
	2004	2003	2004	2003
Interest income	\$ 466	\$ 2,514	\$ 1,069	\$ 5,368
Expenses:				
Amortization	1,207	–	2,193	–
Bank charges and interest	98	47	241	66
Consulting	6,860	–	27,970	–
Foreign exchange loss	21,376	–	21,376	–
Office, rent and administration	20,064	1,547	32,361	3,733
Professional fees	15,312	3,920	32,104	15,318
Regulatory	11,195	2,301	12,645	2,301
Transfer agent fees	2,986	2,588	4,929	3,104
Travel and promotion	–	297	23,406	1,532
	79,098	10,700	157,225	26,054
Loss before undernoted item	78,632	8,186	156,156	20,686
Write-off of interest in mineral property	–	–	–	5,000
Net loss for the period	78,632	8,186	156,156	25,686
Deficit, beginning of period	196,712	80,831	119,188	63,331
Deficit, end of period	\$ 275,344	\$ 89,017	\$ 275,344	\$ 89,017
Weighted average number of Shares outstanding	6,740,000	4,798,334	6,207,759	4,798,334
Loss per share	\$ 0.012	\$ 0.002	\$ 0.025	\$ 0.005

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

QUICKSILVER VENTURES INC.

Statements of Cash Flows

Six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

	Three months ended September		Six months ended September	
	2004	2003	2004	2003
Cash provided by (used in):				
Operating activities:				
Net Loss for the period	\$ (78,632)	\$ (8,186)	\$ (156,156)	\$ (25,686)
Amortization, an item not involving cash	1,207	–	2,193	–
Changes in non-cash working capital items:				
Goods and services taxes recoverable	(2,431)	(464)	(9,520)	(1,189)
Prepaid expenses and deposits	9,828	(1,253)	18,571	11,654
Accounts payable and accrued liabilities	(575)	3,761	(22,341)	2,086
	(70,603)	(6,142)	(167,253)	(13,135)
Investing activities:				
Purchase of furniture, equipment and leasehold improvements	(9,927)	–	(44,807)	–
Financing activities:				
Common shares issued for cash	–	–	331,250	–
Share issuance costs	–	–	(12,700)	–
Shares subscription	3,750	–	3,750	–
Other payables	49,150	–	49,150	–
	52,900	–	371,450	–
Increase (decrease) in cash	(27,630)	(6,142)	159,390	(13,135)
Cash and cash equivalents, beginning of period	610,679	450,032	423,659	457,025
Cash and cash equivalents, end of period	\$ 583,049	\$ 443,890	\$ 583,049	\$ 443,890

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

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 1

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

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. 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.

During the period, trading in the shares of the Company was halted on the NEX pending receipt and review by the Exchange of acceptable documentation regarding the Company’s proposed qualifying transaction. (see note 6)

During the period, the shareholders of the Company approved the change of name of the Company from Quicksilver Ventures Inc. to Calatrava Resources Inc.

2. Significant accounting policies

(a) Financial instruments

The carrying amounts of cash and cash equivalents, goods and services taxes recoverable, prepaid expenses and deposits, accounts payable and accrued liabilities and shares subscription approximate 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.

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 2

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

2. Significant accounting policies (continued)

(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.

(d) Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are carried at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of each asset. The annual rates used to compute amortization are as follows:

Asset	Basis	Rate
Furniture and equipment	declining balance	20%
Computers	declining balance	30%
Leasehold improvements	straight-line	term of lease

(e) 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.

(f) Stock-based compensation

Effective April 1, 2002, 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 period, no compensation cost has been recorded in these financial statements.

2. Significant accounting policies (continued)

QUICKSILVER VENTURES INC.

Notes to Financial Statements, page 3

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

(g) Interim financial statements

These interim financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim financial statements should be read in conjunction with the Company's most recent annual financial statements. These interim financial statements follow the same accounting policies and methods of application used in the Company's audited annual financial statements as at and for the period ended March 31, 2004.

3. Furniture, equipment and leasehold improvements

	September 30, 2004		
	Cost	Accumulated amortization	Net book value
Furniture	\$ 17,873	\$ 829	\$ 17,044
Equipment	11,247	543	10,704
Computers	9,117	684	8,433
Leasehold improvements	6,570	137	6,433
	<u>\$ 44,807</u>	<u>\$ 2,193</u>	<u>\$ 42,614</u>

4. 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.

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Notes to Financial Statements, page 4

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

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

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.

5. 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.

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 ended March 31, 2004, prior to incurring any costs, the Company elected not to proceed with the above transaction.

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Notes to Financial Statements, page 5

For the six months ended September 30, 2004 and 2003
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6. **Agreements with Hunter Dickinson Group Inc. (“HDG”), Anaconda Gold (USA) Inc. (“Anaconda”) and Barrick Gold Exploration Inc. (“Barrick”)**

During the period, the Company entered into agreements with Hunter Dickinson Group Inc. (“HDG”), Anaconda Gold (USA) Inc. (“Anaconda”) and Barrick Gold Exploration Inc. (“Barrick”), whereby it has acquired the right to earn an interest in the Horse Mountain Project in Nevada. The proposed transactions with Anaconda and Barrick (collectively the “Acquisition”) will serve as the Company’s qualifying transaction (the “Qualifying Transaction”) for the purposes of the policies of the Exchange.

Pursuant to an assignment agreement entered into on August 5, 2004 between the Company and HDG (the “Anaconda Agreement”), the Company was assigned HDG’s interest in a letter agreement dated August 7, 2003 between HDG and Anaconda as amended by letter agreement dated July 28, 2004 among HDG, Anaconda and the underlying owners to acquire an interest in 223 mining claims situated in Elko County, Nevada (the “Anaconda Horse Mountain Claims”) that form part of the Horse Mountain Project. Pursuant to the terms of an option agreement entered into on August 16, 2004 between the Company and Barrick (the “Barrick Agreement”), the Company can earn an interest in 35 mining claims and a mining lease situated in Elko County, Nevada (the “Barrick Horse Mountain Claims”) that form the balance of the Horse Mountain Project.

Under the terms of the Anaconda Agreement, the Company was assigned the right and option to earn a 55% interest in the Anaconda Horse Mountain Claims by:

(a) making exploration expenditures of US\$1,500,000 by August 31, 2010 as follows:

Year 1 – US\$150,000
Year 2 – US\$225,000
Year 3 – US\$300,000
Year 4 – US\$300,000
Year 5 – US\$300,000
Year 6 – US\$225,000

(b) making US\$385,000 in option payments to Anaconda as follows:

Year 2004 – US\$ 80,000 (of which \$15,000 is payable in shares)
Year 2005 – US\$ 90,000 (of which \$45,000 is payable in shares)
Year 2006 – US\$115,000 (of which \$57,500 is payable in shares)
Year 2007 – US\$100,000 (of which \$50,000 is payable in shares)

(c) issuing to Anaconda 100,000 common shares as reimbursement for the payment by Anaconda of US\$68,376.50 for past Bureau of Land Management (“BLM”) Fees and past option payments to the underlying vendors; and

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Notes to Financial Statements, page 6

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

6. **Agreements with Hunter Dickinson Group Inc. (“HDG”), Anaconda Gold (USA) Inc. (“Anaconda”) and Barrick Gold Exploration Inc. (“Barrick”) (continued)**

- (d) Providing HDG with consideration for assigning its rights to the Anaconda Horse Mountain Claims by:
 - i. reimbursing HDG for \$111,600 of out of pocket costs incurred by HDG by the issuance of 131,294 common shares of the Company to HDG;
 - ii. issuing to HDG a further 75,000 common shares; and
 - iii. reimbursing HDG for US\$23,376.50 for 2004 BLM payments made by HDG on the Anaconda Horse Mountain Claims and for any other incidental costs incurred by HDG in respect to the Anaconda Horse Mountain Claims between the date of the Anaconda Agreement and the closing of the Qualifying Transaction.

Pursuant to a letter agreement dated July 21, 2004 between the Company and Anaconda, the Company agreed to issue to Anaconda 25,000 common shares for the one time right to opt out of the area of influence (AOI) clause applicable pursuant to the terms of the Anaconda Agreement. The Company also agreed to issue an additional 100,000 common shares to Anaconda for the permanent right to opt out of the AOI clause if and when the Company earns it 70% interest in the Barrick Horse Mountain Claims.

The Company may earn an additional 15% interest by completing a bankable feasibility study using an internationally recognized third party engineering firm. Subject to underlying royalties, a 100% interest in the Anaconda Horse Mountain Claims may be purchased by the Company and Anaconda as joint venture partners on a prorated basis from the underlying vendors for US\$7,500,000.

Under the terms of the Barrick Agreement, the Company can earn a 70% interest in the Barrick Horse Mountain Claims by making exploration expenditures of US\$1,500,000 over four years as follows:

Year 1 – US\$200,000
Year 2 – US\$300,000
Year 3 – US\$400,000
Year 4 – US\$600,000

Once the Company has earned its 70% interest, one of the following shall occur at Barrick’s election:

- (a) Barrick and the Company may enter into a joint venture with the Company as operator, whereby Barrick would have an initial 30% interest and the Company an initial 70% interest;
- (b) Barrick may elect to earn back to a 70% participating interest in a joint venture with the Company by spending the next US\$3,000,000 in exploration expenditures, with Barrick as operator; or

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Notes to Financial Statements, page 7

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

- (c) If Barrick elects to not participate in a joint venture, the Company would have the option to purchase Barrick's 30% interest for US\$2,500,000 within one year of vesting with Barrick retaining a 2% NSR royalty.

6. Agreements with Hunter Dickinson Group Inc. ("HDG"), Anaconda Gold (USA) Inc. ("Anaconda") and Barrick Gold Exploration Inc. ("Barrick") (continued)

The Company will reimburse HDG US\$5,925 for holding costs on the Barrick Horse Mountain Claims and for any other incidental costs incurred by HDG up to closing of the Qualifying Transaction.

Completion of the Qualifying Transaction is subject to regulatory approval.

7. 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, 2003	4,798,334	\$ 532,855
Cancellation of escrow shares	(1,333,334)	(100,000)
Balance, March 31, 2004	3,465,000	432,855
Private placement	3,200,000	320,000
Exercise of options	75,000	11,250
Share issuance costs	–	(12,700)
Balance, September 30, 2004	6,740,000	\$ 751,405

During the six months ended September 30, 2004, 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 are held in escrow subject to the provisions of the Exchange.

During the six months ended September 30, 2004, 75,000 options were exercised at a price of \$0.15 per share for proceeds of \$11,250 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.

During the year ended March 31, 2004, the 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.

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Notes to Financial Statements, page 8

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)

7. Share capital (continued)

(c) Shares held in escrow

As at September 30, 2004, 225,000 (March 31, 2004 – nil) 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 and shares subscription

During the period, the Company adopted a fixed stock option plan that enables it to grant from time to time, up to a total of 1,348,000 options to its directors, officers, employees and other service providers. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

During the period, \$3,750 was received relating to the future issuance of 25,000 shares at \$0.15 per share pursuant to a stock option agreement. These shares have not yet been issued. There are no other stock options outstanding at September 30, 2004.

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.

8. Related party transactions

During the period, the Company paid \$13,083 (2003 - \$nil) for legal fees to a company controlled by a director and officer of the Company.

9. 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
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	\$ 234,050

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Notes to Financial Statements, page 9

For the six months ended September 30, 2004 and 2003
(Unaudited – See Notice to Reader)
