

FINANCIAL STATEMENTS

LAKEWOOD MINING CO. LTD.

LANGLEY, BRITISH COLUMBIA

DECEMBER 31, 2003 AND 2002

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BEDFORD CURRY & CO.

CHARTERED ACCOUNTANTS

MICHAEL J. BEDFORD INC.
FERNANDO J. COSTA INC.

AUDITORS' REPORT

To the Shareholders of Lakewood Mining Co. Ltd.

We have audited the balance sheets of Lakewood Mining Co. Ltd. as at December 31, 2003 and 2002 and the statements of earnings and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Vancouver, British Columbia
April 2, 2004

BEDFORD CURRY & CO.
CHARTERED ACCOUNTANTS

Lakewood Mining Co. Ltd.

STATEMENTS OF EARNINGS AND DEFICIT

Years ended December 31, 2003 and 2002

	2003	2002
EXPENSES		
Management fees	\$ 30,000	30,000
Office and general	19,811	14,533
Accounting and legal	17,582	26,845
Filing and listing fees	9,448	10,465
Stock-based compensation	6,553	7,688
Registrar and transfer agent fees	5,773	4,563
NET LOSS	(89,167)	(94,094)
Deficit, beginning of year	(1,663,120)	(1,569,026)
DEFICIT, end of year	\$ (1,752,287)	(1,663,120)
LOSS PER SHARE	\$ (0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	13,740,193	12,247,003

Lakewood Mining Co. Ltd.

BALANCE SHEETS

December 31, 2003 and 2002

	2003	2002
ASSETS		
Current		
Cash	\$ 29,055	19,786
GST receivable	7,140	2,203
Loan receivable [Note 3]	1,460	8,170
	37,655	30,159
Mineral properties [Note 4]	707,325	596,560
	\$ 744,980	626,719
LIABILITIES		
Current		
Accounts payable	\$ 6,893	3,407
Due to shareholders [Note 5]	1,880	803
Loans payable [Note 6]	13,912	57,816
	22,685	62,026
SHAREHOLDERS' EQUITY		
Share capital [Note 7]	2,434,341	2,220,125
Contributed surplus	14,241	7,688
Share subscriptions [Note 7]	26,000	-
Deficit	(1,752,287)	(1,663,120)
	722,295	564,693
	\$ 744,980	626,719

APPROVED ON BEHALF OF THE BOARD:

"DOREEN BOITARD"

Director

"OSVALDO CONTINI"

Director

Lakewood Mining Co. Ltd.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2003 and 2002

	2003	2002
OPERATIONS		
Net loss	\$ (89,167)	(94,094)
Add items not involving cash:		
Stock-based compensation	6,553	7,688
	(82,614)	(86,406)
Net changes in non-cash working capital balances related to operations:		
Increase in accounts payable	3,486	16,646
Decrease in prepaid expenses	-	35
Increase in accounts receivable	(4,937)	(1,939)
	(84,065)	(71,664)
FINANCING		
Issue of shares for cash	159,300	145,000
Increase in share subscriptions	26,000	-
Increase in loans payable	11,012	183
Decrease (increase) in loan receivable	6,710	(367)
Advances from shareholders	1,077	-
	204,099	144,816
INVESTING		
Exploration expenditures on mineral properties	(110,765)	(116,119)
Increase (decrease) in cash	9,269	(42,967)
Cash, beginning of year	19,786	62,753
CASH, end of year	\$ 29,055	19,786

SUPPLEMENTAL CASH FLOW INFORMATION

During the year the Company issued 549,160 shares to settle \$54,916 of debt to a company controlled by directors.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

1. NATURE OF OPERATIONS

Lakewood Mining Co. Ltd., incorporated in British Columbia, is a public company listed on the TSX Venture Exchange.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

At December 31, 2003, the Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of \$89,167 for the year ended December 31, 2003, and had an accumulated deficit of \$1,752,287 at December 31, 2003 which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Mineral properties - The Company accounts for mineral property costs in accordance with the Canadian Institute of Chartered Accountants Handbook Section 3061, "Property, plant and equipment" ("CICA 3061"), and abstract EIC 126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC 126") of the Emerging Issues Committee. CICA 3061 provides for the capitalization of the acquisition and exploration costs of a mining property where such costs are considered to have the characteristics of property, plant and equipment. EIC 126 provides that a mining enterprise is not precluded from considering exploration costs to have the characteristics of property, plant and equipment when it has not established mineral reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property.

Mineral property costs include initial acquisition costs and related option payments, which are recorded when paid. Exploration and development costs are capitalized until properties are brought into production, at which time costs are amortized on a unit of production basis over economically recoverable reserves. Option payments are credited against mineral property costs when received. No gain or loss on disposition of a partial interest is recorded until all carrying costs of the interest have been offset by proceeds of sale or option payments received.

CICA 3061 also provides that property, plant and equipment be written down when the long term expectation is that the net carrying amount will not be recovered. EIC 126 states that a mining enterprise which has not objectively established mineral reserves and therefore does not have a basis for preparing a projection of the estimated future cash flow from a property is not obliged to conclude that the capitalized costs have been impaired.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

However, EIC 126 references certain conditions that should be considered in determining subsequent write downs, such as changes or abandonment of a work program or poor exploration results, and management reviews such conditions to determine whether a write down of capitalized costs is required. When the carrying value of a property exceeds its net recoverable amount, provision is made for the impairment in value.

The Company has not yet adopted the provisions of CICA Handbook Section 3063, "Impairment of Long lived Assets", which will become effective for its 2004 fiscal year. Management does not expect the adoption of the new standard to have an impact on its financial statements.

Environmental costs - Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Stock based compensation - The Company has a stock option plan for directors, employees, and consultants as described in Note 8. The Company has early adopted the accounting recommendations of CICA Handbook Section 3870, "Stock Based Compensation and Other Stock Based Payments". Under these recommendations the Company provides certain pro forma disclosure as required by the fair value method of accounting for stock options for its fiscal year ended December 31, 2002, and recognizes an expense for options granted on or after January 1, 2003. The Company uses the Black Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The pro forma information in respect of options granted in 2002 is provided in Note 8. Any consideration received on the exercise of stock options is credited to share capital.

Earnings per share - The Company uses the "treasury stock method" in computing earnings per share. Under this method, basic loss per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the year.

For the years ended December 31, 2003 and 2002, the existence of warrants and options affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

Financial instruments - The Company's financial instruments consist of cash, accounts receivable, loan receivable, accounts payable, amounts due to shareholders and loans payable. Amounts due to shareholders, loan receivable and loans payable are interest free. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from its other financial instruments and that their fair values approximate their carrying values, unless otherwise noted.

Use of estimates - The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes - Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates at the date of enactment or substantive enactment.

3. LOAN RECEIVABLE

The loan receivable is due from Green Valley Mine Incorporated and is non-interest bearing with no specific terms of repayment.

4. MINERAL PROPERTIES

Wood Mining Group - The Company holds a 50% interest in 124 units located in the Kamloops Mining Division of British Columbia.

Beaton #1 Mining Claim - The Company holds a 100% interest in 20 units located in the Kamloops Mining Division of British Columbia.

	Wood	Beaton	Total
Interest in claims:			
Balance, beginning	\$ 26,878	-	26,878
Balance, ending	26,878	-	26,878
Deferred exploration expenditures:			
Balance, beginning	372,984	196,698	569,682
Drilling	102,385	-	102,385
Consulting	2,875	-	2,875
Exploration	4,255	-	4,255
Assaying	1,250	-	1,250
Balance, ending	483,749	196,698	680,447
Balance, ending	\$ 510,627	196,698	707,325

5. DUE TO SHAREHOLDERS

Amounts due to shareholders are non-interest bearing with no specific terms of repayment.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

6. LOANS PAYABLE

Loans payable are non-interest bearing with no specific terms of repayment and are made up as follows:

	2003	2002
Delore Management Limited	\$ 13,912	2,900
Menika Mining Ltd.	-	54,916
	\$ 13,912	57,816

7. SHARE CAPITAL

The Company has an authorized capital of 25,000,000 common shares without par value.
The issued common shares are as follows:

	2003		2002	
	Number	Amount	Number	Amount
Balance, beginning of year	12,598,588	\$ 2,220,125	10,962,138	\$ 2,056,480
Shares issued for cash	1,500,000	150,000	1,000,000	100,000
Shares issued for debt	549,160	54,916	186,450	18,645
Warrants exercised	93,000	9,300	450,000	45,000
Balance, ending	14,740,748	\$ 2,434,341	12,598,588	\$ 2,220,125

Shares held in escrow - A total of 431,250 (2002: 562,500) shares are held in escrow subject to release only with regulatory approval.

Share subscriptions - As at December 31, 2003, share subscriptions of \$26,000 were received for the exercise of 260,000 flow through units at \$0.10 per unit. Each unit consists of one common share and a two year warrant to purchase one further share at a price of \$0.10 per share. The units were issued subsequent to the year end.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

7. SHARE CAPITAL (continued)

Warrants - The Company has issued stock warrants as follows:

Exercise Price	Outstanding December 31, 2002	Issued	Exercised	Expired or cancelled	Outstanding December 31, 2003	Expiry date
\$0.10	1,010,000	-	(93,000)	(917,000)	-	Dec. 11, 2003
\$0.10	1,000,000	-	-	-	1,000,000	May 15, 2004
\$0.10	-	1,500,000	-	-	1,500,000	August 21, 2005
	2,010,000	1,500,000	(93,000)	(917,000)	2,500,000	

8. STOCK OPTION PLAN AND STOCK BASED COMPENSATION

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company.

At December 31, 2003 there are options outstanding and exercisable to issue 1,441,213 shares of the company (2002: 1,241,213). The price of all options is \$0.10 and their expiry dates range from May 15, 2004 to December 16, 2005 (See Note 11 regarding subsequent amendment of expiry dates). The weighted average contract life remaining is .59 years.

A summary of the change in the Company's stock option plan for the years ended December 31, 2003 and 2002 is presented below.

	2003		2002	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,241,213	\$ 0.10	1,241,213	\$ 0.10
Granted	200,000	0.10	-	
Outstanding, end of year	1,441,213	\$ 0.10	1,241,213	\$ 0.10

As described in Note 2, the Company has early adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") with respect to stock based compensation. The Company uses the Black Scholes option valuation model to value stock options. The Black Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

8. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)

The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The fair value of stock options granted during the year ended December 31, 2003 has been estimated using the Black Scholes model to be \$6,553, and has been recorded as an expense and included in contributed surplus. For purposes of the calculation, the following assumptions were used under the Black Scholes option pricing model:

Risk free interest rate	3.25%
Expected dividend yield	0%
Expected stock price volatility	82%
Expected life of options	1 year

The grant date fair value of options granted during the year ended December 31, 2003 was \$0.10.

For the year ended December 31, 2002, Section 3870 of the CICA Handbook requires pro forma disclosures of net loss and net loss per share, as if the fair value based method of accounting for stock options had been applied. For purposes of the calculation and the pro forma disclosure, the following assumptions were used under the Black Scholes option pricing model:

Risk free interest rate	4.5%
Expected dividend yield	0%
Expected stock price volatility	50%
Expected life of options	2 years

The grant date fair value of options granted during the year ended December 31, 2002 was \$0.10.

Net loss for the the year ended December 31, 2002, as reported	\$	(94,094)
Compensation expense related to the fair value of stock options		(30,790)
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Pro forma net loss for the year ended December 31, 2002	\$	(124,884)
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Basic loss per share, as reported	\$	(0.01)
Pro forma basic loss per share	\$	(0.01)
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9. RELATED PARTY TRANSACTIONS

During the year, the Company had the following related party transactions:

- (a) The company is indebted to its shareholders as described in Note 5.
- (b) Certain directors and officers of the Company are also directors and officers of Green Valley Mine Incorporated, Menika Mining Ltd., and Delore Management Limited. Amounts due to/from those companies are described in Notes 3 and 6. The ownership of the Wood mineral property (Note 4) is shared with Green Valley Mine Incorporated.

Lakewood Mining Co. Ltd.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

9. RELATED PARTY TRANSACTIONS (continued)

- (c) Management fees of \$30,000 (2002: \$30,000) were paid to a company controlled by directors.
- (d) During the year the Company issued 549,160 shares to settle \$54,916 of debt to a company controlled by directors.

10. INCOME TAXES

The Company has non-capital loss carry-forwards and allowances in respect of resource development costs which, subject to certain restrictions, are available to be offset against future taxable income. No future benefit of these losses and allowances has been recognized in these financial statements.

11. SUBSEQUENT EVENTS

Private placement - On February 20, 2004 the Company completed a private placement of 760,000 Units at \$0.10 per unit for total gross proceeds of \$76,000. Each unit consists of one common share and a purchase warrant. The shares are subject to a four-month hold period. One whole share purchase warrant is exercisable at \$0.10 per share until February, 2006.

260,000 of the units are flow through units whereby the subscription funds of \$26,000 will be used to incur Canadian Exploration Expenses ("CEE"), as defined by the Income Tax Act, Canada, on the Wood Group of Claims. The CEE will be renounced by the Company in favour of the flow through subscribers.

Stock options - The Company amended 600,000 stock options with expiry dates from May 2004 to December 2005 by extending the year of expiry to 2007. The Company also granted 700,000 new options with an exercise price of \$0.10 per share expiring March 1, 2007.

12. SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The mineral properties are located in Canada in the Province of British Columbia.

13. COMMITMENT

The Company is committed to a management contract with a company controlled by directors. To contract requires payments of \$30,000 per year. This contract is payable monthly and expires November 10, 2008.

14. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation.