British Columbia
Securities Commission

QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)

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INCORPORATED AS PART OF:

X Schedule A

________ Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
Pacific Minerals Inc.	June 30, 2003	03/08/22

ISSUER'S ADDRESS Suite 654, 999 Canada Place

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	B.C.	V6C 3E1	604-609-9836	604-609-0598

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Danny Hon	Chief Financial Officer	604-669-6168

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
info@pacific-minerals.com	www.pacific-minerals.com

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"Daniel Kunz"	Daniel Kunz	03/08/22
"Peter Meredith"	Peter Meredith	03/08/22

(Electronic signatures should be entered in "quotations")

PACIFIC MINERALS INC.
CONSOLIDATED BALANCE SHEETS
As at June 30, 2003 and December 31, 2002

(expressed in United States dollars)	June 30, 2003 (Unaudited)	December 31, 2002 (Audited)
ASSETS		
Current		
Cash and cash equivalents	$ 362,618	$ 132,321
Short-term investment	2,951,376	3,165,358
Interest receivable	60,898	28,733
Sundry receivable	158,997	27,521
Royalty receivable	-	46,197
Receivable from a related party	274,906	259,724
Prepaid expenses	31,158	31,302
	3,839,953	3,691,156
Deferred compensation expenses	189,216	83,090
Mineral properties	1,665,759	1,372,982
Capital assets	126,275	90,796
	$ 5,821,203	$ 5,238,024
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 364,067	$ 141,354
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized -		
100,000,000 common shares without par value		
100,000,000 preferred shares without par value		
Issued - 37,760,207 common shares (2002: 36,004,321)	7,749,137	7,291,695
Stock options	471,325	225,785
Contributed surplus	250,302	250,302
Cumulative translation adjustment	697,007	(90,984)
Deficit	(3,710,635)	(2,580,128)
	5,457,136	5,096,670
	$ 5,821,203	$ 5,238,024

APPROVED BY THE BOARD

"Daniel Kunz"	*"Peter Meredith"*
Director	Director

PACIFIC MINERALS INC.
CONSOLIDATED STATEMENTS OF DEFICIT
For the Three-month and Six-month periods ended June 30, 2003 and 2002
(Unaudited)

(expressed in United States dollars)	Three months ended June 30, 2003	Three months ended June 30, 2002	Six months ended June 30, 2003	Six months ended June 30, 2002
Deficit - beginning of period				
As reported	$ (2,209,271)	$ (40,182)	$ (1,882,871)	$ (35,758)
Adjustment to reflect change in accounting policy	(737,856)	(185,153)	(697,257)	-
As restated	(2,947,127)	(225,335)	(2,580,128)	(35,758)
Net loss	(763,508)	(345,098)	(1,130,507)	(534,675)
Deficit - end of period	$ (3,710,635)	$ (570,433)	$ (3,710,635)	$ (570,433)

PACIFIC MINERALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three-month and Six-month periods ended June 30, 2003 and 2002
(Unaudited)

	Three months ended		Six months ended	
(expressed in United States dollars)	**June 30, 2003**	**June 30, 2002**	**June 30, 2003**	**June 30, 2002**
Revenue				
Royalty income	$ -	$ 21,960	$ -	$ 44,232
Cost of Sales				
Amortization	-	(20,960)	-	(37,748)
Gross Profit	-	1,000	-	6,484
Expenses				
Administration and office	77,886	17,427	103,195	27,618
Amortization	12,780	1,490	20,517	2,708
Business development	105,764	77,525	169,342	99,654
Consulting fees	278,997	84,473	434,251	301,206
Exploration expenses	35,431	-	46,192	4,065
Mineral properties written off	-	-	-	40,370
Professional fees	151,467	29,025	189,129	40,486
Rent	5,756	9,228	19,689	17,569
Salaries and benefits	72,060	615	92,897	1,119
Shareholder information, transfer agent and filing fees	17,078	115,809	31,469	119,202
	757,219	335,592	1,106,681	653,997
Operating Loss	(757,219)	(334,592)	(1,106,681)	(647,513)
Other Income and Expenses				
Bank interest income	18,057	581	36,216	881
Foreign exchange loss	(26,441)	(11,087)	(64,317)	(11,198)
Other income	2,095	-	4,275	123,155
	(6,289)	(10,506)	(23,826)	112,838
Net loss for the period	$ (763,508)	$ (345,098)	$ (1,130,507)	$ (534,675)
Basic and fully diluted loss per share	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.02)
Weighted average number of outstanding shares	37,563,788	25,553,089	37,077,169	23,640,576

PACIFIC MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three-month and Six-month periods ended June 30, 2003 and 2002
(Unaudited)

	Three months ended		Six months ended	
(expressed in United States dollars)	**June 30, 2003**	**June 30, 2002**	**June 30, 2003**	**June 30, 2002**
Operating Activities				
Cash received from customers	$ -	$ 31,723	$ 50,177	$ 59,529
Interest received	935	580	10,673	939
Interest paid	(37)	(130)	(553)	(151)
Other income received	-	-	-	123,155
Cash paid to employees and suppliers	(503,713)	(377,367)	(939,226)	(558,734)
	(502,815)	(345,194)	(878,929)	(375,262)
Investing Activities				
Mineral property additions	(40,538)	(49,995)	(61,088)	(510,874)
Capital asset additions	(10,191)	-	(39,577)	(1,200)
Redemption of short-term investment	-	-	687,607	-
Investment in joint venture	-	-	-	-
Amount due from a related party	48,274	(8,742)	25,909	(8,741)
Cash acquired on acquisition of subsidiary	-	-	-	91,143
	(2,455)	(58,737)	612,851	(429,672)
Financing Activities				
Issuance of common stock and warrants for cash	210,339	448,563	460,287	1,329,829
	210,339	448,563	460,287	1,329,829
Increase in cash and cash equivalents	(294,931)	44,632	194,209	524,895
Effects of foreign exchange fluctuations	24,690	19,264	24,690	19,264
Cash and cash equivalents - beginning of period	632,859	480,263	143,719	-
Cash and cash equivalents - end of period	$ 362,618	$ 544,159	$ 362,618	$ 544,159

PACIFIC MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2003
(Expressed in United States dollars)
(Unaudited)

1. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, they do not include all the information and disclosures required by Canadian GAAP for financial statements. They have been prepared on the same accounting policies and methods of applications as the latest annual consolidated financial statements. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. The information contained in the interim financial statements should be read in conjunction with the Company's latest annual consolidated financial statements and the notes thereto.

The unaudited consolidated financial statements include Pacific Minerals Inc. ("the Company"), the accounting subsidiary, and all its subsidiaries, including Pacific PGM Inc., the accounting parent, Yunnan Copper-Silver Mining Inc., Guizhou Copper-Silver Mining Inc., Yunnan Southern Copper Inc., Yunnan Platinum and Palladium Inc., China Platinum and Palladium Inc., Pacific Gold Mining Inc., Pacific Northern Gold Inc. and Canadian Pacific Minerals Ltd. All significant inter-company transactions and accounts have been eliminated for the purpose of these financial statements.

The prior year figures have been reclassified to conform with current year presentation.

2. Change in Accounting Policies

(a) Mineral Properties

Effective April 1, 2003, the Company changed its method of accounting for mineral exploration expenditures, from deferring them until the viability of a project was determined, to charging them to operations as incurred. Under the new policy, only expenditures incurred on properties identified as having substantial evidence that a commercial body of ore has been located are capitalized and all the direct costs related to the acquisition for other mineral property interests are capitalized by property.

2. Change in Accounting Policies - continued

(a) Mineral Properties - continued

The new policy is consistent with current reporting practices in the mining industry and management considers the change will appropriately present the Company's operations and financial position. This change, which has been applied retroactively with restatement of prior years and periods, increased net loss for the six-month period ended June 30, 2003 by $388,828 (2002 - $205,249) and loss per share by $0.01 (2002 - $0.01) and as at June 30, 2003 increased deficit by $828,268, decreased mineral properties by $1,376,927 and decreased cumulative translation adjustment by $159,831.

(b) Reporting Currency

The Company changed its reporting currency to United States dollar effective June 30, 2003. The change in reporting currency was made to improve investors' ability to compare the Company's results with those of most other publicly traded businesses in the industry. These consolidated financial statements have been translated from Canadian dollars to United States dollars using the current rate method. Under this method, the assets and liabilities are translated using the exchange rate in effect at the respective balance sheet dates. The income statements and the cash flow statements are translated at the average rate for the respective reporting periods. Any resulting foreign exchange gains and losses were recorded as a separate component of shareholders' equity and described as cumulative translation adjustment. The translated amount for non-monetary items at June 30, 2003 became the historical basis for those items in subsequent reporting periods.

(c) Functional Currency

As of July 1, 2003, the Company and its subsidiaries adopted the United States dollars as their primary currency of measurement. The change in the Company's currency of measurement was made due to the increasing number of United States dollar denominated expenditures as a percentage of overall expenditures.

(Expressed in United States dollars)

2. Change in Accounting Policies - continued

(c) Functional Currency - continued

Effective July 1, 2003, the Company translates transactions denominated in foreign currencies to United States dollar at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in a currency other than the measurement currency are translated at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in earnings.

As a result of the change in the currency of measurement, the Company's foreign currency risk has changed from United States dollar denominated monetary assets and liabilities to non-United States dollar denominated monetary assets and liabilities and the risk of the impact of exchange rate changes relative to the United States dollar.

3. Mineral Properties

	June 30, 2003			December 31, 2002
	Cumulative total cost	Amount recovered/ recoverable from Ivanhoe	Cumulative net cost	Cumulative net cost
Nuclear (217 Gold) Project	$ 664,666	$ 154,101	$ 510,565	$ 413,863
JBS Project	887,394	-	887,394	761,386
Huize-Xuanwei Project	115,022	57,511	57,511	49,345
Zhaotong Project	189,752	94,876	94,876	49,363
Guizhou Project	115,686	57,843	57,843	49,630
Dandong (QCZ) Project	115,140	57,570	57,570	49,395
	$ 2,087,660	$ 421,901	$ 1,665,759	$ 1,372,982

(Expressed in United States dollars)

4. Share Capital

Since December 31, 2002, the Company has issued the following share capital :

	Number of Shares		Amount
Balance, December 31, 2002	36,004,321	$	7,291,695
Shares issued for :			
Exercise of stock options	417,500		106,662
Exercise of warrants	506,386		131,442
Transfer from stock option account upon exercise of stock options by non-employees			5,228
Balance, March 31, 2003	36,928,207		7,535,027
Shares issued for :			
Exercise of stock options	565,000		137,810
Exercise of warrants	267,000		76,300
Balance, June 30, 2003	37,760,207	$	7,749,137

On February 18, 2003, the Company issued 540,000 stock options to certain directors and officers at an exercise price of CND $1.16 ($0.86) each with an expiry date of February 18, 2008. If the fair value method had been used for options granted to employees and directors, a fair value of $469,800 would be recorded and amortized over the vesting period.

On May 8, 2003, the Company issued 115,000 stock options to certain directors and officers at an exercise price of CND $0.80 ($0.59) each with an expiry date of May 8, 2008. If the fair value method had been used for options granted to employees and directors, a fair value of $54,050 would be recorded and amortized over the vesting period.

(Expressed in United States dollars)

4. Share Capital - continued

The Company's net loss and net loss per share would approximate the following pro forma amounts:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Compensation costs for the period	$ 131,850	$ 61,657	$ 522,247	$ 78,695
Net loss:				
As reported	(763,508)	(345,098)	(1,130,507)	(534,675)
Pro forma	(895,358)	(406,755)	(1,652,754)	(613,370)
Net loss per common share - basis and diluted				
As reported	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.02)
Pro forma	(0.02)	(0.02)	(0.04)	(0.03)

As at June 30, 2003, there were 3,424,750 stock options outstanding with exercise prices and expiry dates ranging from CND $0.35 ($0.26) to CND $1.16 ($0.86) each and August 31, 2004 to May 8, 2008, respectively.

As at June 30, 2003, there were 8,290,000 warrants outstanding with exercise prices and expiry dates ranging from CND $0.40 ($0.30) to CND $1.15 ($0.85) each and January 11, 2004 to October 11, 2004, respectively.

5. Related Party Transactions

During the three-month and six-month periods ended June 30, 2003, the Company paid consulting fees of $5,077 and $27,590 to two companies controlled by two ex-directors respectively.

During the three-month and six-month periods ended June 30, 2003, the Company paid salary and benefits of $27,102 and $35,040 to a director respectively, and accounting fees of $8,305 and $11,862 respectively to an accounting firm of which an officer is a partner.

(Expressed in United States dollars)

6. Segmented Information

	The P.R.C.	Canada	Total
Six months ended June 30, 2003			
Mineral properties	$ 1,665,759	$ -	$ 1,665,759
Capital assets	73,622	52,653	126,275
Year ended December 31, 2002			
Mineral properties	$ 1,372,982	$ -	$ 1,372,982
Capital assets	59,123	31,673	90,796

7. Subsequent Events

On August 6, 2003, the Company granted 625,000 and 915,000 stock options to consultants and employees, respectively, at an exercise price of CND $0.73 ($0.54) each, with an expiry date of August 6, 2008. The fair value of the stock options granted to consultants and employees are $235,631 and $344,964, respectively.

British Columbia
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QUARTERLY AND YEAR END REPORT
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INCORPORATED AS PART OF:

______ Schedule A

X Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
Pacific Minerals Inc.	June 30, 2003	03/08/22

ISSUER'S ADDRESS Suite 654, 999 Canada Place

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	B.C.	V6C 3E1	604-609-9836	604-609-0598

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Danny Hon	Chief Financial Officer	604-669-6168

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
info@pacific-minerals.com	www.pacific-minerals.com

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"Daniel Kunz"	Daniel Kunz	03/08/22
"Peter Meredith"	Peter Meredith	03/08/22

(Electronic signatures should be entered in "quotations")

PACIFIC MINERALS INC.

SCHEDULE B : SUPPLEMENTARY INFORMATION

June 30, 2003

1. Related Party Transactions

During the three-month and six-month periods ended June 30, 2003, the Company paid consulting fees of $5,077 and $27,590 to two companies controlled by two ex- directors respectively.

During the three-month and six-month periods ended June 30, 2003, the Company paid salary and benefits of $27,102 and $35,040 to a director respectively, and accounting fees of $8,305 and $11,862 respectively to an accounting firm of which an officer is a partner.

2. Capital Stock

	Number of Shares		Amount
Balance, December 31, 2002	36,004,321	$	7,291,695
Shares issued for :			
Exercise of stock options	417,500		106,662
Exercise of warrants	506,386		131,442
Transfer from stock option account upon exercise of stock options by non-employees			5,228
Balance, March 31, 2003	36,928,207		7,535,027
Shares issued for :			
Exercise of stock options	565,000		137,810
Exercise of warrants	267,000		76,300
Balance, June 30, 2003	37,760,207	$	7,749,137

There were 3,789,662 common shares subject to escrow arrangements as at June 30, 2003. Under the terms of the escrow (which was amended when the Company was reclassified a Tier 1 Issuer in August 2002), 3,789,662 escrow shares will be released each six months over 18 months, commencing January 18, 2002, with the final release on July 18, 2003.

3. Share Purchase Warrants

The outstanding share purchase warrants as at June 30, 2003 can be summarized as follows:

PACIFIC MINERALS INC.

SCHEDULE B : SUPPLEMENTARY INFORMATION

June 30, 2003

3. Share Purchase Warrants - continued

Number	Exercise price CND	USD equivalent	Expiry date
1,190,000	$ 0.40	$ 0.30	January 11, 2004
5,100,000	1.15	0.85	July 2, 2004
2,000,000	1.00	0.74	October 11, 2004
8,290,000			

These share purchase warrants are exercisable by the warrant holders at the amount of Canadian dollars per share specified. The exercise prices are translated into the United States dollar equivalents, at the exchange rate in effect at the balance sheet date, for reference only.

4. Stock Options

During the six-month period ended June 30, 2003, the Company granted the following options to the directors, officers and employees:

Name of Optionee	Capacity	Number of Options	Date of Grant	Expiry Date	Exercise Price CND	USD Equivalent
Daniel Kunz	Director	300,000	18-Feb-03	17-Feb-08	$ 1.16	$ 0.86
Ian He	Director	80,000	18-Feb-03	17-Feb-08	1.16	0.86
Lou Duarte	Director	80,000	18-Feb-03	15-Oct-03	1.16	0.86
Tom Beattie	Officer	80,000	18-Feb-03	16-Jun-03	1.16	0.86
Jay Chmelauskas	Employee	75,000	8-May-03	8-May-08	0.80	0.59
Beverly Bartlett	Officer	30,000	8-May-03	8-May-08	0.80	0.59
Saundra Karlson	Officer	10,000	8-May-03	8-May-08	0.80	0.59
		655,000				

During the six-month period ended June 30, 2003, the Company also granted 681,000 stock options to consultants on May 8, 2003 at an exercise price of CND $0.80 ($0.59) each with an expiry date of May 8, 2008.

PACIFIC MINERALS INC.

SCHEDULE B : SUPPLEMENTARY INFORMATION

June 30, 2003

4. Stock Options - continued

The outstanding options as at June 30, 2003 can be summarized as follows:

Outstanding options	Exercise price CND	USD equivalent	Expiry date
25,000	$ 0.90	$ 0.66	August 31, 2004
175,000	0.90	0.66	October 20, 2004
40,000	1.05	0.77	June 30, 2005
70,000	0.90	0.66	August 31, 2005
450,000	0.35	0.26	May 13, 2006
300,000	0.40	0.30	November 22, 2006
56,250	0.90	0.66	February 1, 2007
450,000	0.90	0.66	June 1, 2007
50,000	1.05	0.77	June 30, 2007
552,500	0.90	0.66	August 31, 2007
460,000	1.16	0.86	February 17, 2008
796,000	0.80	0.59	May 8, 2008
3,424,750			

These stock options are exercisable at different vesting periods by the optionees at the amount of Canadian dollars per share specified. The exercise prices are translated into the United States dollar equivalents, at the exchange rate in effect at the balance sheet date, for reference only.

5. Directors and Officers

The name of the directors and officers as at the date this report is signed and filed are as follows:

Daniel Kunz, President, Chief Executive Officer & Director

Peter Meredith, Director

Ian He, Director

Ed Flood, Director

Danny Hon, Chief Financial Officer

Beverly Bartlett, Secretary

PACIFIC MINERALS INC.
SCHEDULE C: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
June 30, 2003
(Expressed in U.S. Dollars)

This discussion and analysis should be read in conjunction with the consolidated financial statements.

Nature of the Company's Business, Risks and Uncertainties

Pacific Minerals Inc. ("the Company") was incorporated on May 31, 2000 as a subsidiary of Global-Pacific Minerals Inc. ("Global") and was subsequently spun off from Global under a statutory Plan of Arrangement ("Arrangement"). Since incorporation, the Company has been involved in the business of the acquisition and development of mineral properties. The Company's success depends on a number of factors and many of these factors are beyond its control. Typical risk factors include the demand for and market acceptance of the Company's products and services, ability to arrange additional financing, increased market competition and other general economic factors. The Company tries to manage these risks and uncertainties, in part, by taking proactive management and cost control initiatives.

The Company completed a brokered private placement of $937,330 on January 11, 2002 and issued 4,285,715 units at a price of $0.22 each. Each unit is comprised of one common share and one share purchase warrant. The share purchase warrants are exercisable into one common share for a period of two years at an exercise price of CND $0.40 ($0.30) each. As consideration for arranging the financing, the agent received a cash commission of $71,141 and share purchase warrants for the purchase of 428,571 common shares for a period of one year at an exercise price of CND $0.40 ($0.30) each. The agent exercised all the share purchase warrants granted prior to their expiry date, January 10, 2003.

On January 18, 2002, the Company acquired 100% of Pacific PGM Inc. ("PGM"). The business combination has been accounted for as a reverse takeover whereby the purchase method of accounting has been used with PGM being the accounting parent and the Company being the accounting subsidiary.

The Company completed a private placement with Ivanhoe Mines Ltd. ("Ivanhoe") on July 2, 2002. Ivanhoe invested $3,000,000 into the Company by way of a private placement of 5,100,000 units at a price of $0.58 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable for a period of two years at CND $1.15 ($0.85) per share. $1,000,000 of the proceeds of the private placement was allocated, by agreement, to be expended on each of the Company's Nuclear (Gold 217) Project and JBS Project. In conjunction with the private placement, the Company granted Ivanhoe the right to participate in the development of its Nuclear (217 Gold) Project and JBS Project. The Company has also agreed that for a period ending May 31, 2012, on any other mineral property interest it acquires in China (excluding Anhui Province), Ivanhoe will have an option to participate in joint venturing each property. The Company and Ivanhoe will contribute equally on the first $1,000,000 expenditure on each new property, with the property interest available from the Chinese partner divided equally between them. Upon completion of the initial $1,000,000 expenditure, Ivanhoe will have the option to acquire a 75% interest in the joint venture interest in the property by completing a feasibility study. On completion of the feasibility study, Ivanhoe will have a second option to increase its interest to 80% by arranging the funding necessary to take the project to production.

Ivanhoe invested a further $1,267,580 into the Company on October 11, 2002, by way of a private placement of 2,000,000 units at a price of $0.63 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable for a period of two years at CND $1.10 ($0.81) per share. The proceeds of the placement will be used for general working capital.

Changes in Accounting Policies on Mineral Properties

Effective April 1, 2003, the Company changed its method of accounting for mineral exploration expenditures, from deferring them until the viability of a project was determined, to charging them to operations as incurred. Under the new policy, only expenditures incurred on properties identified as having substantial evidence that a commercial body of ore has been located are capitalized and all direct costs related to the acquisition of mineral property interests are capitalized by property.

The new policy is consistent with current reporting practices in the mining industry and management considers the change will appropriately present the Company's operations and financial position. This change, which has been applied retroactively with restatement of prior years and periods, increased net loss for the six-month period ended June 30, 2003 by $388,828 (2002 - $205,249) and loss per share by $0.01 (2002 - $0.01) and as at June 30, 2003 increased deficit by $828,268, decreased mineral properties by $1,376,927.

Changes in Reporting Currency and Functional Currency

The Company changed its reporting currency to United States dollar effective June 30, 2003. The change in reporting currency was made to reflect the increasing amount of United States dollar denominated transactions as a percentage of the overall transactions. These consolidated financial statements have been translated from Canadian dollars to United States dollars using the current rate method. Under this method, the assets and liabilities are translated using the exchange rate in effect at the respective balance sheet dates. The income statements and the cash flow statements are translated at the average rate for the respective reporting periods. Any resulting foreign exchange gains and losses were recorded as a separate component of shareholders' equity and described as cumulative translation adjustment. The translated amount for non-monetary items at June 30, 2003 became the historical basis for those items in subsequent reporting periods.

As of July 1, 2003, the Company and its subsidiaries adopted the United States dollars as their primary currency of measurement. The change in the Company's currency of measurement was made due to the Company incurring an increasing amount of United States dollar denominated expenditures as a percentage of overall expenditures.

Effective July 1, 2003, the Company translates transactions in foreign currencies at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in a currency other than the measurement currency are translated at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in earnings.

As a result of the change in the currency of measurement, the Company's foreign currency risk has changed from United States dollar denominated monetary assets and liabilities to non-United States dollar denominated monetary assets and liabilities and the risk of the impact of exchange rate changes relative to the United States dollar.

Results of Operations

The purchase method of accounting has been accorded to the reverse takeover of PGM whereby the Company's comparative consolidated financial statements, and its financial results for the three-month and six-month periods ended June 30, 2003 and year ended December 31, 2002, represent the financial position, results of operations and cash flows of PGM.

For the six-month periods ended June 30, 2003 and 2002, the Company's net loss was $1,130,507 and $534,675 respectively.

The increase in administration and office expenses of $75,577 was mainly due to the increase in the level of activities of the Company.

The increase in amortization of $17,809 was mainly due to the increase in fixed assets acquired for use in the offices and geological activities.

The increase in business development expenses of $69,688 was mainly related to the increase in travelling for administration and geological work.

The increase in consulting fees of $133,045 was mainly related to the payment to consultants for geological work and the recording of compensation expenses on the stock options granted to them.

The increase in exploration expenses of $42,127 was due to our share of the exploration expenses incurred by the joint venture company involved in the Nuclear (217 Gold) Project and other projects.

As management decided to concentrate the Company's efforts on the other projects, the cost incurred in relation to the YHZ project and DB project, in the sum of $20,185 and $20,185 respectively, were written off in the first quarter of year 2002.

The increase in professional fees of $148,643 was mainly related to the legal and accounting services provided to the Company.

The increase in rent of $2,120 was mainly related to the offices maintained in the PRC and our share of the rent incurred by the joint venture company involved in the Nuclear (217 Gold) Project.

The increase in salaries and benefits of $91,778 was mainly due to appointment of a new executive officer, employees and the staff of our China offices.

The decrease in shareholder information, transfer agent and filing fees of $87,733 was mainly due to the reduction in cost of printing and mailing of materials to investors and filing fees with regulatory authorities.

The increase in interest income of $35,335 was mainly due to the increase in cash on hand through private placements in year 2002, the exercise of stock options and warrants in year 2002 and six-month period ended June 30, 2003.

The increase in foreign exchange loss of $53,119, was mainly relating to a stronger Canadian dollars against U.S. dollars and China Renminbi.

Financial Condition, Liquidity and Capital Resources

Working capital decreased by $73,916 to $3,475,886, primarily as a result of the increase in the level of operating activities of the Company which was partially offset by the cash inflow through exercise of warrants and options. The Company's obligations under various joint venture projects currently exceed the capital available on hand. While additional capital may be available through the exercise of options and warrants, the Company shall endeavour to raise additional capital as and when required to meets its obligations.

The Company has inherited a royalty interest from a mining property, Qian Chang project, spun-off from Global under the Arrangement. The operator of the Qian Chang project pays a royalty based on sales proceeds of the ores. The operator decided to stop mining activity effective December 15, 2002 due to the continued reduction in ore grade.

In June 2001, the Company entered into a co-operative joint venture agreement through its wholly-owned subsidiary, Yunnan Platinum & Palladium Inc. ("YUPP"), to develop the JBS platinum-palladium prospect located in Yunnan Province, the PRC. Under the joint venture agreement, the Company, through it's subsidiary YUPP, has to make total cash contribution of $14,000,000 over five years to earn a 70% interest in the JBS project. The Company has contributed $887,394 as of June 30, 2003. Additional amounts of $750,000 and $12,500,000 have to be contributed within two and five years respectively from October 1, 2001. Both the Company and the Chinese partner will share subsequent cash contributions and profits on a

70/30 basis. $1,000,000 of the private placement proceeds from Ivanhoe has been allocated for expenditure on the project. Ivanhoe has a two part option to obtain, and increase, an interest in the JBS project. Under the first option, exercisable by May 31, 2004, Ivanhoe can acquire a 60% interest in the project by completing a production feasibility study by July 1, 2006. Upon completion of the production feasibility study, Ivanhoe will have six months to exercise a second option to acquire an additional 15% effective interest in the project by arranging financing, on or before July 1, 2007, to take the property into production. On production, the Company’s 20% retained carried interest will participate subject to Ivanhoe’s right to recover its capital costs and its costs of carrying the Company’s interest from initial production revenues. As of June 30, 2003, the Company has invested $887,394 in the joint venture company.

On April 5, 2002, the Company entered into a co-operative joint venture agreement through its wholly-owned subsidiary, Pacific Gold Mining Inc. (“GMI”), with a Chinese partner to acquire a 96.5% interest in the Nuclear (217 Gold) project located in Inner Mongolia Autonomous Region, PRC. Under the terms of the joint venture agreement, GMI has initially contributed $250,000 to earn a 55% interest in the joint venture company, Ningxia Pacific Mining Co. Ltd. (“NPM”) incorporated according to the Enterprise Laws of the PRC, . GMI has the right to acquire a 41.5% interest in NPM from the Chinese partner through paying an additional $750,000 to the Chinese partner within three years after the execution of the joint venture agreement. The Company, through GMI, has to pay $1,000,000 to the Chinese partner when NPM decides to commerce construction and installation of a commercial mining operation and pay another $1,000,000 within 30 days of the commencement of commercial mining. $1,000,000 of the private placement proceeds from Ivanhoe has been allocated for expenditure on the project.

Ivanhoe has a two part option to obtain, and increase, an interest in the Nuclear (217 Gold) Project. Under the first option, exercisable by May 31, 2004, Ivanhoe can acquire a 60% interest in the project by completing a production feasibility study by July 1, 2006. Upon completion of the production feasibility study, Ivanhoe will have six months to exercise a second option to acquire an additional 16.5% effective interest in the project by arranging financing, on or before July 1, 2007, to take the property into production. On production, the Company’s 20% retained carried interest will participate subject to Ivanhoe’s right to recover its capital costs and its costs of carrying the Company’s interest from initial production revenues. As of June 30, 2003, the Company has invested $750,000 in NPM and paid the Chinese partner $250,000.

On December 2, 2002, the Company entered into a co-operative joint venture agreement through its wholly-owned subsidiary, China Platinum & Palladium Inc. (“CHIPP”), to develop the Zhaotong Copper-Silver prospect located at Zhaotong District of Yunnan Province, PRC. A joint venture company, Yunnan Xinzhao Copper Mining Co. Ltd. (“YXC”), has been formed according to the Enterprise Laws of the PRC. The Company, through CHIPP, has to contribute $4,000,000 over three years in order to earn a 70% interest in YXC. As of June 30, 2003, the Company has invested $94,876 in YXC.

On December 2, 2002, the Company entered into a co-operative joint venture agreement through its wholly-owned subsidiary, Yunnan Southern Copper Inc. (“YSC”) to develop the Huize-Xuanwei Copper-Silver prospect located at Huize-Xuanwei District of Yunnan Province, PRC. A joint venture company, Yunnan Xindian Mining Co. Ltd. (“YXM”), has been formed according to the Enterprise Laws of the PRC. The Company, through YSC, has to contribute $4,000,000 over three years in order to earn a 75% interest in YXM. As of June 30, 2003, the Company has invested $57,511 in the project.

On September 12, 2002, the Company entered into a binding letter agreement through its wholly-owned subsidiary, Guizhou Copper-Silver Mining Inc. (“GCSM”), to develop the Guizhou Copper-Silver prospect located at Weining-Liupanshui District of Guizhou Province, PRC. The parties will formalize the letter agreement with a co-operative joint venture agreement and create a joint venture company to manage the project. The Company, through GCSM, has to contribute $4,000,000 over three years in order to earn a 75% interest in the joint venture company. As of June 30, 2003, the Company has invested $57,843 in the project.

On October 14, 2002, the Company entered into a binding letter agreement with a Chinese partner through its wholly-owned subsidiary, Pacific Northern Gold Inc. (“PNG”), to develop the Dandong (QCZ) goldsilver prospect located at Dandong District of Liaoning Province, PRC. The parties will formalize the letter agreement with a co-operative joint venture agreement and create a joint venture company to manage the project. The Company, through PNG, has to pay the Chinese partner $4,000,000 over six years after the establishment of the joint venture company and contribute $16,000,000 over five years to the joint venture company in order to earn an 80% interest in the joint venture company. The Company can increase its interest to 90% through contributing an additional $10,000,000 to the joint venture company. As of June 30, 2003, the Company has invested $57,570 in the project.

On December 19, 2002, Ivanhoe exercised their right according to the Binding Letter Agreement with the Company dated May 31, 2002 to participate in the Huize-Xuanwei Project, Zhaotong Project, Guizhou Project and Dandong (QCZ) Gold Project. On each project, the Company and Ivanhoe will contribute equally on the first $1,000,000 expenditure, with the property interest available from the Chinese partner (the “JV Interest”) divided equally between them. Upon completion of the initial $1,000,000 expenditure, Ivanhoe will have the option to increase its interest in the JV Interest to 75% in each property by completing a feasibility study. On completion of the feasibility study, Ivanhoe will have the option to acquire increase its interest in the JV Interest to 80% by arranging the funding necessary to take the project to production.

Outlook

The Company will concentrate its efforts on drilling and regional exploration work planned for its existing projects in year 2003 and will consider additional projects when opportunities arise.

Some of the foregoing statements may contain forward-looking information that involves inherent risk and uncertainty affecting the business of the Company. Actual results may differ materially from those currently anticipated in such statements.