

EXPATRIATE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(Unaudited)

Pursuant to National Instrument 51-102, the Company discloses that the unaudited consolidated financial statements, and accompanying notes thereto, have not been reviewed by the Company's auditors.

G. Ross McDonald*

Chartered Accountant

*Denotes incorporated professional

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NOTICE TO READER

I have compiled the consolidated balance sheet of Expatriate Resources Ltd. as at June 30, 2004 and consolidated statements of operations and deficit and cash flows for the period then ended from information provided by the Company. 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.

"G. Ross McDonald" (signed)

G. Ross McDonald
Chartered Accountant

Vancouver, British Columbia
August 16, 2004

EXPATRIATE RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS

	June 30, 2004	December 31, 2003
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash (Note 6)	\$ 1,142,009	\$ 1,980,983
Accounts receivable	33,035	277,478
Marketable securities (Note 5)	75,825	75,825
Prepaid expenses	31,353	4,339
	1,282,222	2,338,625
PROPERTY AND EQUIPMENT	48,328	34,507
DEFERRED PROPERTY COSTS (Note 4)	8,399,033	6,665,029
DEFERRED TECHNOLOGY COSTS	500,000	500,000
DEPOSIT	4,811	4,811
	\$ 10,234,394	\$ 9,542,972
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 265,841	\$ 90,923
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4)	29,016,035	27,400,927
SHARE SUBSCRIPTION ADVANCES	-	601,050
CONTRIBUTED SURPLUS	602,353	205,033
DEFICIT	(19,649,835)	(18,754,961)
	9,968,553	9,452,049
	\$ 10,234,394	\$ 9,542,972

Nature and Continuance of Operations (Note 1)

APPROVED BY THE DIRECTORS

"Harlan Meade"

Director

"Robert Yeoman"

Director

EXPATRIATE RESOURCES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited - See Notice to Reader)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
ADMINISTRATION COSTS				
Amortization	\$ 3,013	\$ 2,705	\$ 5,684	\$ 5,000
Consulting	15,923	(52,663)	19,126	22,024
Investor relations and financing	117,191	105,924	181,896	204,904
Regulatory fees	9,546	20,837	15,803	38,179
Professional fees	53,322	(15,477)	64,722	41,316
Rent and office services	28,556	28,240	73,146	67,101
Salaries and benefits	66,218	61,961	143,903	72,409
LOSS BEFORE OTHER ITEMS	(293,769)	(151,527)	(504,280)	(450,933)
OTHER ITEMS				
Interest income	7,928	2,646	16,162	4,790
Loss on conversion of foreign currencies	(257)	(583)	(4,789)	(1,598)
Gain on grant of non-controlling interest (Note 5)	-	21,572	-	560,391
Loss on disposal of marketable securities	-	(37,917)	-	(16,446)
General exploration	(756)	-	(3,545)	-
Deferred technology costs	(401)	(592)	(1,102)	(1,975)
Stock-based compensation (Note 4)	(268,040)	-	(397,320)	-
NET (LOSS) EARNINGS FOR THE PERIOD	(555,295)	(166,401)	(894,874)	94,229
DEFICIT, BEGINNING OF PERIOD	(19,094,540)	(7,926,499)	(18,754,961)	(8,187,129)
DEFICIT, END OF PERIOD	\$ (19,649,835)	\$ (8,092,900)	\$ (19,649,835)	\$ (8,092,900)
(LOSS) EARNINGS PER SHARE	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Note 4)	75,274,276	54,356,897	74,016,372	53,433,310

See Notes to Consolidated Financial Statements

EXPATRIATE RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - See Notice to Reader)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net (loss) earnings for the period	\$ (555,295)	\$ (166,401)	\$ (894,874)	\$ 94,229
Adjustment for items not involving cash				
Amortization	3,013	2,705	5,684	5,000
Stock based compensation	268,040	-	397,320	-
Shares issued by subsidiary in payment of interest	-	316	-	316
Gain on grant of non-controlling interest	-	(21,572)	-	(560,391)
Loss on disposal of marketable securities	-	16,446	-	16,446
	(284,242)	(168,506)	(491,870)	(444,400)
Changes in non-cash working capital items				
Accounts receivable	57,705	(14,113)	244,443	(33,068)
Prepaid expenses	(25,000)	-	(27,014)	-
Accounts payable and accrued liabilities	125,402	121,235	174,918	145,335
	(126,135)	(61,384)	(99,523)	(332,133)
FINANCING ACTIVITIES				
Issuance of share capital for cash	-	57,000	1,058,532	245,250
Share issue costs	(6,000)	-	(44,474)	-
Deferred charges	-	(325,752)	-	(325,752)
Due from related parties	-	(50,316)	-	(50,316)
Capital lease repayment	-	(791)	-	(1,555)
Issue of securities by subsidiary	-	118,500	-	478,500
	(6,000)	(201,359)	1,014,058	346,127
INVESTING ACTIVITIES				
Purchase of property and equipment	(5,143)	(5,477)	(19,505)	(8,516)
Deferred property costs, net of recoveries (Note 4)	(1,511,523)	(71,789)	(1,734,004)	(289,552)
Mineral property option payment received	-	-	-	85,000
Proceeds on disposal of marketable securities	-	29,830	-	29,830
	(1,516,666)	(47,436)	(1,753,509)	(183,238)
DECREASE IN CASH	(1,648,801)	(310,179)	(838,974)	(169,244)
CASH, BEGINNING OF PERIOD	2,790,810	631,698	1,980,983	490,763
CASH, END OF PERIOD	\$ 1,142,009	\$ 321,519	\$ 1,142,009	\$ 321,519

Supplemental cash flow information:

During the six-month period ended June 30, 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 six-month period ended June 30, 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 Six Months Ended June 30, 2004

(Unaudited - See Notice to Reader)

	Wolverine Joint Venture	Finlayson District	Logan	Blue Moon	Chile	Other Properties	Total
EXPLORATION AND DEVELOPMENT COSTS							
Accommodation and meals	\$ 2,436	\$ 3,202	\$ 36	\$ -	\$ 42	\$ 1,259	\$ 6,975
Assays	787	-	-	-	34,199	-	34,986
Consulting	64,887	49,369	45,154	760	24,054	14,585	198,809
Drilling	30,000	-	-	-	210,183	-	240,183
Environmental	14,615	-	-	-	-	-	14,615
Field equipment	24,670	7,667	-	-	10,045	218	42,600
Field office	695	96	138	-	376	-	1,305
Helicopter and fuel	104,823	16,395	-	-	925	4	122,147
Labour	25,008	-	-	-	1,495	1,195	27,698
Land and recording fees	33	535	3,388	-	419	3,667	8,042
Travel, freight and warehouse	4,423	2,288	274	29	4,300	2,240	13,554
	272,377	79,552	48,990	789	286,038	23,168	710,914
Recoveries	(8,758)	-	-	-	-	-	(8,758)
Total costs incurred during period	263,619	79,552	48,990	789	286,038	23,168	702,156
BALANCE, DECEMBER 31, 2003	877,424	1,766,692	154,829	17,776	323,484	28,842	3,169,047
BALANCE, JUNE 30, 2004	1,141,043	1,846,244	203,819	18,565	609,522	52,010	3,871,203
ACQUISITION COSTS, DECEMBER 31, 2003							
Acquisition payments (Note 4)	1,000,000	-	-	-	31,848	-	1,031,848
BALANCE, JUNE 30, 2004	3,557,500	233,308	400,563	180,000	153,295	3,164	4,527,830
	\$4,698,543	\$2,079,552	\$ 604,382	\$ 198,565	\$ 762,817	\$ 55,174	\$8,399,033

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2004

(Unaudited - See Notice to Reader)

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 owns 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 consolidated financial statements should be read in conjunction with the Company's annual audited consolidated 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 six months ended June 30, 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 consolidated 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 \$4,123 by a related public company for expense reimbursements.

Legal fees totaling \$15,889 have been incurred with a law firm in which an officer of the Company is a partner.

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2004

(Unaudited - See Notice to Reader)

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.

	No. of Shares	Amount
Issued at December 31, 2003	71,390,913	\$ 27,400,927
Issued for cash:		
Exercise of warrants	125,000	15,000
Exercise of options	127,500	26,500
Private placement	*3,630,863	**1,573,608
Issued for property interest (1)	10,000,000	-
	13,883,363	1,615,108
Issued at June 30, 2004	85,274,276	\$ 29,016,035

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

** net of share issue costs of \$44,474

4. SHARE CAPITAL (continued)

(1) The Company has issued, and placed in escrow, 10,000,000 common shares ("Shares") and 5,000,000 common share purchase warrants ("Warrants") to Atna Resources Ltd. ("Atna") under terms of an option to purchase agreement dated May 31, 2004 whereby the Company will acquire Atna's 39.4% interest in the Wolverine Joint Venture. The Shares and Warrants are being held in escrow until December 16, 2004, at which time the Shares and Warrants will be released to Atna upon the Company completing a cash payment of \$2,000,000 (of which \$1,000,000 has been paid and is included in Deferred Property Costs). Each warrant will entitle Atna to purchase one common share of the Company at price of \$0.32 until June 16, 2006. The Company has the right to terminate the option prior to December 16, 2004, at which time the Shares and Warrants would be returned to the Company and cancelled. Due to the contingent nature of the transaction, the Company has elected not to record a value of \$2,271,000 for the common shares and a fair value of \$677,159 attributed to the warrants until such time as the transaction completes. Under the agreement, Atna retains a royalty, indexed to the price of silver, on the precious metals.

Summary of stock options and warrants outstanding at June 30, 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
	400,000	0.39	January 30, 2009

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2004

(Unaudited - See Notice to Reader)

Type of Issue	Number Outstanding	Exercise Price	Expiry Date
	3,320,000	0.27	June 21, 2009
	6,655,000		
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
	1,000,000	0.12	September 30, 2005
	5,000,000 (1)	0.32	June 16, 2006
	14,515,431		

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2004

(Unaudited - See Notice to Reader)

4. SHARE CAPITAL (continued)

The Company recorded stock-based compensation of \$397,320 (2003 interim period - \$Nil) for the six month period ended June 30, 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 (weighted-average) assumptions: a risk-free interest rate of 3.48%; 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	3,970,000	\$ 0.29
Balance outstanding as at June 30, 2004	6,655,000	\$ 0.27

5. GAIN ON GRANT OF NON-CONTROLLING INTEREST

During the period ended June 30, 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 \$560,391 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.

6. SUBSEQUENT EVENTS

Subsequent to June 30, 2004, the Company:

- issued 8,680,000 flow-through common shares at a price of \$0.25 per share for gross proceeds of \$2,170,000.
- issued 4,800,000 units, each unit consisting of one common share and one-half warrant at \$0.25 per unit for gross proceeds of \$1,200,000. One whole warrant entitles the holder to purchase one additional common share at \$0.35 until July 21, 2005.
- issued 590,000 agent's warrants entitling the holder to purchase one common share at \$0.25 per share until July 21, 2005.

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2004

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- (d) granted options to acquire up to 450,000 common shares exercisable at \$0.27 per share to August 11, 2009.