

EXPATRIATE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2004
(Unaudited)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the quarter ended March 31, 2004.

EXPATRIATE RESOURCES LTD.

Consolidated Balance Sheets

As at

(Unaudited)

	March 31, 2004	December 31, 2003
	\$	(Audited) \$
A S S E T S		
Current Assets		
Cash	2,790,810	1,980,983
Accounts receivable	90,740	277,478
Marketable securities (note 5)	75,825	75,825
Prepaid expenses	6,353	4,339
	<u>2,963,728</u>	<u>2,338,625</u>
Property and equipment	46,198	34,507
Deferred property costs	6,887,510	6,665,029
Deferred technology costs	500,000	500,000
Deposit	4,811	4,811
	<u>10,402,247</u>	<u>9,542,972</u>
L I A B I L I T I E S		
Current Liabilities		
Accounts payable and accrued liabilities	<u>140,439</u>	<u>90,923</u>
S H A R E H O L D E R S ' E Q U I T Y		
Share capital (note 4)	29,022,035	27,400,927
Share subscription advances	-	601,050
Contributed surplus	334,313	205,033
Deficit	<u>(19,094,540)</u>	<u>(18,754,961)</u>
	<u>10,261,808</u>	<u>9,452,049</u>
	<u>10,402,247</u>	<u>9,542,972</u>
Continuance of operations (note 1)		
 <i>"Harlan Meade"</i>		 <i>"Robert McKnight"</i>
<hr/> Director		<hr/> Director

EXPATRIATE RESOURCES LTD.
Consolidated Statements of Operations and Deficit
For the three month periods ended March 31,
(Unaudited)

	2004	2003
	\$	\$
Administrative Costs		
Amortization	2,671	2,295
Consulting	3,203	74,687
Investor relations and financing	64,705	98,980
Regulatory fees	6,257	17,342
Professional fees	11,400	56,793
Rent and office services	44,590	38,861
Salaries and benefits	77,685	10,448
Loss before other items	<u>(210,511)</u>	<u>(299,406)</u>
Other items:		
Interest income	8,234	2,144
Loss on conversion of foreign currencies	(4,532)	(1,015)
Gain on grant of non-controlling interest (note 5)	-	538,819
Gain on disposal of marketable securities	-	21,471
General exploration	(2,789)	-
Deferred technology costs	(701)	(1,383)
Stock-based compensation expense	<u>(129,280)</u>	<u>-</u>
Net (loss) earnings for the period	(339,579)	260,630
Deficit - beginning of period	<u>(18,754,961)</u>	<u>(8,187,129)</u>
Deficit - end of period	<u><u>(19,094,540)</u></u>	<u><u>(7,926,499)</u></u>
(Loss) Earnings per share	<u>\$ (0.00)</u>	<u>\$ 0.00</u>
Weighted average number of shares outstanding	<u><u>72,758,468</u></u>	<u><u>52,546,128</u></u>

See notes to consolidated financial statements

EXPATRIATE RESOURCES LTD.
Consolidated Statements of Cash Flows
For the three month periods ended March 31,
(Unaudited)

	2004	2003
	\$	\$
Cash Provided by (Used for):		
Operating Activities		
Net (loss) earnings for the period	(339,579)	260,630
Adjustment for items not involving cash:		
Amortization	2,671	2,295
Stock-based compensation expense	129,280	-
Gain on grant of non-controlling interest	-	(538,819)
	(207,628)	(275,894)
Changes in non-cash working capital items:		
Amounts receivable	186,738	(18,955)
Accounts payable and accrued liabilities	49,516	24,100
Prepaid expenses	(2,014)	-
	26,612	(270,749)
Financing Activities		
Received for issuance of share capital	1,058,532	190,000
Share issue costs	(38,474)	(1,750)
Capital lease repayment	-	(764)
Issue of special warrants by subsidiary	-	360,000
	1,020,058	547,486
Investing Activities		
Purchase of property and equipment	(14,362)	(3,039)
Mineral property option payment received	-	85,000
Deferred property costs, net of recoveries	(222,481)	(217,763)
	(236,843)	(135,802)
Net cash inflow during the period	809,827	140,935
Cash - beginning of period	1,980,983	490,763
Cash - end of period	2,790,810	631,698

Supplementary disclosure of non-cash investing and financing activities:

During the three month period ended March 31, 2004, the Company issued 1,653,800 common shares for which proceeds of \$601,050 had been received as at December 31, 2003.

During the three month period ended March 31, 2003, the Company issued 4,200,000 common shares for which proceeds of \$230,000 had been received as at December 31, 2002.

EXPATRIATE RESOURCES LTD.
Consolidated Schedule of Deferred Property Costs
For the three month period ended March 31, 2004
(Unaudited)

	Wolverine Joint Venture	Finlayson District	Logan	Blue Moon	Other Properties	Total
	\$	\$	\$	\$	\$	\$
Exploration and Development Costs						
Accommodation and meals	-	550	36	-	1,301	1,887
Assays	-	-	-	-	19,742	19,742
Consulting	10,930	7,473	39,935	276	27,013	85,627
Drilling	-	-	-	-	95,850	95,850
Field office	-	-	138	-	849	987
Field equipment	-	-	-	-	7,523	7,523
Helicopter and fuel	-	-	-	-	945	945
Land and recording fees	-	535	4,511	-	3,818	8,864
Travel, freight and warehouse	9	483	259	-	2,555	3,306
	<u>10,939</u>	<u>9,041</u>	<u>44,879</u>	<u>276</u>	<u>159,596</u>	<u>224,731</u>
Recoveries	(5,253)	-	-	-	-	(5,253)
Total costs incurred during period	<u>5,686</u>	<u>9,041</u>	<u>44,879</u>	<u>276</u>	<u>159,596</u>	<u>219,478</u>
Balance, December 31, 2003	<u>877,424</u>	<u>1,766,692</u>	<u>154,829</u>	<u>17,776</u>	<u>352,326</u>	<u>3,169,047</u>
Balance, March 31, 2004	<u>883,110</u>	<u>1,775,733</u>	<u>199,708</u>	<u>18,052</u>	<u>511,922</u>	<u>3,388,525</u>
Acquisition costs, December 31, 2003	2,557,500	233,308	400,563	180,000	124,611	3,495,982
Acquisition costs	-	-	-	-	3,003	3,003
Balance, March 31, 2004	<u>2,557,500</u>	<u>233,308</u>	<u>400,563</u>	<u>180,000</u>	<u>127,614</u>	<u>3,498,985</u>
	<u>3,440,610</u>	<u>2,009,041</u>	<u>600,271</u>	<u>198,052</u>	<u>639,536</u>	<u>6,887,510</u>

See notes to consolidated financial statements

EXPATRIATE RESOURCES LTD.
Consolidated Schedule of Deferred Property Costs
For the three month period ended March 31, 2003
(Unaudited)

	Finlayson District	Lynx Creek	Aurex- Sinister Project	Hyland	Eureka Joint Venture	Wolverine Joint Venture	Other Properties	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Exploration and Development Costs								
Accommodation and meals	7	-	1,056	-	-	-	-	1,063
Assays	-	-	-	-	632	-	251	883
Consulting	30,075	16,600	26,153	23,992	2,476	973	1,489	101,758
Field office	125	368	413	3,490	60	-	9	4,465
Field equipment	603	525	1,353	1,899	90	7	-	4,477
Helicopter and fuel	-	-	321	8,783	-	-	-	9,104
Labour	-	-	1,875	276	1,845	-	-	3,996
Land and recording fees	3,884	-	158	12,118	103	-	18,639	34,902
Travel, freight and warehouse	396	134	1,463	1,227	30	6	-	3,256
	<u>35,090</u>	<u>17,627</u>	<u>32,792</u>	<u>51,785</u>	<u>5,236</u>	<u>986</u>	<u>20,388</u>	<u>163,904</u>
Recoveries	(1,058)	-	-	-	-	-	(84)	(1,142)
Mineral exploration tax credits	(7,802)	(4,407)	(8,158)	(9,917)	(1,283)	(246)	(373)	(32,186)
Total costs incurred during the period	<u>26,230</u>	<u>13,220</u>	<u>24,634</u>	<u>41,868</u>	<u>3,953</u>	<u>740</u>	<u>19,931</u>	<u>130,576</u>
Balance, December 31, 2002	<u>10,996,742</u>	<u>36,664</u>	<u>154,084</u>	<u>104,710</u>	<u>98,462</u>	<u>874,628</u>	<u>930,159</u>	<u>13,195,449</u>
Balance, March 31, 2003	<u>11,022,972</u>	<u>49,884</u>	<u>178,718</u>	<u>146,578</u>	<u>102,415</u>	<u>875,368</u>	<u>950,090</u>	<u>13,326,025</u>
Acquisition costs	<u>243,308</u>	<u>7,242</u>	<u>163,965</u>	<u>39,000</u>	<u>59,894</u>	<u>2,557,500</u>	<u>247,853</u>	<u>3,318,762</u>
	<u><u>11,266,280</u></u>	<u><u>57,126</u></u>	<u><u>342,683</u></u>	<u><u>185,578</u></u>	<u><u>162,309</u></u>	<u><u>3,432,868</u></u>	<u><u>1,197,943</u></u>	<u><u>16,644,787</u></u>

See notes to consolidated financial statements

EXPATRIATE RESOURCES LTD.
Notes to Interim Consolidated Financial Statements
For the three month period ended March 31, 2004

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia and its business is the acquisition and exploration of property interests that are considered potential sites of economic mineralization. The Company also is developing a metal leaching technology that may be beneficial for the exploitation of mineral deposits. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to realize the costs it has incurred to date on these properties and its technology interests are dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the properties or of the metal leaching technology. These activities are conducted primarily in Canada, the United States and Chile.

2. BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements of Expatriate Resources Ltd. are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements dated December 31, 2003. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results of the three months ended March 31, 2004 are stated utilizing the same accounting policies, and the methods of application of those policies are consistent with those used to prepare the most recent annual financial statements, but these interim figures are not necessarily indicative of the results to be expected for the full year.

3. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as agreed to by management. The quarterly balances referred to in the financial statements are non-interest bearing, unsecured, receivable or payable on demand and have arisen from the provision of services, expense reimbursements or advances described.

The Company is owed \$23,205 by a related public company for expense reimbursements.

Legal fees and disbursements totaling \$7,896 have been incurred with a law firm in which an officer of the Company is a partner.

4. SHARE CAPITAL

- Authorized share capital consists of 200,000,000 common shares without par value and 100,000,000 Class "A" preferred shares having a par value of \$1.00 per share.

	Number of Shares	\$
Issued at December 31, 2003	71,390,913	27,400,927
Exercise of warrants	125,000	15,000
Exercise of options	127,500	26,500
Private placement	*3,630,863	**1,579,608
	<u>3,883,363</u>	<u>1,621,108</u>
Issued at March 31, 2004	<u>75,274,276</u>	<u>29,022,035</u>

* 1,578,800 of these shares are flow-through shares

** net of share issue costs of \$38,474

- Summary of stock options, warrants and convertible securities outstanding at March 31, 2004:

Type of Issue	Number Outstanding	Exercise Price	Expiry Date
		\$	
Options	60,000	0.74	November 1, 2004
	60,000	0.50	November 1, 2004
	10,000	0.40	November 1, 2004
	150,000	0.12	November 1, 2004
	260,000	0.10	November 1, 2004
	140,000	0.74	March 3, 2005
	80,000	0.50	June 15, 2005
	100,000	0.40	December 29, 2005
	100,000	0.40	February 8, 2006
	40,000	0.10	November 28, 2006
	470,000	0.12	May 14, 2007
	170,000	0.10	November 25, 2007
	420,000	0.11	April 1, 2008
	625,000	0.28	November 4, 2008
	250,000	0.38	January 21, 2009
	<u>400,000</u>	0.39	January 30, 2009
	<u>3,335,000</u>		
Warrants	489,400	0.50	January 16, 2005
	300,000	0.50	February 6, 2005
	700,000	0.15	February 25, 2005
	1,026,031	0.70	March 24, 2005
	6,000,000	0.12	September 30, 2005
	<u>1,000,000</u>	0.12	September 30, 2005
	<u>9,515,431</u>		

4. SHARE CAPITAL *(continued)*

The Company recorded stock-based compensation of \$129,280 (2003 interim period - \$Nil) for the three month period ended March 31, 2004 in connection with the measurement on a fair value basis of its stock option grants to employees and directors.

The fair value of options included in the expense figures has been estimated using the Black-Scholes Option Pricing Model based on the following assumptions: a risk-free interest rate of 2.9%; expected life of 3 years; an expected volatility of 133%; and no expectation for the payment of dividends.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

Summary of stock option continuity:

Fixed Options	Number of Shares	Weighted - Average Exercise Price
		\$
Balance outstanding, December 31, 2003	2,812,500	0.24
Exercised	(127,500)	0.21
Granted	650,000	0.40
Balance outstanding, March 31, 2004	3,335,000	0.27

5. GAIN ON GRANT OF NON-CONTROLLING INTEREST

During the quarter ended March 31, 2003, the Company's then-subsiary, StrataGold Corporation, acquired net assets valued at \$1,110,000 (inclusive of cash of \$360,000) by the issue of securities to third parties which represented a 25% interest in StrataGold's resultant outstanding share capital. The Company recognized a non-cash gain of \$538,819 representing the difference in the Company's proportionate interest in the net assets received and the book value of its investment in StrataGold given up.

On November 4, 2003, the Company and StrataGold Corporation completed a Plan of Arrangement whereby the Company effectively divested itself of its majority ownership control of StrataGold, which became a public company listed on the TSX Venture Exchange. As a result of this Plan of Arrangement, the Company retained 758,285 StrataGold shares and 4,000,000 StrataGold share purchase warrants. Each warrant entitles the Company to purchase one additional share of StrataGold at \$0.60 per share until November 7, 2008.