

EXPATRIATE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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 September 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
November 15, 2004

EXPATRIATE RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS

	September 30, 2004	December 31, 2003
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash (Note 9)	\$ 2,952,112	\$ 1,980,983
Accounts receivable	102,232	277,478
Marketable securities (Notes 3 and 6)	102,367	75,825
Prepaid expenses	40,855	4,339
	3,197,566	2,338,625
PROPERTY AND EQUIPMENT	72,055	34,507
DEFERRED PROPERTY COSTS (Schedule)	9,859,238	6,665,029
DEFERRED TECHNOLOGY COSTS	500,000	500,000
OTHER DEFERRED COSTS (Note 8)	59,410	-
DEPOSIT	4,811	4,811
	\$ 13,693,080	\$ 9,542,972
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 794,050	\$ 90,923
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	32,093,390	27,400,927
SHARE SUBSCRIPTION ADVANCES	-	601,050
CONTRIBUTED SURPLUS (Note 5)	691,448	205,033
DEFICIT	(19,885,808)	(18,754,961)
	12,899,030	9,452,049
	\$ 13,693,080	\$ 9,542,972

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 9)

APPROVED BY THE DIRECTORS

"Harlan Meade"

Director

"Robert Yeoman"

Director

See Notes to Consolidated Financial Statements

EXPATRIATE RESOURCES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited - See Notice to Reader)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
ADMINISTRATION COSTS				
Amortization	\$ 4,996	\$ 102	\$ 10,680	\$ 5,102
Consulting	4,300	2,719	23,426	24,743
Investor relations and financing	122,376	78,881	304,272	283,785
Regulatory fees	3,520	7,508	19,323	45,687
Professional fees	16,603	44,249	81,325	85,565
Rent and office services	2,643	30,003	75,789	97,104
Salaries and benefits	44,751	206,103	188,654	278,512
LOSS BEFORE OTHER ITEMS	(199,189)	(369,565)	(703,469)	(820,498)
OTHER ITEMS				
Interest and other income	8,006	1,300	24,168	6,090
Corporate capital taxes	-	(16,759)	-	(16,759)
Gain (loss) on conversion of foreign currencies	(1,536)	2,143	(6,325)	545
Gain on grant of non-controlling interest (Note 6)	-	343,478	-	903,869
Loss on disposal of marketable securities	-	(244,653)	-	(261,099)
Write-down of marketable securities	(10,651)	(62,561)	(10,651)	(62,561)
Non-controlling interest's portion of loss of StrataGold	-	216,000	-	290,000
General exploration	(335)	-	(3,880)	-
Write-down of deferred property costs	(4,770)	-	(4,770)	-
Deferred technology costs	(2,123)	(4,908)	(3,225)	(6,883)
Stock based compensation (Note 5)	(25,375)	-	(422,695)	-
NET (LOSS) EARNINGS FOR THE PERIOD	(235,973)	(135,525)	(1,130,847)	32,704
DEFICIT, BEGINNING OF PERIOD	(19,649,835)	(8,018,900)	(18,754,961)	(8,187,129)
DEFICIT, END OF PERIOD	\$ (19,885,808)	\$ (8,154,425)	\$ (19,885,808)	\$ (8,154,425)
(LOSS) EARNINGS PER SHARE	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	85,798,189	57,417,559	77,972,311	54,775,987

See Notes to Consolidated Financial Statements

EXPATRIATE RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - See Notice to Reader)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net (loss) earnings for the period	\$ (235,973)	\$ (135,525)	\$ (1,130,847)	\$ 32,704
Adjustment for items not involving cash				
Amortization	4,996	102	10,680	5,102
Stock based compensation	25,375	-	422,695	-
Shares issued by subsidiary in payment of interest	-	-	-	316
Gain on grant of non-controlling interest	-	(343,478)	-	(903,869)
Write-down of deferred property costs	4,770	-	4,770	-
Write-down of marketable securities	10,651	62,561	10,651	62,561
Loss on disposal of marketable securities	-	244,653	-	261,099
Non-controlling interest's portion of loss of StrataGold	-	(216,000)	-	(290,000)
	(190,181)	(387,687)	(682,051)	(832,087)
Changes in non-cash working capital items				
Accounts receivable	(69,197)	(146,845)	175,246	(179,913)
Prepaid expenses	(9,502)	-	(36,516)	-
Accounts payable and accrued liabilities	528,209	336,490	703,127	481,825
	259,329	(198,042)	159,806	(530,175)
FINANCING ACTIVITIES				
Deferred charges	-	(263,874)	-	(589,626)
Due from related parties	-	-	-	(50,316)
Issuance of share capital for cash	3,370,000	774,723	4,428,532	1,019,973
Share issue costs	(228,925)	-	(273,399)	-
Capital lease repayment	-	(819)	-	(2,374)
Issue of securities by subsidiary (Note 6)	-	209,350	-	687,850
	3,141,075	719,380	4,155,133	1,065,507
INVESTING ACTIVITIES				
Proceeds on disposal of marketable securities	-	498,241	-	528,071
Purchase of property and equipment	(28,723)	804	(48,228)	(7,712)
Mineral property option payment received	-	-	-	85,000
Deferred property costs, net of recoveries	(1,502,168)	(107,332)	(3,236,172)	(396,884)
Other deferred costs	(59,410)	-	(59,410)	-
	(1,590,301)	391,713	(3,343,810)	208,475
INCREASE IN CASH	1,810,103	913,051	971,129	743,807
CASH, BEGINNING OF PERIOD	1,142,009	321,519	1,980,983	490,763
CASH, END OF PERIOD	\$ 2,952,112	\$ 1,234,570	\$ 2,952,112	\$ 1,234,570

Supplemental Cash Flow Information (Note 7)

See Notes to Consolidated Financial Statements

EXPATRIATE RESOURCES LTD.

CONSOLIDATED SCHEDULE OF DEFERRED PROPERTY COSTS

For the Nine Months Ended September 30, 2004

(Unaudited - See Notice to Reader)

	Wolverine	Finlayson District	Logan	Blue Moon	Chile	Other Properties	Total
EXPLORATION AND DEVELOPMENT COSTS							
Accommodation and meals	\$ 20,735	\$ 14,529	\$ 36	\$ -	\$ 42	\$ 4,360	\$ 39,702
Assays	19,210	13,098	-	-	34,199	3,061	69,568
Consulting	312,963	104,460	46,544	760	24,146	174,890	663,763
Drilling	199,123	23,617	-	-	207,919	-	430,659
Environmental	24,615	-	-	-	-	-	24,615
Field equipment and supplies	66,868	24,798	-	-	9,869	4,359	105,894
Field office	9,127	30,350	138	-	4,032	372	44,019
Helicopter, fixed wing and fuel	252,942	228,252	-	-	909	50,829	532,932
Labour	119,400	2,317	-	-	1,110	171	122,998
Land and recording fees	33	1,150	3,388	1,787	411	3,750	10,519
Travel, freight and warehouse	19,618	6,586	274	111	6,688	8,339	41,616
	1,044,634	449,157	50,380	2,658	289,325	250,131	2,086,285
Recoveries	(8,758)	(37,193)	-	-	-	-	(45,951)
Total costs incurred during period	1,035,876	411,964	50,380	2,658	289,325	250,131	2,040,334
BALANCE, DECEMBER 31, 2003	877,424	1,766,692	154,829	17,776	323,484	28,842	3,169,047
Write-down of deferred costs	-	-	-	-	-	(4,770)	(4,770)
TOTAL DEFERRED COSTS - SEPTEMBER 30, 2004	1,913,300	2,178,656	205,209	20,434	612,809	274,203	5,204,611
ACQUISITION COSTS, DECEMBER 31, 2003	2,557,500	233,308	400,563	180,000	121,447	3,164	3,495,982
Acquisition payments (Note 5)	1,041,669	-	50,000	-	66,976	-	1,158,645
TOTAL ACQUISITION COSTS - SEPTEMBER 30, 2004	3,599,169	233,308	450,563	180,000	188,423	3,164	4,654,627
TOTAL COSTS, SEPTEMBER 30, 2004	\$5,512,469	\$2,411,964	\$655,772	\$200,434	\$801,232	\$277,367	\$9,859,238

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 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 nine months ended September 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. MARKETABLE SECURITIES

As at September 30, 2004, marketable securities consisted of 150,000 shares of Entourage Mining Ltd., which have a carrying value and market value of \$26,542, and 758,285 shares and 4,000,000 share purchase warrants of StrataGold Corporation (Note 6) which have a carrying value of \$75,825 and a market value of \$303,314.

4. 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 \$6,027 by a related public company for expense reimbursements.

Legal fees totaling \$31,700 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 Nine Months Ended September 30, 2004

(Unaudited - See Notice to Reader)

5. 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 placements	*17,110,863	**4,650,963
Issued for property interest (1)	10,000,000	-
	27,363,363	4,692,463
Issued at September 30, 2004	98,754,276	\$ 32,093,390

* 10,258,800 of these shares are flow-through shares

** net of share issue costs of \$337,119

- (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. As at September 30, 2004, the Shares and Warrants were held in escrow to 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 \$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. Subsequent to September 30, 2004, the Company paid the \$1,000,000 balance due and the shares and warrants were released from escrow.

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2004

(Unaudited - See Notice to Reader)

5. SHARE CAPITAL (continued)

Summary of stock options and warrants outstanding at September 30, 2004:

Type of Issue	Number Outstanding	Exercise Price	Expiry Date
Options	60,000	\$ 0.74	December 25, 2004
	60,000	0.50	December 25, 2004
	10,000	0.40	December 25, 2004
	150,000	0.12	December 25, 2004
	260,000	0.10	December 25, 2004
	125,000	0.27	January 26, 2005
	50,000	0.39	January 26, 2005
	75,000	0.28	January 26, 2005
	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
	550,000	0.28	November 4, 2008
	250,000	0.38	January 21, 2009
	350,000	0.39	January 30, 2009
	3,195,000	0.27	June 21, 2009
450,000	0.27	August 11, 2009	
50,000	0.27	September 13, 2009	
	7,155,000		
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
	2,150,000	0.35	July 21, 2005
	590,000 *	0.25	July 21, 2005
	250,000	0.35	July 23, 2005
	7,000,000	0.12	September 30, 2005
5,000,000	0.32	June 16, 2006	
	17,505,431		

* Agents warrants issued in connection with a private placement at an ascribed fair value of \$63,720.

EXPATRIATE RESOURCES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2004

(Unaudited - See Notice to Reader)

5. SHARE CAPITAL (continued)

The Company recorded stock-based compensation of \$422,695 (2003 interim period - \$Nil) for the nine month period ended September 30, 2004 in connection with the measurement on a fair value basis of its stock option grants to employees and directors. Contributed surplus was increased by the stock-based compensation amount.

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	4,470,000	\$ 0.29
Balance outstanding, September 30, 2004	7,155,000	\$ 0.27

6. GAIN ON GRANT OF NON-CONTROLLING INTEREST

During the nine month period ended September 30, 2003, the Company's subsidiary, StrataGold, acquired assets of \$1,438,166 (inclusive of cash of \$687,850) by the issuance of securities to third parties, which represented a 31.2% interest in StrataGold's resultant outstanding share capital. The Company recognized a non-cash gain of \$903,869 representing the difference between the Company's proportionate interest in the net assets received and the book value of the net assets of StrataGold given up. The non-controlling interest at September 30, 2003 is recognized to the extent of the third parties' aggregate 31.2% interest in the net assets of StrataGold at that date.

The Company also recognized the non-controlling interest's aggregate portion of the operating losses of StrataGold, and reduced its related balance sheet liability minority interest accordingly.

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.

7. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Non cash investing and financing activities for the nine months ended September 30, 2004:

- (i) The Company received marketable securities valued at \$37,193 in connection with its mineral property interests;

EXPATRIATE RESOURCES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2004

(Unaudited - See Notice to Reader)

7. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

- (ii) The Company issued Agent's warrants with an ascribed fair value of \$63,720 in connection with a private placement; and
 - (iii) The Company issued 1,653,800 common shares for which proceeds of \$601,050 had been received as at December 31, 2003.
- (b) Non cash investing and financing activities for the nine months ended September 30, 2003:
- (i) The Company issued 2,556,585 common shares valued at \$300,000 in connection with its mineral property interests; and
 - (ii) The Company issued 4,200,000 common shares for which proceeds of \$230,000 had been received as at December 31, 2002.

8. REORGANIZATION AND DEFERRED COSTS

The Company proposes to complete a reorganization whereby the majority of its non-Finlayson District, Yukon Territory exploration properties, its Chilean properties, Blue Moon and Yava properties will be transferred to a new exploration company (Pacifica Resources Ltd.) for shares of the new company that will in part be distributed to the Company's shareholders through a plan of arrangement. On completion of the reorganization, the Company will change its name to Yukon Zinc Corporation. The proposed plan of arrangement as outlined in the Management Information Circular filed subsequent to September 30, 2004 is subject to shareholder approval at the Extraordinary General Meeting on December 14, 2004, regulatory acceptance and court approval.

As at September 30, 2004, costs incurred in connection with the proposed plan of arrangement, in the aggregate of \$59,410, have been deferred.

9. SUBSEQUENT EVENTS

Subsequent to September 30, 2004, the Company:

- (a) completed a brokered private placement for gross proceeds of \$16,630,040. The Company issued 25,000,000 flow-through common shares at a price of \$0.32 per share and 26,968,875 units at a price of \$0.32 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant is exercisable as follows:
 - to purchase 8,791,939 common shares at a price of \$0.40 per share to October 21, 2005 or at a price of \$0.45 per share from October 22, 2005 to October 21, 2006; and
 - to purchase 4,692,500 common shares at a price of \$0.40 per share to October 26, 2005 or at a price of \$0.45 per share from October 27, 2005 to October 26, 2006.

The Company also issued Agent's Options exercisable to acquire 3,750,000 units at a price of \$0.32 per unit. Each unit consists of one common share and one half share purchase warrant with each full warrant exercisable to acquire one additional common share at a price of \$0.40 per share to October 26, 2006. The Agents also received a cash commission in the amount of \$1,164,103.

- (b) issued a total of 1,113,500 common shares for cash proceeds of \$131,350 pursuant to the exercise of warrants and options.
- (c) completed the purchase of the Wolverine Joint Venture from Atna by paying the \$1,000,000 balance due and releasing from escrow the 10,000,000 shares and 5,000,000 warrants issued in June, 2004 (Note 5).