

DESERT SUN MINING CORP.

RENEWAL ANNUAL INFORMATION FORM FOR THE FISCAL YEAR ENDED AUGUST 31, 2003

January 18, 2004

65 Queen Street West, Suite 810
Toronto, ON M5H 2M5
Tel : 416-861-0341
Fax : 416-861-6185
www.desertsunmining.com
E-mail : info@desertsunmining.com

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to Desert Sun Mining Corp. (the “Company”), certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this annual information form under the heading “General Development of the Business - Trends”. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

This annual information form contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as “United States dollars” or “US\$”.

The closing, high, low and average exchange rates for the Canadian dollar in terms of United States dollars for each of the three years ended August 31, 2003, as reported by the Bank of Canada, were as follows.

	Year ended August 31		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Closing.....	Cdn\$1.40	Cdn\$1.56	Cdn\$1.55
High.....	1.59	1.61	1.58
Low.....	1.34	1.51	1.47
Average ⁽¹⁾	1.48	1.57	1.53

(1) Calculated as an average of the daily noon rates for each period.

On January 15, 2004, the Bank of Canada noon rate of exchange was US\$1.00 = Cdn\$1.2979 or Cdn.\$1.00 = US\$0.7705.

Gold Prices

The closing, high, low and average afternoon gold fixing prices in United States dollars per troy ounce for each of the three years ended December 31, 2003, as quoted on the London Bullion Market, were as follows.

	Year ended December 31		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Closing.....	US\$416	US\$347	US\$276
High.....	416	349	293
Low.....	320	278	255
Average ⁽¹⁾	363	310	271

(1) Calculated as an average of the daily noon rates for each period.

INCORPORATED BY REFERENCE

The following documents are specifically incorporated by reference in this annual information form:

1. The Company's Annual Report 2003 (the "Annual Report") including the consolidated financial statements of the Company for the year ended August 31, 2003 and the auditors' report thereon the ("Consolidated Financial Statements");
2. The material change report of the Company dated September 12, 2003 relating to the feasibility study on the Jacobina property and the preliminary assessment of the extended life of mine plan for the Jacobina property.

ITEM 2: CORPORATE STRUCTURE

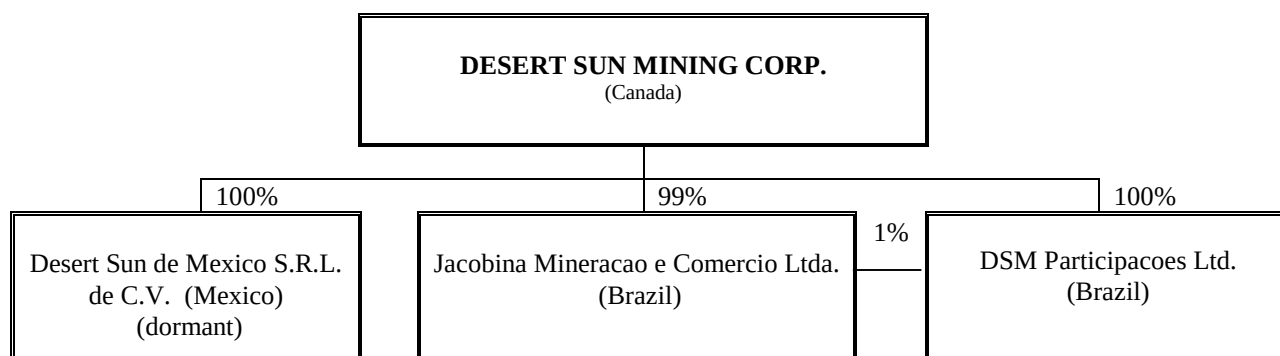
2.1 Name and Incorporation

Desert Sun Mining Corp. (the "Company") was originally incorporated under the name Fredonia Oil & Gas Ltd. under the laws of British Columbia on May 21, 1980 by registration of its Memorandum and Articles with the British Columbia Registrar of Companies. On August 20, 1984, the Company changed its name to Consolidated Fredonia Oil & Gas Ltd., consolidated its common shares on a four to one basis and altered its post consolidation capital to consist of 10,000,000 common shares without par value. On February 20, 1986, the Company changed its name to Sun River Gold Corp. and adopted new Articles by filing a special resolution with the Registrar of Companies for British Columbia. On March 14, 1990, the Company increased its authorized share capital from 10,000,000 to 25,000,000. On March 11, 1991, the Company changed its name to Yellow Point Mining Corp., consolidated its common shares on a six to one basis and altered its post consolidation capital to consist of 25,000,000 common shares without par value. On August 26, 1994, the Company changed its name to Desert Sun Mining Corp., consolidated its common shares on a five to one basis and altered its post consolidation capital to consist of 25,000,000 common shares without par value. On May 9, 1996, the Company subdivided its 25,000,000 common shares without par value into 50,000,000 common shares without par value, each share being subdivided into two shares and altered its authorized capital to consist of 50,000,000 common shares without par value. On May 19, 2000, the Company reduced its authorized share capital to 49,978,344 common shares without par value. During the first quarter of the 2003 financial year, the Company adjusted the number of common shares outstanding, decreasing such number by 66. On March 20, 2003, the Company filed Articles of Continuance pursuant to section 187 of the *Canada Business Company's Act* ("CBCA") to continue the company from British Columbia under the provisions of the CBCA. Also on March 20, 2003, the Company amended its Articles to increase its authorized share capital to an unlimited number of common shares without par value. As of the date of this Annual Information Form, there were 57,160,043 common shares without par value issued and outstanding.

The head office and registered office of the Company is located at 65 Queen Street West, Suite 810, Toronto, Ontario, M5H 2M5, Canada.

2.2 Intercorporate Relationships

The following chart sets forth the names of the subsidiaries of the Company, their respective jurisdictions of existence and the Company's current voting and equity interest therein. As used in this annual information form, except as otherwise required by the context, reference to the "Company" means Desert Sun Mining Corp. and its subsidiaries.



ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

The following is a summary of the general development of the business of the Company over the most recently completed three fiscal years.

Fiscal 2001

The Company maintained the status of its claims in the Tubutama Borate Project in the Altar Mining Agency, Sonora, Mexico by filing the requisite reports and paying the necessary taxes. Other than minimal administration costs, a total of \$23,249 had been expended on set up costs and maintenance of the project. Upon acquiring additional financing, the Company planned an exploration program to evaluate the claims.

During the fiscal year, Management had attempted to arrange a financing for the borate project, but could not generate sufficient interest in the project to result in such a financing, thus leaving the Company unable to proceed with its exploration program. Management is currently evaluating the future of this project.

Fiscal 2002

The Company terminated its involvement in the Tubutama Borate Project in Mexico following receipt of notice that it was in default under the agreement governing such project.

On January 8, 2002, the Company entered into a letter of intent with William Multi-Tech Inc. (formerly William Resources Inc.) ("William") whereby William agreed to option its Jacobina paleoplacer gold property in Brazil to the Company.

On May 1, 2002, the Company entered into a revised agreement with William, whereby William granted the Company the option to earn a 51% interest in William's wholly owned subsidiary, Jacobina Mineração e Comércio S.A. ("JMC"), which owns the mineral rights, mines and a 4,000 tonne per day plant located on the Jacobina Mine paleoplacer gold property in Brazil. The total land position involved is approximately 64 kilometres long and two to four kilometres wide. To earn the 51% interest in JMC, the Company was required to spend US\$2,000,000 exploring the Jacobina property prior to December 31, 2004.

On September 20, 2002, the Company entered into a Memorandum of Understanding ("MOU"), pursuant to which JMC granted the Company an option to acquire the remaining 49% interest of the mine and related mineral concessions by making an option payment of \$100,000 at the time of execution of the MOU and a further \$5 million in cash within 90 days of earning the initial 51% interest, of which up to \$2,500,000 can be satisfied in equivalent value of shares in the Company.

On May 21, 2002, the Company completed a \$100,000 private placement, which consisted of the sale of 500,000 units at \$0.20 per unit. Each unit consisted of one common share and one non-transferable Series B share purchase warrant. Each Series B warrant entitles the holder to purchase one additional common share of the Company for \$0.25 at any time up to and including April 17, 2003, or for \$0.28 at any time after April 17, 2003 and on or before April 17, 2004. The proceeds from the private placement were used to increase general working capital. The Company did not pay a finder's fee for this transaction.

On June 17, 2002, the Company announced that it had commenced planning for a major exploration program on the Jacobina property. The Company plans an integrated exploration program that was to commence with analysis of remote sensing data and compilation of historical data, using a geographical information system (GIS) and 3D-modelling software. The Company planned a detailed helicopter-borne magnetic, electromagnetic and radiometric survey at 100 metre line spacing and totalling approximately 2,500 line kilometres. Ground follow-up will include geological mapping, sampling, trenching and prospecting with ground geophysical surveys (induced polarization and electromagnetic) over selected targets. The Company planned over 7,000 meters of diamond drilling to follow-up known targets and certain new targets.

In August, 2002, the Company completed a \$2.0 million equity placement. The proceeds of which were to be used to conduct the exploration program on the Jacobina project. The funds were raised in Europe and North America. The financing consisted of special warrants issued at a price of Cdn\$0.40 per special warrant. Each special warrant is exercisable for no additional consideration into one common share and 0.6 of one non-transferable Series A share purchase warrant. Each whole Series A warrant is exercisable into one common share at \$0.50 per share at any time on or before August 3, 2004.

Fiscal 2003

The Company completed two equity financings in the 2003 fiscal year for total gross proceeds of \$10.7 million.

In February 2003, the Company issued 4,701,065 units at a price of \$1.00 per unit for total gross proceeds to the Company of \$4.7 million. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share of the Issuer at a price of \$1.25 until August 2004.

In July 2003, the Company issued 4,545,455 units at a price of \$1.10 per unit for total gross proceeds to the Company of \$5 million. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share of the Issuer at a price of \$1.35 until July 2005.

Following the completion of its July 2003 private placement financing, the common shares of the Company were listed and began trading on the Toronto Stock Exchange ("TSX"), under the symbol "DSM".

Subsequent Events

In September 2003, the Company exercised its option to acquire the remaining 49% interest of the Jacobina property from Valencia Ventures Inc. (formerly, William Multi-Tech Inc.) ("VVI"). The purchase price of \$5 million was satisfied through a cash payment of \$2 million and the issuance of 1,851,852 common shares in the capital of the Company to VVI at a price of \$1.62 per common share. As a result of the exercise of its option, the Company owns 100% of the Jacobina property subject to a 5% net profit interest in favour of a third party.

In September 2003, the Company issued 8,115,000 common shares in the capital of the Company at a price of \$1.38 per share for total gross proceeds to the Company of \$11.2 million. Proceeds from the financings have been and will be used to advance the exploration and development of the Jacobina property.

In November 2003, the Company completed a bought deal financing pursuant to which it raised \$20 million through the issuance of 11,764,707 units at a price of \$1.70 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant will be exercisable at a price of \$2.50 for a period of five years. The warrants were listed on the TSX, under the symbol "DSM.WT".

3.2 Trends

The business of the Company is subject to a number of uncertainties including, but not limited, to the following.

Jacobina at Development Stage

The Jacobina property is at the development stage. The development of mineral deposits involves significant capital expenditures over a significant period of time, which expenditures and period of time may be higher or longer than expected. The Company cannot give any assurance that the development of the Jacobina mine will be accomplished in an efficient, cost effective and timely manner. Unanticipated expenses or unforeseen delays and other contingencies could have a material adverse effect on the Company.

Foreign Country Risks

All of the Company's property interests are located in Brazil and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability in that country that may result in the impairment or loss of mineral concessions or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the Company's control and may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation, employment practices and mine safety.

Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied, and may continue to rely, upon consultants and others for operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold, fluctuations in exchange rates or other minerals produced, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing Risk

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to the Company for further exploration and development of the Company's projects. The Company will require additional financing from external sources to meet its capital requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. As the proceeds from this offering will not be sufficient to satisfy the capital requirements relating to the exploration and development of the Company's projects, failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's projects with the possible loss of such properties.

Risk of Project Delays

The Company is planning to commence the construction of the new mine at the Jacobina property in 2004, however, there are significant risks that the commencement and completion of construction of the new mine could be delayed due to circumstances beyond the Company's control. Such risks include delays in obtaining the environmental and construction authorization and permits, delays in finalizing all necessary detailed engineering and a definitive construction contract, as well as unforeseen difficulties encountered during the construction process.

Environmental and Other Regulatory Requirements

The Company's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submissions and approval of environmental impact assessments. Environmental legislation is evolving in a manner that is creating stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officer and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's current exploration activities, including any development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations on prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for exploration, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project that the Company may undertake. The Company believes that it is in substantial compliance with all material laws and regulations that currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of mining properties.

Estimates of Mineral Reserves and Mineral Resources and Production Risks

The mineral reserves and mineral resource estimates included or incorporated by reference in this annual information form are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified mineral reserve or mineral resource will even qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that mineral recovery in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in mineral reserves or mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated mineral reserves and mineral resources included in this annual information form or described in the documents incorporated by reference herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged expert independent technical consultants to advise it with respect to mineral reserves and mineral resources and project engineering, among other things. The Company believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing the Jacobina property.

Mineral Prices

In general, the mineral exploration and development industry is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable mineral reserves are discovered, a profitable market may exist for the sale of same. Factors beyond the Company's control may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the Company's control, including government regulations relating to price, government sales of commodities, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's securities.

Competition

The Company competes with many international companies that have substantially greater financial and technical resources than it has for the acquisition of mineral concessions as well as for the recruitment and retention of qualified employees.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage mining companies, have experienced wide fluctuations in price that would have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Title Matters

The acquisition of title to mineral concessions in Brazil is a detailed and time consuming process. Title to and the area of mining concessions may be disputed. The Company has diligently investigated title to all mineral concessions and obtained title opinions with respect thereto and, based upon such opinions, the Company believes that title to all properties covering the mineral resources and mineral reserves at the Jacobina property is in good standing; however, the foregoing should not be construed as a guarantee of title to those properties. Title to those properties may be affected by undisclosed and undetected defects.

Dividends

All of the Company's available funds will be invested to finance the growth of its business and, therefore, investors cannot expect to receive a dividend on the common shares of the Company in the foreseeable future.

Enforcement of Civil Liabilities

As substantially all of the Company's assets and the assets of its subsidiaries are located outside of Canada, and certain of its directors and officers are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the Company's assets or the assets of its subsidiaries or its directors and officers residing outside of Canada.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish ore reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Conflicts Of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

The Company is engaged in the acquisition, exploration and development of mineral properties for the purpose of producing precious metals. The Jacobina project is currently at the development stage, as none of the properties are currently in production. Although the Jacobina mine was previously in production, an extensive development program is currently planned and will be carried out, prior to any new production on this project. All work planned by the Company is directed at defining mineralization, increasing the understanding of the characteristics of and economics of that mineralization and bringing the Jacobina mine back into production.

Principal Products

The Company's principal product will be gold. There is a worldwide gold market into which the Company will sell and, as a result, the Company will not be dependent on a particular purchaser with regard to the sale of the gold producer, if any.

Competitive Conditions

The Company competes with other mining companies for mineral properties, for joint venture partners and for the acquisition of investments in other mining companies.

Operations

Environmental Protection

The current and future operations of the Company, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, wastes disposal, greenhouse gas emissions, protection and remediation of environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Company's properties.

The Company plans to diligently attempt to apply technically proven and economically feasible measures to advance protection of the environment throughout the exploration and development process. Current costs associated with compliance are considered to be normal.

Employees

As at August 31, 2003, in addition to its executive personnel, the Company retains one administrative person at its head office in Toronto. As required, the Company also retains geologists, engineers, geophysicists and other consultants on a per diem basis. The Company has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel.

Foreign Operations

The Company's activities in foreign jurisdictions may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by this political and economic instability include, but are not limited to: military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in exploration or investment policies or shifts in political attitude in such jurisdictions may adversely affect the Company's business. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted.

4.2 Mineral Properties

Jacobina Project, Bahia, Brazil

At the request of the Company, Tim L. Mann, P. Eng., of SNC-Lavalin Engineers & Constructors, Inc. ("SNC-Lavalin"), prepared a report dated October 29, 2003 entitled "Jacobina Gold Project, Jacobina, Bahia State, Brazil" (the "SNC-Lavalin Report"). The SNC-Lavalin Report was prepared in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101"), and Mr. Mann is a "qualified person" within the meaning of NI 43-101. Indicated portions of the description of the Jacobina project in this annual information form were derived from and, in some cases, excerpted from the SNC-Lavalin Report.

In September 2003, SNC-Lavalin also acted as project manager in connection with the preparation of a feasibility study for the Jacobina property, entitled "Jacobina Mine Project, Brazil, Feasibility Study Report" (the "Feasibility Study"). The purpose of the Feasibility Study was to provide a document suitable for submitting to financial institutions in support of applications for financing with capital and operating costs estimated to an overall intended level of accuracy of plus or minus 15%. Indicated portions of the following description of the Jacobina project in this annual information form were derived from and, in some cases, excerpted from the Feasibility Study.

In August 2003, at the request of the Company, B. Terence Hennessy, P. Geo, geologist, of Micon International Limited ("Micon") prepared a technical report entitled "A Mineral Resource Estimate for the Jacobina Property, Bahia State, Brazil" dated August 2003 (the "August Micon Report"). Except where otherwise indicated, the following information relating to the Jacobina project has been derived from and, in some cases, is extracted from the August Micon Report.

Property Description and Location

The Jacobina property is located in the state of Bahia, in northeastern Brazil, approximately 340 kilometres ("km") northwest of the city of Salvador. Salvador, the state capital of Bahia, has a population of approximately 2.5 million people.

The property is comprised of 5,996.3 hectares ("ha") of mining concessions, 15,836.23 ha of granted exploration concessions and 6,119.42 ha of filed exploration claims. Below is a complete list of all exploration concessions and claims, with their status as of the date of this annual information form. The leases and exploration concessions were surveyed a number of years ago and marked by concrete monuments at each corner, which remain in place.

The Jacobina property forms a contiguous elongated rectangle extending 62.0 km in a north-south direction, and varying from 2.5 to 4 km in width. This shape is a reflection of the underlying geology with the gold-mineralized host rocks trending along the property's north-south axis.

Table 1
MINERAL CONCESSIONS

Concession Name	Type	DNPM Number	Area (ha)	Expiration Date
4 J	Mining Concessions	815,706/72	863.08	Held in perpetuity
6 J	Mining Concessions	815,708/72	532.85	Held in perpetuity
8 J	Mining Concessions	815,710/72	1,000.00	Held in perpetuity
10 J	Mining Concessions	815,712/72	1,000.00	Held in perpetuity
12 J	Mining Concessions	815,714/72	903.75	Held in perpetuity
13 J	Mining Concessions	815,715/72	807.50	Held in perpetuity
28 J	Mining Concessions	4,951/35	889.14	Held in perpetuity
		TOTAL	5,996.32	
G	Exploration Permits	800,602/78	1,000.00	Pending publication of Final Exploration Report by DNPM
MN 53	Exploration Permits	870,300/84	49.84	Pending publication of Final Exploration Report by DNPM
MN 62	Exploration Permits	870,309/84	389.24	Pending publication of Final Exploration Report by DNPM
39 J	Exploration Permits	870,847/85	821.40	Pending publication of Final Exploration Report by DNPM
45 J	Exploration Permits	870,087/86	128.75	December 2002 *
47 J	Exploration Permits	870,086/86	41.29	Pending publication of Final Exploration Report by DNPM
49 J	Exploration Permits	870,616/86	55.56	December 2002 *
50 J	Exploration Permits	870,555/86	232.90	Pending publication of Final Exploration Report by DNPM
51 J	Exploration Permits	870,595/86	25.36	Pending publication of Final Exploration Report by DNPM
53 J	Exploration Permits	870,928/86	165.20	January 2003 *
54 J	Exploration Permits	870,129/87	1,000.00	Pending publication of Final Exploration Report by DNPM
55 J	Exploration Permits	870,701/87	1,000.00	Pending publication of Final Exploration Report by DNPM
56 J	Exploration Permits	870,890/87	1,000.00	February 2003 *
58 J	Exploration Permits	870,851/88	909.52	August 2004 *
60 J	Exploration Permits	870,524/90	202.62	Pending publication of Final Exploration Report by DNPM
62 J	Exploration Permits	870,100/92	1,000.00	Pending publication of Final Exploration Report by DNPM
63 J	Exploration Permits	870,101/92	980.00	Pending publication of Final Exploration Report by DNPM
64 J	Exploration Permits	870,102/92	1,000.00	Pending publication of Final

MINERAL CONCESSIONS

Concession Name	Type	DNPM Number	Area (ha)	Expiration Date
				Exploration Report by DNPM
69 J/A	Exploration Permits	870,825/01	581.58	November 2004 *
72 J	Exploration Permits	872,125/95	712.54	December 2002 *
73 J	Exploration Permits	872,126/95	779.86	November 2002 *
74 J	Exploration Permits	872,127/95	833.17	November 2002 *
75 J	Exploration Permits	872,128/95	145.60	July 2003 *
76 J	Exploration Permits	871,116/97	441.50	August 2005 *
77 J	Exploration Permits	871,117/97	800.00	August 2005 *
78 J	Exploration Permits	871,118/97	636.84	August 2005 *
79 J	Exploration Permits	871,119/97	684.00	August 2005 *
80 J	Exploration Permits	870,824/01	219.46	July 2003 *
TOTAL			15,836.23	
57 J/A	Application for Prospecting	871,054/96	999.86	3 years when awarded
59 J	Application for Prospecting	871,706/88	837.00	3 years when awarded
67 J/A	Application for Prospecting	870,295/84	770.80	3 years when awarded
68 J/A	Application for Prospecting	870,232/93	998.00	3 years when awarded
70 J	Application for Prospecting	874,853/93	659.76	3 years when awarded
71 J	Application for Prospecting	874,854/93	1,000.00	3 years when awarded
81 J	Application for Prospecting	870,857/02	854.00	3 years when awarded
TOTAL			6,119.42	
GRAND TOTAL			27,951.97	

* The Company intends to apply for an extension

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Jacobina Project site is situated just south of the City of Jacobina, a regional centre located in the State of Bahia within the Northeast Region of Brazil. The site lies within an area referred to as “Serra de Jacobina”, at geographic coordinates 11°15’ S and 40°30’ W, approximately 330 km northwest of the City of Salvador, the capital of the State of Bahia. Salvador, with a population of some 2.5 million, is a key commercial centre in Brazil and is served by an international airport and a large port facility.

Access to the mine from Salvador is via federal highway BR-324, which is a two-lane highway with an asphalt surface. Jacobina is connected to the mine by a twelve kilometre dirt road, which can withstand heavy vehicle traffic. The existing haul route from Jacobina to the mine passes through the villages of Canavieiras and Itipacuru. The Jacobina project is located around the town of Jacobina, some 340 km inland from the regional capital of San Salvador. Jacobina, with a population of about 70,000, provides all accommodation, shopping and social amenities necessary for the mine. Electrical supply, telephone service and Internet access is available. Mine management housing and offices are based in Jacobina.

The Company has reported that the relief provided by the Serra do Jacobina mountains results in slightly higher rainfall at Jacobina than that experienced in the surrounding flat scrublands. Rainfall at the town of Jacobina averages 840 mm per year; average daily temperature highs range from 26°C to 32°C during the year.

History

The Serra do Jacobina mountains have been mined for gold since the late 17th century. Numerous old workings (garimpos) from artisanal miners (garimpeiros) can be seen along a 15 km strike length, following the ridges of the mountain chain. Garimpeiro activity, on a small scale, has taken place sporadically up to the present day, mining mostly weathered ore.

From 1889 to 1896, Companhia Minas do Jacobina operated the Gomes Costa Mine in the Morro do Vento area. Total reported production was 84 kg of gold from a 130-m long drift. In the 1930's, when the price of gold rose, the garimpeiro activity increased until the easily accessible weathered surface ore was mostly exhausted.

In the 1950's three mines opened, Canavieiras, João Belo, and Serra Branca. Canavieiras was the largest of these operations, and, at a capacity of 30 t per day (t/d), it produced 115,653 tonnes with an average recovered grade of 18.13 g/t Au. By the 1960s all three of these operations were shut down due to political circumstances.

The modern history of the Jacobina mining camp began in the early 1970's with extensive geological study and exploration carried out by Anglo American. The company was attracted to the Jacobina area because of the apparent strong similarity of the local gold bearing conglomerates to the well-known Witwatersrand reefs in South Africa. This work, which was carried out from 1973 to 1978, provided the basis for proceeding with a feasibility study in 1979-80.

The feasibility study recommended that a mine be developed at Itapicurú with an initial plant capacity of 20,000 tonnes per month (t/m) capacity. Development of the Itapicurú mine to access the Main Reef commenced in October 1980. The processing plant was commissioned in November 1982. In 1983, the first full year of production, production was 242,550 tonnes with a recovered grade of 4.88 g/t Au yielding 38,055 ounces of gold.

From 1984 to 1987, exploration focussed on evaluating the mineralized conglomerates of the João Belo Norte Hill, located about two kilometres south of the Itapicurú mine. This work outlined sufficient reserves to warrant an open pit operation, development of which commenced in August 1989. Concurrently, the processing plant capacity was increased to 75,000 t/m. In 1990, 538,000 t grading 1.44 g/t Au were produced, mainly from the open pit. Total production at Jacobina in 1990 was 45,482 ounces of gold from 680,114 t milled for a recovered grade of 2.08 g/t Au. Underground development at João Belo commenced in 1990, as pit reserves were limited.

William Resources Inc. ("William"), as it then was, acquired 100% of the Jacobina gold mine and assumed management effective August 1, 1996, by purchasing Jacobina Mineração e Comércio S.A. ("JMC") from subsidiaries of Minorco of Luxembourg and Banque Paribas de France.

William operated the Itapicurú and João Belo mines from August 1996 until December 1998 when the mines were closed due to depressed gold prices. The Canavieiras mine was also dewatered and rehabilitated during this period with a small amount of production. William did considerable work on optimizing the operations, increasing plant capacity and it began an evaluation of the exploration potential.

From 1983 to 1998, JMC processed 6.8 million tonnes of ore at a recovered grade of 2.76 g/t Au to produce over 600,000 ounces of gold, as shown in Table 2. The bulk of production came from the Itapicurú and João Belo areas. João Belo production during 1989 to 1993 was predominantly from open pit reserves whereas Itapicurú and post-1993 João Belo production has been from underground operations.

Table 2
JACOBINA ANNUAL PRODUCTION HISTORY

	Itapicurú		Canavieiras		João Belo		Stockpile		Total		
	Tonnes	g/t Au rec'd	Tonnes	g/t Au rec'd	Tonnes	g/t Au rec'd	Tonnes	g/t Au rec'd	Tonnes	g/t Au rec'd	Ounces
1983	218,117	4.68	24,433	6.67					242,550	4.88	38,055
1984	233,059	4.73	60,490	5.26	8,397	2.97			301,946	4.79	46,500
1985	202,088	4.48	46,470	4.88	34,319	1.78			282,877	4.22	38,380
1986	246,500	3.91	34,506	3.20	30,128	1.58			311,134	3.61	36,111
1987	290,322	3.98	30,271	4.57	866	1.71			321,459	4.03	41,651
1988	267,076	3.82	32,370	4.93	23,819	2.71			323,265	3.85	40,014
1989	116,713	3.61	23,908	4.09	58,259	2.26	82,024	0.90	280,904	2.58	23,301
1990	113,726	4.36	27,960	5.19	538,428	1.44			680,114	2.08	45,482
1991	142,160	3.99	29,371	6.22	604,069	1.75			775,600	2.33	58,101
1992	105,750	4.50	2,802	5.64	485,629	1.81			594,181	2.31	44,129
1993	7,532	3.62			511,355	2.14			518,889	2.16	36,035
1994	105,167	3.94			445,974	1.90			551,141	2.29	40,578
1995	105,865	3.82			474,048	2.15			579,913	2.45	45,679
1996	105,683	3.63			447,745	2.00	34,741	0.93	591,107	2.23	42,380
1997	107,732	3.38			540,283	2.07	217,666	0.84	865,681	1.92	53,562
1998 ¹	82,728	2.09	30,013	2.27	593,957	1.68	34,391	1.61	741,089	1.76	39,695
Total	2,450,218	4.04	342,594	4.75	4,797,276	1.88	368,822	0.93	7,961,850	2.62	669,653

¹ To November 30, 1988

Geological Setting

The gold mineralization of the Jacobina mine is hosted almost entirely within quartz pebble conglomerate of the Serra do Córrego Formation, the lowermost sequence of the Proterozoic-age Jacobina Group. This Formation is typically 500 m thick but locally achieves thicknesses of up to one kilometre. Overall, the property covers 62.0 km of strike length (8728800N - 8790800N) along the trend of the Jacobina Group. Within the property the Serra do Córrego Formation is exposed for 28.5 km (8740000N - 8768500N). In the remaining 33.5 km it is covered by the overlying Rio do Ouro Formation. Despite the extensive exposure of the mine sequence most of the exploration and all of the non-artisanal mining activities have been concentrated along a 10-km long (8749000N - 8759000N) central zone.

To date production has occurred from three separate larger mines, Canavieiras, João Belo, and Itapicurú. Several smaller mines, such as João Belo South and Galleria 5, have also produced gold. Numerous inactive garimpos pepper the hillsides from one end of the belt to the other.

Regional Geology

The Jacobina Group, consisting of conglomerate, quartzite, and pelite of Proterozoic age, was originally deposited over early Precambrian basement rocks. The Group is greater than 5,000 m in thickness and is divided into three formations which form a continuous north-south belt extending for 180 km. The Jacobina Group strikes in a northerly direction with moderate to steeply easterly dipping sedimentary and deformation structures. The sedimentary markers found indicate an eastbound source of sediments.

During the Transamazonian Orogeny (~ 2.0 Ga), the 5,000 m-thick sedimentary package was thrust towards the west, forming tectonic slabs. The Jacobina Group reflects either a rift or a foreland sequence association. The rift model has been proposed by a number of workers since the 1970's. More recent researchers have favoured a foreland basin model.

Three sedimentary cycles, represented by individual stratigraphic formations, account for the development of the Jacobina Group. From oldest to youngest these are the Serra do Córrego, Rio do Ouro and Cruz das Almas Formations. The Serra do Córrego Formation consists of interbedded quartzite and conglomerate, with preserved sedimentary structures characteristic of a braided stream type of deposition. The two conglomeratic members are separated by an intermediary quartzitic member. The Rio do Ouro Formation consists mainly of quartzite, locally with some interbedded conglomerates. The Cruz das Almas Formation consists of a package of chlorite and quartz-muscovite schists, along with phyllonite, phyllites and quartzites, which are cyclically interbedded.

The sedimentary sequence of the Jacobina Group indicates a continental environment evolving towards a marine turbiditic phase. The deposits are believed to be the product of a metallogenic cycle of erosion, sedimentation and mineral deposition similar to the South African Witwatersrand gold ores.

Property Geology - Host Rocks

The Jacobina sequence forms a prominent ridge, which is, on average, more than 400 m in elevation above the surrounding countryside, peaking at 1,200 m above sea level. The gold-bearing quartz-pebble conglomerate in the Serra do Córrego Formation forms a thrust contact with the basement gneiss-greenstone terrane. The formation is exposed for 28.5 km along strike, from Campo Limpo in the south to Serra Branca in the north, with a maximum thickness of 1,000 m at Itapicurú.

Outcrop of the Serra do Córrego Formation continues to 5 km north of the town of Jacobina, after which the cyclical accumulations of fluvial gravel and sand layers fine upward into marine quartzite that forms the Rio do Ouro Formation. The underground mine excavations at Jacobina expose structures that characterize the fluvial system which controlled the deposition of the Serra do Córrego Formation. Cross-bedding and ripple marks show that the most prominent direction of stream flow was up the dip and to the north. The series appears as a monoclinical structure with the beds striking north and dipping from 45° to 65° to the east.

The Serra do Córrego Formation is subdivided into three main members. The thickness of these members is variable from section to section. Within each member are several units of quartz pebble conglomerate. These conglomerate units are called reefs, following the nomenclature used for the geologically similar region of the Witwatersrand in South Africa. Several of the reefs within the Upper and Lower Members have been mined, specifically the Basal, Main, Piritoso, Liberino, Holandes, Maneira, Intermediario, LMPC and MPC. All of these are situated less than 4 km from the Itapicurú plant, and contain extensions of mineralization at depth and often along strike. Other conglomerate units, situated further from the plant, are lesser known and constitute further potential for the discovery of new mineral resources. Amongst these are the Serra Branca, João Belo South and Campo Limpo areas where gold mineralization has been encountered in surface trenches or limited diamond drilling. Blind mineralization may also occur north of Jacobina, where the conglomerates are covered by the Rio do Ouro Formation. This formation is also characterized by auriferous quartz veins associated with mafic to ultramafic shear zones.

The main characteristics of the mineralized reefs are summarized in Table 3. The individual reefs are described in more detail in the following subsection.

Table 3
CHARACTERISTICS OF THE PRINCIPAL MINERALIZED REEFS

Mine	Zone	Location	Strike	Thickness	Description
<i>Itapicurú</i>					
	LVLPC	Morro de Vento	210 m	1.5m	Large and very large pebbles, only locally mineralized.
	Superior Reef	Morro de Vento	300 m	6.8 m	Medium to small pebbles, irregularly mineralized.
	Inferior Reef	Morro de Vento	250 m	1.4 m	Medium to large pebbles.

Mine	Zone	Location	Strike	Thickness	Description
<i>Itapicurú Continued</i>					
	Main Reef	60 to 90 m above basement, Itapicurú	3,000 m	Beds of 0.1 to 3.0 m, Zone up to 12 m	Pyritic, small to medium pebble conglomerate beds. Three channels of deposition, broken by faults.
	Basal Reef	Base Itapicurú	1,600 m	3.0 to 8.0 m	Small to medium pebble, enrichment of gold at its upper and lower portions.
<i>Canavieiras</i>					
	Piritoso	Canavieiras	500 m	0.9 to 1.7 m	Average grade of 9.5 g/t Au, medium size pebbles.
	Liberino	Canavieiras	500 m	1.3 m	10 m above Piritoso, average grade of 6.1 g/t Au, medium to large pebbles.
	MU	Canavieiras	400 m	5 to 25 m	Pyritic, medium to large pebble conglomerates.
	LU	Canavieiras	400 m	1 to 10 m	Pyritic, large pebble conglomerates.
<i>João Belo</i>					
	LVLPC	João Belo North	600+ m	3 to 5 m	Large to very large pebbles.
	LMPC	João Belo North	600+ m	3 to 15 m	Large to medium pebbles, variable gold values.
	MPC	João Belo North	600 m	1.0 to 3.5 m	Medium size pebbles, locally contains pay values.

Structural Geology

Ductile deformation of the Jacobina Group package appears to be limited due to the very high quartz content of the rocks as evidenced by the presence of numerous primary sedimentary fabrics. Deformation therefore typically consists of brittle faults. Major faults are widely spaced, usually on the scale of hundreds of metres, with minor parallel ancillary faults. These major faults are moderate to high angle transverse faults and they are often accompanied by mafic to ultramafic intrusives. Often bordering the intrusives are narrow zones of recemented quartz pebble conglomerate breccia. Where intrusives are lacking, these units display wider breccia zones of a few metres. Numerous moderate- to high-angle brittle block faults are apparent and result in small offset of units.

Where exposed, the contact between the Precambrian basement and the Serra do Corrego Formation is highly sheared and is likely a thrust contact. It is represented by a single, relatively sharp, chloritic fault which parallels, or is slightly discordant to, bedding in the sediments. The entire sequence of the Jacobina Group, comprising the mountains of the Jacobina mine area, is a thrust slice onto the Precambrian basement rocks.

The property is crosscut and broken up by N70 E trending faults. These faults have a right lateral movement of several hundred to one thousand metres and cause successive blocks of the Jacobina Group to shuffle to the east, as one moves north. These faults have some vertical component of movement to them and may be occupied by mafic dykes. The N70 E structures break the Jacobina Group up into 2 to 5 km long blocks. The structures are frequently occupied by streams which have carved deep, steep-sided valleys and which represent the dividing lines between the major mines within the area. Much more minor, bedding-parallel faults also occur near the Jacobina mines.

Within the large blocks mentioned above, the stratigraphic sequence is often a monoclinal one, dipping steeply at 60° to 70° to the east. An exception to this is the block containing the Canavieiras mine where a broad rolling fold, hosting the mineralization, changes from steep east, through flat and shallow west dips before resuming the typical steep east dip.

Detailed interpretation of structure and underground assay data completed late in the life of Jacobina suggests that locally higher-grade mineralization can occur in shear zones.

Deposit Types

Anglo American was attracted to the Jacobina area in the early 1970s by the perceived similarity of the local gold-bearing conglomerates to the well-known Witwatersrand reefs in South Africa. More recently, Goldfields' success at Tarkwa in Ghana highlighted the unique gold-bearing quartz pebble conglomerates in the lower Proterozoic of Africa and South America.

Africa and South America were originally part of a supercontinent known as Gondwanaland. Gondwanaland was originally part of an even greater land mass known as Pangea, but separated from that continent about 180 million years ago. Later, Africa and South America broke apart and drifted to their present positions.

Africa and South America have large Precambrian shield areas which underlie significant portions of both continents. The shields are composed of ancient rocks such as granite, gneiss, schist, and greenstone which were part of the primordial surface of the Earth. Sedimentary and metamorphic rocks of younger Precambrian age overlie the older rocks. The younger Precambrian rocks contain gold-bearing conglomerates (paleoplacers) which are about 1.8 billion years old. These include the Roraima, Tarkwa, and Witwatersrand sequences in South America and Africa, which are many thousands of feet in thickness.

The Witwatersrand Basin

The Witwatersrand Basin lies within the Kaapvaal Craton of southern Africa, formed 3.7 to 2.7 Ga. The strata of the basin lie unconformably on the Archean cratonic basement. The basal sequence, the Dominion Group, is a sequence of thin conglomerates and thick lava flows containing only one known gold-bearing zone and a uranium-rich stratum. The basal sequence was deposited approximately 3.0 to 2.7 Ga. After a hiatus of 100 million years, the Witwatersrand Supergroup was deposited. The Supergroup is divided into two units, the lower West Rand Group and the upper Central Rand Group. The West Rand Group was deposited at approximately 2,970 Ma and consists of shales, quartzites, grits and conglomerates and only one gold-rich conglomerate bed. In contrast, the Central Rand Group, deposited from approximately 2,914 Ma on, consists of quartzites (90%), grits and rare shale and, most importantly, numerous gold-bearing conglomerate horizons.

The exceptional gold reefs of the Witwatersrand Basin dip at 20° to 25° towards the centre of the basin and are found to persist over area of 10 to 100 km², maintaining consistent gold grades (approximately 15 g/t) and reef mineralogy. The auriferous reefs are commonly no more than one metre in thickness, although some of the richest reefs within the mid-fan facies are only centimetres thick. These reefs are conglomeratic units commonly overlying "interformational" unconformities in the alluvial fan deposits. The conglomerate units are typically pebble-supported, mature (free of clays and silts) and tightly cemented.

There are two families of thought on the formation of the Witwatersrand deposits, the paleoplacer group and the hydrothermal group. There is some evidence supporting both models. Today most people seem to believe that these deposits were placers that have locally experienced some remobilization of gold by fluids after lithification.

The Witwatersrand has produced over 43,000 tonnes of gold and the remaining reserves are known to contain another 40,000 tonnes, making it the greatest gold producing area in the world.

Tarkwa

The Tarkwa mine is located in south central Ghana. In Ghana, the Birimian greenstone belt sequence occurs as irregular basins of predominantly metasedimentary strata, separated by a series of north-east trending belts of metavolcanics, on which the majority of the major gold deposits are clustered, and a north-northwest striking belt, the Lawra belt, which extends northwards into Burkina Faso. The Birimian greenstone belts in Ghana are unconformably overlain by Proterozoic age Tarkwaian metasediments, which are host to the gold mineralization at the Tarkwa mine. The style of the gold mineralization is similar to that found in the Witwatersrand Basin, concentrated in conglomerate reefs.

The deposit at Tarkwa is composed of a succession of stacked tabular palaeoplacer units, consisting of quartz pebble conglomerates, developed within Tarkwaian sedimentary rocks. Approximately ten such separate economic units occur in the concession area within a sedimentary package ranging between 40 metres and 110 metres in thickness. Low grade to barren quartzite units are interlayered between the separate reef units.

Five separate production areas are located on and around the Pepe Anticline, a gently north-plunging fold structure that outcrops as a whaleback hill. The sedimentary sequence and the interlayered waste zones between the mineralized units thicken to the west. In 2001, Goldfields reported reserves of 131.2 million tonnes grading 1.6 g/t Au containing 6.862 million ounces of gold. Total resources were reported as 340.4 million tonnes grading 1.6 g/t Au and containing 17.067 million ounces of gold.

The Roraima Group

The Roraima group in northern Brazil, southern Venezuela and the Guyanas contains conglomerate beds (paleoplacers) in which are found gold and diamonds. Most of the placer gold and diamonds found in Venezuela and northern Brazil are thought to have been derived from paleoplacers in the Roraima (Heylman, 2000). The gold-bearing quartz pebble conglomerates of the Serra do Córrego Formation at Jacobina are the most significant known deposit of this type in South America.

Jacobina

Anglo American proposed a Witwatersrand-type paleoplacer model for the deposits of the Jacobina area and operated its mines on this principle, concentrating on stratigraphic mapping and correlation. William staff indicated to Micon during the 1998 visit that they felt this was probably the original source for the gold, but that some remobilization had taken place, and refer to the presence of narrow, gold-bearing quartz veins in some of the nearby ultramafic dykes. Micon concurred with this opinion, particularly in light of the apparent correlation of high fuchsite concentrations with high gold values. Fuchsite is a hydrothermal alteration mineral and is rare in the Witwatersrand. In addition, Micon notes that the highest-grade mineralization known to exist in the area occurs at Canavieiras where the most extensive structural deformation occurs.

The Company will be proceeding with its exploration program, using a similar geological model to William, and including more exploration effort directed towards the understanding of structure.

Exploration

The Company initiated a two phase exploration program in 2002, which was recommended by Micon.

The Company completed Phase I in 2003 and is in the process of completing Phase II of the exploration program. The Phase I exploration drill program consisted primarily of 12 NQ-sized (47.6 millimetre core) diamond drill holes totalling 2,247 metres, additional work included a regional exploration program using remote sensing imagery, analysis of airborne geophysical data, geological data compilation using GIS (geographic information system software) and a program of prospecting, sampling and mapping using garimpeiros.

The Phase II exploration program commenced in March 2003 and was planned to include 8,000 metres of NQ-sized (47.6 millimetre core) diamond drilling, induced polarization (IP) geophysical surveys and continuation of the regional exploration program. The bulk of the planned drilling is to test three major target areas in the Intermediate Reefs to outline open pit mineral resources: Serra do Corrego (1,200 metres), Morro do Vento (4,000 metres) and Joao Belo Sul (2,400 metres).

As of August 12, 2003, 31 holes totalling 3,575 metres had been completed in the Phase II program. Of these, 21 holes totalling 2,311 metres have been drilled at Serra do Corrego and ten holes totalling 1,264 metres at Morro do Vento. A number of these holes have assays pending and the most recent holes are currently being logged and sampled. As a result of the success at Serra do Corrego in defining an indicated mineral resource for inclusion in the feasibility study and the encouraging first drill results from Morro do Vento, drilling at Joao Belo Sul has been deferred until more rigs are brought onto the site.

Assaying for the program continues to be carried out by Lakefield Geosol, an ISO 9002 laboratory based in Brazil, using fire assay on 50-g pulps. Check assaying is routinely carried out, by ALS Chemex in Vancouver, on 10% of sample pulps and 5% of sample rejects. Security is maintained at the core logging and sampling facility.

Dr. William Pearson, P.Geo, Vice President of Exploration of the Company supervised all exploration work of the Company used for mineral resource estimation.

SNC-Lavalin has reviewed the description of exploration in the August Micon Report and found that the reported approach and methodologies used to obtain and interpret the results were reasonable and appropriate for mineral resource estimation. In SNC-Lavalin's opinion, the Company's exploration approach relied upon senior geological personnel who were knowledgeable and had 15 years of operating and geological experience with Jacobina.

Mineralization

Gold Mineralization

The host rocks to the Jacobina gold mineralization are highly sorted and rounded quartz pebble conglomerate reefs of the Serra do Corrego Formation. Gold occurs predominantly within well packed conglomeratic layers in which small and medium size quartz pebbles are present. The gold occurs within the matrix and often in association with pyrite and fuchsite. However, these accessory minerals also occur in the absence of gold. Gold-rich reefs show a characteristic greenish aspect because of the presence of the chromium-rich muscovite, fuchsite. Intra-reef quartzites typically contain low gold grades (<0.70 g/t Au). Higher concentrations of gold are often encountered within the foreset beds, adjacent to topset beds, within a cross-bedded reef although this may also reflect structural upgrading. Two important examples of this style of mineralization are the Canavieiras mine and the Garimpo Americano, both important exploration targets.

The gold-bearing reefs are typically 1.5 to 8.0 m wide, showing a lenticular shape with their major axis dipping easterly. These reefs can be followed along strike for hundreds of metres, and in some cases for kilometres. Some contacts between reefs and the later crosscutting mafic and ultramafic intrusives are enriched in gold.

Not all conglomerates of the Serra do Corrego Formation are mineralized and many are completely barren of gold. Although they are quite homogeneous along their strike and dip extensions, the mineralized conglomerates differ from one another in stratigraphic position and mineralization patterns. The differences are likely due to changes in the depositional environment, and possibly also in the source areas. Recent work by JMC in the later years of mine operation, however, indicates that structure has a more important role in localizing gold mineralization.

Ore Zone Descriptions

While the reefs are variable in thickness, they are very continuous in strike length and down dip extension, reflecting their sedimentary origins. Gold has a heterogeneous distribution within these reefs, with higher-grade concentrations often found at the upper contacts. These higher-grade zones have been interpreted as being due to paleo-weathering, but may also reflect structural upgrading. There are, however, other zones of gold enrichment related to tectonic activity. In some cases (e.g. Canavieiras) the structural enrichment by remobilization is much more important than any weathering related enrichment.

Most of the gold occurs in the form of free gold, hosted almost exclusively in the matrix of the quartz pebble conglomerates. Locally, economic zones of gold mineralization are found within the adjacent quartzites, but these are of limited importance. The gold-mineralized matrix of both the conglomerates and adjacent quartzites are typically rich in fuchsite, giving the rocks a distinctive green colour on a fresh surface. However, fuchsite-bearing conglomerates with little or no gold also occur.

Several of the conglomerates also have significant pyrite concentrations in their matrix, although the presence or absence of pyrite is not a useful indicator of gold grades.

Similar to other gold-bearing quartz pebble conglomerates of the world, the reefs at Jacobina also contain trace amounts of uranium, a potentially useful exploration tool especially in areas covered by later sediments.

Stratigraphy Of The Gold Mineralized Units Of The Lower Conglomerate Member

The Lower Conglomerate Member contains two principle reefs, the Basal Reef and the Main Reef.

The Basal Reef is presently known only at Itapicurú where it has been recognised along 1,600 m of strike, 700 m of which is exposed by underground development. It constitutes the first conglomerate of the sequence, usually laid directly over the gneiss-greenstone basement although a narrow, basal quartzite bed is found locally between the basal conglomerate and the basement. Typically the basal conglomerate is three to eight metres thick and pyritiferous, with small- to medium-sized well-packed pebbles. Economic concentrations of gold occur along its lower portions, which are interpreted to result from the concentration of gold along shear zone contacts. A layer of pebbly quartzite and a poorly-packed large pebble conglomerate with erratic and uneconomic concentrations of gold covers it.

The Main Reef is the next gold-mineralized conglomerate in the sequence and is composed dominantly of cross-bedded quartzite, with local conglomerate horizons. This zone is up to twelve metres thick, and is located about 60 to 90 m above the basement. As with the Basal Reef, the Main Reef zone occurs at Itapicurú, extending for 3,000 m from the Morro do Cuscuz area in the north, to Morro do Vento, in the south.

Along its full extent, the Main Reef Zone lies between two remarkably continuous and contrasting conglomerates. The Footwall Conglomerate is a very well packed and sorted, oligomictic, pyritiferous, medium-sized pebble conglomerate. It is 35 to 45 m thick. The Hangingwall Conglomerate is a 30 m- to 40 m-thick, poorly packed, oligomictic, large pebble conglomerate, devoid of pyrite and gold grades, and locally occupies channels cut in the Main Reef Zone.

The Main Reef is exposed underground along its complete strike length. It consists of a bed of pyritiferous, small to medium pebble conglomerate. It varies from 0.1 to 3.0 m in thickness, with an average of about 2.0 m. Three channels of deposition have been identified, which usually narrow gently towards their edges and locally host enriched gold concentrations due to possible reworking.

Although it presents attractive grades and thickness, as demonstrated by core holes and the underground exposures, the central channel is broken by a zone of closely-spaced faults, and split into small slices, inhibiting mechanized mining. Only a small part of this channel was exploitable with the methods used and was not considered a mineral reserve for the mine. However, the southern channel is remarkably continuous and uniform and constitutes most of the resources and reserves previously reported by JMC for this conglomerate.

Stratigraphy Of The Gold Mineralized Units Of The Upper Conglomerate Member

The Upper Conglomerate Member contains sections of mineralized conglomerate units along its complete strike length, from Serra Branca in the north to Campo Limpo in the south, a distance of 28.5 km. The better-known conglomerates are those already exposed by mining at Canavieiras, Serra do Córrego, Morro do Vento and João Belo.

The Upper Member has a great number of conglomerates, all well-packed, pebble-supported, oligomictic, and dominantly consisting of medium to very large quartz pebbles. The conglomerates are concentrated in three massive units, each one aggregating to 65 to 80 m in thickness, all containing interbeds of planar or through cross-bedded quartzite. The three conglomerate units (Lower, Intermediate, and Upper) are separated by two quartzites with widths ranging up to 90 to 100 m.

The Lower Conglomerate Unit of the Upper Conglomerate Member is host to most of JMC's resource base reported at the time of mine closure, including the LMPC reef at the João Belo mine and the Intermediate Reef sequence at the Itapicurú mine. The conglomerate beds consist typically of medium to large quartz pebbles supported in a sandy matrix. The fuchsite-rich matrix has significant but variable amounts of pyrite. The individual conglomerate beds can be traced on surface and in underground workings for hundreds of metres along strike and possess significant down dip extension.

At the João Belo North mine, the Lower Unit of the Upper Conglomerate Member consists of three consecutive, well-packed, pyritiferous quartz-pebble conglomerate units, all of which host mineralization that was previously mined. The lower conglomerate layer, or MPC Reef, is mostly comprised of medium-sized pebbles, with a thickness of 1.0 to 3.5 m. The second conglomerate layer, or LMPC Reef, consists of large and medium pebbles and is 3 to 15 m thick with variable gold values. The upper conglomerate layer, or LVLPC Reef, varies from 3.0 to 5.0 m in thickness and consists of large to very large pebbles in a greyish matrix. At some sites there is a mineralized small pebble conglomerate, known as the SPC Reef, at the upper contact of the LVLPC. Thin wedges of quartzite often mark the contacts between the three conglomerates. There are also differences in the colour of some pebbles, ranging from pink to yellow to green. The mined zones extend for at least 900 m along strike and mine workings are presently focused in the LMPC Reef.

The João Belo mine included ore zones north and south of the cross cutting mafic dike. The area immediately south of the dike is called João Belo South Extension and was drilled during 1997, confirming the continuity of the mine stratigraphy over 450 m to the south of the mine workings with similar grades and widths.

At Itapicurú (Morro do Vento), three oxidized conglomerates of the Lower Unit of the Upper Conglomerate have been developed and partially exploited underground. All three have a pyrite-rich matrix and are well packed. The lower is the Inferior Reef, with medium to large pebbles being continuous along strike for 250 m, and 1.4 m thick. Above it, the Superior Reef (marked LMPC on the section) is characterized by medium to small pebbles toward the top and medium to large pebbles in the base. The best-mineralized area is at the centre of Morro do Vento where over 280 m of strike length, with more than 3.0 g/t Au over 6.8 m thickness has been defined. The upper mineralized conglomerate is the LVLPC Reef, made up of large and very large pebbles, but which is only locally mineralized.

At Serra do Córrego and Canavieiras the LU and MU Reefs (Lower Unit and Middle Unit) are located in the base of the Upper Conglomerate Member. At the Canavieiras mine, these two reefs do not outcrop but were identified by three drill holes below the Piritoso Reef and are limited by faults and intrusive rocks. The LU Reef occurs in the top of a conglomerate layer with medium-sized pebbles. The MU Reef is pyritiferous, with large- to medium-sized pebbles and is more than 20 m thick.

At Serra do Córrego the LU and MU Reefs outcrop along a strike length of over one kilometre. They are pyritic and contain medium-sized pebbles with locally higher gold values near the top.

In the Intermediate Unit of the Upper Conglomerate Member, mineralized conglomerates are more frequent in the lower section, and frequently amongst non-economic conglomerate beds. They have a pyrite and fuchsite-rich matrix, and typically are one to several metres in thickness, with hundreds of metres of strike extension and a significant down-dip extension. Some have smaller pebbles and better packing at their upper contact, clear indications of alluvial reworking.

At the Canavieiras mine, the Intermediate Unit of the Upper Member is 82 m thick and is characterized by six well-mineralized and well-packed oligomictic, and highly-pyritiferous conglomerates, of which the lower two, the Piritoso and the Liberino, were more developed and exploited along 500 m of strike length. Both are extensively oxidized on the developed levels. The most productive is the Piritoso Reef, located 10 m below the Liberino Reef, with 0.9 to 1.7 m of thickness and pebbles of medium size, where higher than average grades have been discovered. The Liberino Reef, averaging 6.1 g/t Au, is typically 1.3 m thick and consists of medium to large pebbles, in a greenish matrix (fuchsite). The other reefs of the Intermediate Member are the 4A, 4B, N5, Holandes and Maneira. These were only mined locally.

When mineral resources were estimated in 1997, the Canavieiras mine was considered to be of secondary importance. However, structural and stratigraphic reviews had shown that the LU-MU reef could exist below the previously-mined Piritoso Reef. One diamond drill hole was drilled in October/November 1997 which gave results of 7.07 g/t Au over a 24.0 m true width from the MU reef, and 2.55 g/t Au over 3.01 m from the LU reef.

These results significantly added to the knowledge of these deeper ore zones, and indicate a potential for the discovery of significant new mineral resources, not only in the Canavieiras mine, but throughout all of the mineralized zone of the Serra do Corrego Formation.

The Liberino and Piritoso reefs in the Canavieiras mine contain some of the highest grade ore ever mined by JMC. This mine has very complex structural geology and the mineralized zones are limited by large faults, many of them filled with sheared volcanic material. The higher-grade nature of this mineralization could well be related to this structural complexity.

Drilling

Drill Results

All drilling undertaken by the Company was conducted by contract diamond drillers using modern wireline surface drill rigs. The drills were aligned using foresights and backsights set up by the Company's geologists. All holes were stopped under geological control to ensure that target horizons had been reached.

Serra do Corrego, located two kilometres north of the processing plant, is a 900-metre long target zone in the Intermediate Reefs. Drill holes in the Phase I program suggested the potential for an open pit zone approximately 30 to 40 metres wide grading in the order of 1.0 to 1.3 g/t Au. The results of the definition drilling continue to confirm the overall continuity and grade of mineralization within the target zone. The new drill data combined with historical drill information have been used to estimate a new mineral resource.

Hole SCO-83, the first drill hole of the Phase II program, returned results of 3.70 g/t Au over a true width of 9.9 metres in the Maneira Reef and 0.86 g/t Au over 7.4 metres true width in the Holandes Reef. These reefs are approximately 200 metres stratigraphically above the Intermediate Reefs and are exposed continuously over a strike length of 1,800 metres on the east flank of the Serra do Corrego hill.

The focus of the additional drilling, from SCO-84 onwards, has been definition drilling of the Intermediate Reefs to outline an indicated mineral resource for inclusion in the feasibility study. Results indicate two higher-grade conglomerate reefs known as the Middle Unit (MU) and Lower Unit (LU) with lower grade mineralization in the quartzite separating them. Results from several holes such as SCO-84, which returned an average grade of 1.39 g/t Au over a true width of 32.1 metres, indicated potential for a significant open pit zone.

The Company has identified a second large, potentially open-pittable target zone in the Intermediate Reefs at Morro do Vento. This area is located 1.5 kilometres south of the processing plant and is the southward continuation of the same reefs as at Serra do Corrego and Morro do Cuscuz from which significant drilling results were obtained in the Phase I program.

At Morro do Vento, the Intermediate Reef package consists of quartz pebble conglomerate layers interbedded with quartzite that averages about 70 metres in width and extends along strike for 2 kilometres. This package has been previously explored by 20 wide-spaced diamond drill holes over the 2-kilometre strike length as well as in limited underground workings. Conglomerates comprise approximately 25% to 40% of the package which has an overall average grade ranging from 1.5 to 1.7 g/t Au. The following table sets forth drilling results at Morro de Vento.

Table 4
DRILL RESULTS

Hole No.⁽¹⁾	Dip (degrees)	From (m)	To (m)	Gold (g/t)	Interval (m)	True Width (m)	Depth Below Surface⁽²⁾ (m)
MVT-289 ⁽³⁾	- 61	161.23	181.64	4.42	20.41	11.2	80
MVT-290	-63	142.46	148.06	2.92	5.60	4.9	90
MVT-291 Dip – 70 deg. Incl.	-70	35.46	38.25	1.42	2.79	2.3	40
		51.32	58.95	1.73	7.63	6.3	58
		74.60	128.64	1.48	54.04	44.3	106
		74.60	95.48	2.58	20.88	17.1	90

⁽¹⁾ All holes are NQ diamond drill core size

⁽²⁾ Depth calculated based on midpoint of intersection

⁽³⁾ Assays are pending

Drilling in the Phase I program at Joao Belo Sul, located two kilometres south of the former Joao Belo Mine, outlined a major extension to the known mineralization. Hole JBA-292 intersected 3.75 g/t Au over a true width of 14.6 metres at a depth of about 69 metres below surface. This intersection included a high-grade section of 10.62 g/t Au over 3.6 metres true width. Ten holes totalling 2,400 metres are planned at Joao Belo Sul in Phase II.

The mineralized horizons intersected in the holes at Joao Belo Sul are believed to continue to the south for an additional nine kilometres of strike length to the Campo Limpo area where eight wide-spaced holes were previously completed over a strike length of 1,000 metres in the 1980's. Significant results returned included 3.76 g/t Au over 9.5 metres true width and 2.65 g/t Au over 7.4 metres true width. Additional work must be completed to assess these intersections and evaluate continuity.

Interpretation of Drill Results

The information in this section has been derived from and, in some cases, excerpted from the Feasibility Study.

As of August 17, 2003 the database of drill results at the Jacobina project was considered “frozen” for the purposes of estimating resources (i.e. any subsequent sampling data was excluded from the mineral resource estimate database, although SNC-Lavalin understands from DSM that exploration drilling continued on the property). The drill database used for Feasibility Study resource estimation by SNC-Lavalin was comprised of the JMC database (representing 95% of the reported total drilling meterage) and the more recently compiled drill database of the Company (representing 5% of the reported total meterage). The aggregate database was comprised of 1,003 drill holes and 118,000 m of drilling. A complete description of the drilling was not within the scope of the Feasibility Study. However, SNC-Lavalin did provide the following chart summarizing the drill holes available by major exploration area, such chart being originally compiled by Micon.

Table 5
SUMMARY OF REPORTED DRILLING, JACOBINA MINE

Area	Holes in Data Base		Old Drill Holes		New DSM Drill Holes	
	Number of Holes	Length (m)	Number of Holes	Length (m)	Number of Holes	Length (m)
Canavieiras (CAN)	111	12,551.46	107	11,330.27	4	1,221.19
Rio Coxo (COX)	2	189.18	0	0.00	2	189.18
João Belo Norte (JBA)	347	31,515.07	345	31,244.23	2	270.84
João Belo Sul (JBS)	10	1,890.28	10	1,890.28	0	0.00
Lagedo Preto (LGP)	22	3,724.47	22	3,724.47	0	0.00
Serra da Lagartixa (LGX)	1	740.42	1	740.42	0	0.00
Morro do Cuscuz (MCZ)	89	11,418.47	88	11,209.88	1	208.59
Morro da Viuva (MVA)	8	1,257.98	8	1,257.98	0	0.00
Morro do Vento (MVT)	340	43,385.12	330	42,121.03	10	1,264.09
Serra Branca (SBC)	7	2,050.71	7	2,050.71	0	0.00
Serra do Córrego (SCO)	109	14,883.67	85	12,210.52	24	2,673.15
TOTAL	1,046	123,606.83	1,003	117,779.79	43	5,827.04

JMC Drilling

The database developed by JMC is comprised of three types of sample data. These include surface drilled BQ (36.5 mm diameter core), underground TT sized core and channel/chip samples that have been composited into pseudo holes for use in resource estimation.

Until the 1990's, the JMC database was strictly paper based. JMC partially computerized the database after acquisition by William. The Company has since completed this transfer to an electronic database. As part of the transfer the Company undertook a detailed verification of all hole data checking original drill logs, assay certificates, survey data, maps and sections. The transfer of data and verification of inputs was undertaken by the Company staff, some of which were also employed by previous operators and was supervised by qualified person Dr. William Pearson, P.Geo., Vice President of Exploration of the Company.

All drill hole set-ups were located by a surveyor. Drill hole locations were marked with a foresight and backsight, hole number, inclination and hole length. Completion of drill holes was supervised by a geological technician who inspected core prior to approving drill moves. All drill collars were surveyed upon completion by mine surveyors. Most holes were less than 100 m in length and were surveyed using a downhole Tropari instrument.

Mapping of development headings at 1:200 scale were used to guide locations of channel samples. These samples were taken in areas proximal to or within conglomerate. Mapping and chip/channel sampling as well as drill data were plotted on sections and plans and used for resource estimation.

Company Drilling

The Company's drilling reported as of August 10, 2003 was comprised of 5,827 m in 43 NQ drill holes. Drilling was divided into two Phases. Phase I was comprised of twelve NQ holes, while Phase II as of August 12, 2003 was comprised of 41 holes. That program was still ongoing at the time of writing of the August Micon Report.

The Company's drilling was completed by contract diamond drillers using standard wireline surface drill rigs. The Company's staff geologists set up drill holes using foresights and backsights and ensured all drill holes were terminated once target horizons had been completely tested. All drill exploration work by the Company was supervised by qualified person Dr. William Pearson, P.Geo., Vice President of Exploration of the Company.

Logging was completed by the Company's employees, several of whom were former JMC employees. Their familiarity with local rock types, stratigraphy, mineralization controls and rock codes previously used ensured consistency of procedures and logging within the database. Lithologic codes used in the database were developed after extensive study by Anglo American geologists and sedimentologists.

The August Micon Report contains more detailed results of Phase I and Phase II.

Recent drilling used for the current resource estimate was focused on the 900 m long Intermediate Reef zones of Serra do Corrego, located 2 km north of the processing plant. The results of the DSM infill definition drill program confirm the overall continuity and grade of mineralization within the zone. Results indicate two higher grade conglomerate reefs known as the Middle Unit (MU) and Lower Unit (LU) with lower grade mineralization separating them.

SNC-Lavalin has reviewed the reported methodologies used for drilling, as summarized above, and found them to be reasonable.

The following table provides a summarized interpretation of drill results as well as an indication of zone true thickness. The reader is referred to the August Micon Report for additional information regarding sectional and longitudinal interpretations.

Table 6
SUMMARIZED INTERPRETATION OF RESULTS AND ZONE THICKNESS

Mine	Zone	Location	Strike	Thickness	Description
Itapicuru	LVLPC	Morro de Vento	210 m	1.5 m	Large and very large pebbles, only locally mineralized.
	Superior Reef	Morro de Vento	300 m	6.8m	Medium to small pebbles, irregularly mineralized.
	Inferior Reef	Morro de Vento	250 m	1.4 m	Medium to large pebbles.
	Main Reef	60 to 90 m above basement, Itapicuru	3,000 m	Beds of 0.1 to 3.0 m Zone up to 12 m	Pyritic, small to medium pebble conglomerate beds. Three channels of deposition, broken by faults.
	Basal Reef	Base Itapicuru	1,600 m	3.0 to 8.0 m	Small to medium pebbles, enrichment of gold at its upper and lower portions.
Canavieiras	Piritoso	Canavieiras	500 m	0.9 to 1.7 m	Average grade of 9.5 g/t Au, medium size pebbles.
	Liberino	Canavieiras	500 m	1.3 m	10 m above Piritoso, average grade of 6.1 g/t Au, medium to large pebbles.
	MU	Canavieiras	400 m	5 to 25 m	Pyritic, medium to large pebble conglomerates.
	LU	Canavieiras	400 m	1 to 10 m	Pyritic, large pebble conglomerates.
João Belo	LVLPC	João Belo Norte	600+ m	3 to 5 m	Large to very large pebbles.
	LMPC	João Belo Norte	600+m	3 to 15 m	Large to medium pebbles, variable gold values.
	MPC	João Belo Norte	600 m	1.0 to 3.5 m	Medium size pebbles, locally contains pay values.

Sampling and Analysis

The information included in this section was derived from and, in some cases, excerpted from the Feasibility Study.

All drill core from the Jacobina property to be sampled was split in half and one half submitted for assay. In the early portions of the program a hand splitter was used. In the latter part, a diamond saw was obtained and sawing replaced most of the splitting except for lower priority samples. Sample lengths were selected based on lithology with the typical sample being about 0.5 metres long and the longest being approximately 1.0 metres. Much more extensive sampling of the surrounding quartzites is now being conducted because of the potential for low gold grades to affect potential open pit economics.

All samples were tagged with the sample tag stapled to the core box at the start of the sample and a second tag with the same number placed in the sample bag. Care was taken to thoroughly clean the splitter after each sample to avoid contamination of subsequent samples. All drill core, with the exception of some sections of barren intrusive, was split and sent for assay.

At the Jacobina property, a large covered storage facility (roof only), with offices, is maintained for logging and racking of core. This facility is protected by wire mesh and has a locked gate to prevent unauthorized access. It has power and water and is located behind the former Jacobina mine's main gate. Core is transported directly to this facility, from the drill rigs, and is logged and sampled. Bagged samples are stored in this secure environment at the mine until transported to the laboratory.

The primary analyses of all samples were performed by Lakefield Geosol Ltda. (Lakefield), an ISO 9002 certified laboratory located in Belo Horizonte. Samples were routinely shipped, in batches of 200 to 300, by truck to Salvador and then by air freight to Belo Horizonte. Turnaround time in the laboratory was approximately seven to ten days after receipt of samples.

For all batches of samples, 10% of the pulps and 5% of the rejects were routinely sent to a second laboratory, ALS Chemex (Chemex) in Vancouver, B.C. Selected pulps and rejects are sent to ALS Brasil by Lakefield Geosol. ALS Brasil rebags and numbers the pulps and pulverizes the rejects to 95% passing 200 mesh. These samples are shipped to Vancouver for analysis.

Security of Samples

The information in this section has been derived from and, in some cases, excerpted from the Feasibility Study.

JMC maintained a large covered storage facility (roof only), with office, for logging and racking of core. This facility is equipped with power and water, protected by wire mesh and has a locked gate to prevent unauthorized access. A security presence was maintained at the mine during its closure after 1998 so that any old core retained by the previous operators remains intact and in relatively good condition. The Company has continued logging core at this site.

Core is transported directly to this facility from the drill rigs, and is logged and sampled. Bagged samples are stored in this secure environment at the mine until transported to the laboratory.

Mineral Resource and Mineral Reserve Estimates

Mineral Reserves

The mining aspects of the Feasibility Study, including the estimation of mineral reserves, are based on a report prepared by Dynatec Corporation entitled "Feasibility Study to Establish the Viability of an Underground program at the Jacobina Mine Operation, Brazil" dated September 2003 (the "Dynatec Report").

SNC-Lavalin reviewed the estimated mineral reserves prepared by Dynatec. SNC-Lavalin opined that such mineral reserve estimates represent an estimate of the mineral reserves at Jacobina that, subject to certain assumptions and qualifications stated in the Feasibility Study, were prepared in accordance with methodologies that are compliant with the Canadian Institute of Mining, Metallurgy and Petroleum Standards and Mineral Resources and Reserves Definitions and Guidelines, the mineral reserve estimates set out in the Dynatec Report are set out in the following table.

Table 7
MINERAL RESERVES

	Proven		Probable		Proven and Probable	
Operations	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)
Joao Belo	1,720,000	2.20	5,750,000	2.08	7,471,000	2.10
Basal Reef	Nil	Nil	2,304,000	2.51	2,304,000	2.51
Serra do Córrego	Nil	Nil	972,000	2.14	972,000	2.14
Total	1,720,000	2.20	9,026,000	2.19	10,746,000	2.20

The qualified person that prepared the mineral reserve estimate for Dynatec was Mr. L. R. Hwozdyk, P. Eng., an associate of Dynatec. The mineral reserve estimates are as of August 2003.

SNC-Lavalin's review of the estimate in the Feasibility Study confirmed that only mineral resources that have demonstrated economic viability have been included in the estimated mineral reserves.

Mineral Resources

Micon has re-examined the updated mineral resource estimate. In August 2003, Micon opined that the estimates of the mineral resources at Jacobina were compliant with the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves Definitions and Guidelines and reportable by the Company. The qualified person responsible for the above mineral resource estimate was Mr. B. Terrence Hennessey, P.Geo., of Micon.

Table 8
MINERAL RESOURCES⁽¹⁾

Category	Mine	Tonnes	Grade (g/t Au)	Contained Gold (ounces)
Measured	João Belo	2,301,000	2.41	178,100
	Itapicurú	245,000	5.70	44,900
	Serra do Córrego	10,000	7.50	2,400
	Canavieiras	56,000	6.73	12,100
	Subtotal	2,612,000	2.83	237,500
Indicated	João Belo	6,818,000	2.31	506,700
	Itapicurú	3,860,000	3.51	435,900
	Serra do Córrego	909,000	2.39	69,800
	Canavieiras	603,000	5.80	112,400
	Subtotal	12,190,000	2.87	1,124,800
Inferred	João Belo	8,574,000	2.77	764,100
	Itapicurú	12,203,000	2.00	784,100
	Serra do Córrego	1,812,000	2.95	171,900
	Canavieiras	4,026,000	3.55	458,900
	Other Areas	2,872,000	3.25	300,500
	Subtotal	29,487,000	2.62	2,479,500

⁽¹⁾ Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining Operations

Mining

According to the Dynatec Report, mining at the Jacobina site will be by sub-level open stoping methods using trackless techniques. Access to the mine will be via existing adits and ramps with extensions where required. The mine plan consists of stopes that approximately extend from 786 m level to 730 m level, 730 m level to 665 m level, 665 m level to 605 m level and 605 m level to 475 m level (working down dip). The vertical stope height is approximately 60 metres except for the 605 m level to 475 m level stope blocks. In general, the layout provides for drill drives to be established at intervals that limit longhole drilling to approximately 30 metres. Drilling will be by tire-mounted, top-hammer drill rigs and will take place from the sub-level and the drill drift or undercut drift. Drill patterns have been based on the previous experience of the Company. ANFO will be the blasting agent used in the upholes. Cartridges of emulsion type explosive will be used for downholes and when wet conditions are encountered. All production mucking will be performed by 6.2 metre three load-haul-dump machines equipped with remote controls. Volvo 35 trucks will transport the ore to a surface stockpile. In the opinion of SNC-Lavalin, the mine plan proposed by Dynatec is reasonable.

Recoverability

Based on the metallurgical testwork completed by Lakefield, gold recovery during the conventional carbon-in-pulp circuit has been estimated by SNC-Lavalin to be 96.5%.

Plant Infrastructure

Plant infrastructure has been based on SNC-Lavalin's observations at the Jacobina mine site and information provided by GEST – Engenharia e Consultoria Ltda. ("GEST") and the Company.

The existing access road from the town of Jacobina will provide access to the Jacobina plant. Freshwater supply will be taken from the existing Cuia water dam. The existing freshwater distribution pumps, firewater pumps and potable water treatment pumps will be refurbished. Mine water will be supplied to each of the operating mines. Sewage from the process plant and the Joao Belo mine will be collected and disposed of in the existing sewage collection systems. The existing system of stormwater diversion drains and ditches divert clean stormwater around the process plant site area. The system is designed for zero stormwater discharge from the process plant area.

Water Management

Water management aspects of the Feasibility Study have been based on the observations of SNC-Lavalin and information provided by GEST and the Company. Input has been provided by GEST under the supervision of SNC-Lavalin. The capacity of the existing tailings management facility ("TMF") has been estimated to be 4.5 Mt. This estimate is based on the existing pond elevation of 632 metres and a current maximum storage design elevation of 640 metres. Dam capacity will be adequate for three years at the proposed 1.5 Mt/a deposition rate. As of the second year after starting of the project, it will be necessary to raise the main dam and to build two saddle dams. It will be necessary to construct new drainage diversion ditches when the tailings dam is raised. The new ditches will be at the higher elevation to divert drainage around the raised dam and the two saddle dams.

Environment

Although an environmental impact assessment ("EIA") is not specifically required by Brazilian regulation to restart a previous operating mining project, the Company retained GEST to work with SNC-Lavalin to review the environmental regulatory framework, compile historic environmental data, review the proposed design for the Jacobina restart, provide a preliminary assessment of potential impacts and suggest measures that could be incorporated into the design of the facility to minimize the significance of potential impacts and ensure compliance with applicable regulatory standards. Specific environmental tasks conducted during the feasibility stage included:

- a preliminary inventory of existing environmental conditions, characterizing the general region in which the mine is located and the project site carried out by GEST and confirmed by SNC-Lavalin through their site visits;

- initial consultation with state and federal environmental agencies by the Company and GEST;
- a preliminary inventory of existing environmental contamination that resulted from the previous Jacobina mine operation, as observed by GEST and confirmed through SNC-Lavalin's site visits;
- an overview of the environmental regulatory framework and licensing requirements provided by GEST;
- a preliminary environmental impact assessment of the proposed mine restart, including design modifications and mitigation to reduce the impact of the restart project to the environment, which was supervised by SNC-Lavalin;
- development of the objectives and framework for an environmental management plan supervised by SNC-Lavalin; and
- conceptual rehabilitation and closure plan developed by SNC-Lavalin with some data and advice provided by GEST.

Based on information provided by GEST and the Company, SNC-Lavalin concluded that:

- the risk of significant environmental contamination from effluent discharges and emissions is low;
- the risk of TMF failure or environmental contamination is low;
- environmental permitting and approvals can be obtained in a timely manner; and
- the risk of contamination following closure is low.

It is the opinion of SNC-Lavalin, on the basis of its observations and information provided by the Company and GEST, that at this stage the risk of significant environmental impacts and/or schedule delays arising from environmental or socio-economic concerns, either during operation, or following closure, is considered to be low. Additional studies and analyses at a higher level of detail will need to be conducted in subsequent stages of development to confirm these conclusions.

SNC-Lavalin recommended that during basic engineering the environmental component be expanded to include the following key activities:

- preparation of an environmental management plan;
- preparation of a comprehensive site closure and rehabilitation plan, including a refined estimate of costs and schedule for implementation of closure activities;
- ongoing consultation with municipal, state and federal environmental regulatory agencies and further refinement of the regulatory framework which applies to the restart of operations;
- further coordination of environmental elements into facility design;
- additional data collection in areas considered important for updating the pre-construction environmental baseline and for facility design (expected to include surface and groundwater sampling and additional characterization of historic contamination);
- preparation of necessary permit applications and all supporting analyses/documentation, including a more comprehensive environmental assessment document; and
- community consultation activities.

SNC-Lavalin has been advised by the Company that the above referenced engineering has been initiated in part.

Implementation Schedule

The following major milestones for the Jacobina Project were set out in the Feasibility Study.

Milestone Description	Date
Project financing available	November 2003
Award of Licence of Operation	December 2003
Commence Joao Belo mine dewatering	January 2004
Mobilize for civil construction and expansion	January 2004
Complete mine access slashing	March 2004
Commence pre-production mine development	March 2004
Commence new electrical and mechanical installation	June 2004
Commence commissioning for pre-start	July 2004

Milestone Description	Date
Commence pre-start milling	September 2004
Commence process procurement activity	December 2004
Release electrical bulks for purchase	December 2004
Commence commissioning for full production	November 2004
Milling at full production	January 2005

Cost Estimates and Financial Analysis

Cost estimates and financial analysis prepared by SNC-Lavalin followed methodology and procedures and exercised due care consistent with the intended level of accuracy, using its professional judgment and reasonable care and is thus of the opinion that there is a high probability that actual costs will fall within the specified margin of error. However, no warranty should be implied as to the accuracy of estimates. SNC-Lavalin expressed no opinion in respect of estimates provided by the Company or others.

The capital cost is estimated to be US\$33,857,000, excluding sustaining capital and mine closure costs. This estimate includes a 12.3% contingency on the process plant and infrastructure. The overall intended accuracy of the estimate is plus or minus 15%. The following table breaks down the estimated capital costs.

Item	Estimated Cost
Underground Mine	US\$18,184,000
Surface Mine Infrastructure	1,201,000
Site and Process Infrastructure	841,000
Process Area	5,536,000
Tailings	340,000
Instrumentation	400,000
Indirect Costs	6,024,000
Owner's Cost	1,331,000
Total Estimated Costs	US\$33,857,000

Other Capital

The Company estimates that the other capital required to sustain the operation will be US\$2,275,000. Most of the expenditures are projected to be incurred in 2008 and 2009 in respect of underground equipment rebuilds. According to the Feasibility Study, the tailings management facility will be upgraded in 2007. The cost of this work has been estimated to be US\$852,000. On the basis of the proposed mine closure plan developed by SNC-Lavalin and GEST, GEST has estimated mine closure costs to be US\$2,309,000. SNC-Lavalin has reviewed the basis and details of these costs and concurs with the estimate.

Operating Cost Estimate

The operating cost estimate covers all aspects of the proposed operation. The estimate is based on an exchange rate of US\$1.00 = BRL3.00. The mining costs have been estimated by Dynatec, and the process and general and administrative costs estimated by SNC-Lavalin. The following table provides a summary of the unit costs.

Area	US\$ per tonne
Mining	7.50
Process	4.70
General and Administrative Costs	0.69
Total	12.89

Financial Analysis

SNC-Lavalin Capital Inc. carried out the financial analysis. The following table summarizes the results of the financial analysis. Two financial models have been run with the second model incorporating a tax loss of US\$45,333,000, which the Company reported to be available.

Activity	Estimated Project Totals
Ore milled (tonnes)	10,746,000
Recovered gold (oz)	731,000
Revenues ('000 US\$)	255,884
Capital expenditures ('000 US\$)	33,857
Sustaining capital and closure costs ('000 US\$)	5,470
Expenses ('000 US\$)	140,139
EBITDA ('000 US\$)	115,745
Net income after taxes ('000 US\$)	51,334
Project estimated internal rate of return (IRR)	37.3%
Project IRR with tax loss	39.2%
Project net present value (NPV) @ 5% ('000 US\$)	37,560
Project NPV @ 7% ('000 US\$)	32,695
Project NPV @ 10% ('000 US\$)	26,452
Project NPV @ 5% ('000 US\$) with tax loss	38,102
Project NPV @ 7% ('000 US\$) with tax loss	33,319
Project NPV @ 10% ('000 US\$) with tax loss	27,166

The mine life is seven years based on the currently defined proven and probable mineral reserves estimated by Dynatec in the Dynatec Report. The average cash cost has been estimated to be US\$189/oz over the seven-year life of the mine, excluding preproduction ore. The average amount of gold produced over the seven-year mine life, excluding preproduction ore to be mined in 2004, has been estimated to be approximately 102,500 ounces of gold per year. The financial analysis was conducted based on the following main assumptions:

- all amounts are computed in US dollars;
- the model was run with an assumption of no inflation;
- gold price of US\$350 per ounce. Gold price sensitivities were carried out. For a gold price variation of +10%, the estimated IRR would have an increase in 9.9% and for a variation of -10%, it would have a decrease of 11%;
- operating expenses are estimated to range between US\$7.99 and US\$13.90 per tonne of ore for each year of the project. Variance by year is dependent on the production for any given year;
- the model assumed that the Jacobina project is owned 100% by a Brazilian entity; and
- the analysis was performed using estimates of revenues, expenses, operations and maintenance costs and capital expenses as described in the Feasibility Study. A royalty of 1% of gross revenue has been included in the expenses.

In September 2003, the Company exercised its option to acquire the remaining 49% interest of the Jacobina property from Valencia Ventures Inc. (formerly, William Multi-Tech Inc.) ("VVI"). The purchase price of \$5 million was satisfied through a cash payment of \$2 million and the issuance of 1,851,852 common shares in the capital of the Company to VVI at a price of \$1.62 per share. As a result of the exercise of this option, the Company owns 100% of the Jacobina property subject to a 5% net profit interest in favour of a third party.

Mine Life

In September 2003, the Company received the report of Steffen Robertson and Kirsten (Canada) Inc. ("SRK") in respect of a preliminary assessment of the extended life of mine plan for the Jacobina property based upon an evaluation of the economic potential of the inferred mineral resources at the Jacobina property. The results of this preliminary assessment of SRK are summarized in a material change report of the Company dated September 12, 2003, which is incorporated herein by reference and can be viewed at www.sedar.com.

Exploration and Development

A description of the Company's current and contemplated exploration and development activities is included under the heading "Narrative Description of the Business – Exploration" on page 7 of this annual information form.

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION**5.1 Annual Information**

	Year ended August 31		
	2003	2002	2001
Net sales or total revenues	\$82,442	\$2,414	\$107
Income from continuing operations			
- in total	Nil	Nil	Nil
- per share	(0.00)	(0.00)	(0.00)
Net income (loss)			
- in total	(\$2,254,073)	\$(125,421)	\$(38,569)
- per share	(0.09)	(0.01)	0.00
Total Assets	10,088,156	1,812,288	31,947
Total long term debt	Nil	Nil	62,102
Cash dividends declared per share	Nil	Nil	Nil

The Company's accounting policy with respect to deferred exploration costs is to capitalize expenditures incurred and charge the amounts to income when properties are developed to a stage of commercial production, through unit of production depletion. If an area of interest is abandoned or if it is determined that its value is less than book value, the related costs are charged against income in the year of abandonment or determination of value.

In the fiscal year ending August 31, 2002, the Company wrote-off its investment in the Tubutama borate project. This one time write-off was in the amount of \$23,249.

5.2 Dividends

The Company has not paid any dividends since incorporation and the Company does not expect to pay dividends in the foreseeable future. Payment of dividends in the future is dependent upon the earnings and financial condition of the Company and other factors that the directors may deem appropriate at the time. However, the Company is not limited in any way in its ability to pay dividends on its common shares.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the information under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 13 through 20 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference and can be viewed at www.sedar.com.

ITEM 7: MARKET FOR SECURITIES

The common shares of the Company are listed and posted for trading on the TSX under the symbol DSM and are also quoted over the counter on the Berlin and Frankfurt Stock Exchanges under the symbol DRT.

Common share purchase warrants of the Company are posted for trading on the TSX, under the symbol "DSM.WT". Each such warrant is exercisable at a price of \$2.50 before November 2008.

ITEM 8: DIRECTORS AND OFFICERS**8.1 Name, Address, Occupation and Security Holding**

The following table sets forth the name, municipality of residence, position held with the Company, principal occupation and number of shares beneficially owned by each person who is a director or an executive officer of the Company. The statement as to the number of common shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers hereinafter named is in each instance based upon information furnished by the person concerned and is as at January 7, 2004.

Name and Municipality of Residence	Position(s) Presently Held with Company & Period of Service as a Director/Officer	Principal Occupation	Number of Common Shares Beneficially Owned, Directly or Indirectly or Over which Control or Direction is Exercised
Stan Bharti Toronto, ON	Director & President since February 28, 2002	President and Chief Executive Officer of the Company	1,060,000
Gerald P. McCarvill ⁽³⁾⁽⁴⁾ Toronto, ON	Director & Chairman of the Board since July 15, 2002	Independent Businessman	536,000
Peter Bojtos ⁽¹⁾⁽²⁾⁽³⁾ Lakewood, CO	Director since June 19, 2002	Professional Engineer	110,000
Kenneth Taylor ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ New York, USA	Director since September 16, 2002	Business Consultant	Nil
Dr. William Pearson Thornhill, ON	Vice-President, Exploration since June 5, 2002, Director since August 23, 2002	Vice-President , Exploration of the Company	Nil
Nancy McInerney-Lacombe ⁽¹⁾⁽²⁾⁽⁴⁾ Toronto, ON	Director since July 2, 2003	Financial Service Specialist	Nil
Stephen Woodhead Oakville, ON	Chief Financial Officer since May 1, 2003	Chief Financial Officer of the Company	Nil

Name and Municipality of Residence	Position(s) Presently Held with Company & Period of Service as a Director/Officer	Principal Occupation	Number of Common Shares Beneficially Owned, Directly or Indirectly or Over which Control or Direction is Exercised
Kurt Menchen Bahia, Brazil	Vice President, Operations (Brazil) since February 13, 2003	Vice President, Operations (Brazil) of the Company	Nil
Tony Wonnacott Toronto, Ontario	Corporate Secretary since December 11, 2003	Corporate Lawyer	Nil
John Carlesso Toronto, Ontario	Vice President, Corporate Development since October 23, 2003	Vice President, Corporate Development of the Company	Nil
Peter Tagliamonti Minas Gerais, Brazil	Vice President, Operations and Chief Operating Officer since November 11, 2003	Vice President, Operations and Chief Operating Officer of the Company	Nil

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- (1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating Committee.
(4) Member of the Corporate Governance Committee.

Each of the foregoing individuals has held his or her present principal occupation or other office or position with the same firm set opposite his or her name for the past five years, except for: Mr. Bharti who, from December 1999 to May 2001, was Chief Executive Officer of Galaxy Online Inc., and prior thereto, from May 1988 to December 1999, was President of BLM Service Group, and prior thereto, from July 1994 to January 1998, was President of William Resources Ltd.; Mr. McCarvill who, from December 1995 to July 2002, was President and Chief Executive Officer of McCarvill Corporation; Dr. Pearson who, from September 2000 to May 2003, was President and Chief Executive Officer of Association of Professional Geoscientists of Ontario, and prior thereto, and, from June 1996 to February 1999, was Vice President, Exploration of William Resources Ltd., and has, since March 1990, also served as President of Pearson Geological Ltd.; Ms. McInerney-Lacombe who, from May 1998 to December 1999, was Senior Vice President of Royal Bank of Canada; Mr. Woodhead who, from January 1997 to March 2002, was Chief Financial Officer of Trans Hex International Ltd.; Mr. Menchen who since December 1997 has been General Manager of William Resources Ltd.; Mr. Carlesso, who, from August 2000 to September 2003, was director of investor relations of Kasten Chase Applied Research Limited, and prior thereto, from 1993 to August 2003, was a private consultant; and Mr. Tagliamonti, who, from 1997 to November 2003, was Mine Manager of the Sao Bento Mine for Eldorado Gold Corporation.

The directors and senior officers as a group beneficially own directly or indirectly or exercise control or direction over 2.98% the outstanding common shares issued of the Company.

8.2 Corporate Cease Trade Orders Or Bankruptcies

None of the directors or officers of the Company, or a shareholder holding a sufficient number of securities of the issuer to affect materially the control of the issuer, is, or within the ten years before the date of this annual information form has been, a director or officer of any other issuer that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or

- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

8.3 Penalties or Sanctions

None of the directors or officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, have: (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.4 Personal Bankruptcies

None of the directors or officers of the Company, or a shareholder holding a sufficient number of securities of the issuer to affect materially the control of the issuer, within the ten years before the date of this annual information form, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

8.5 Conflicts Of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stan Bharti, the President and Chief Executive Officer of the Company, is also a director and former officer of Valencia Ventures Inc. ("VVI") (formerly William Multi-Tech Inc. and, prior to that, William Resources Inc.), the entity from which the Company acquired the Jacobina property. At the time that the Company and VVI entered into the agreement that entitled the Company to earn a 51% interest in the Jacobina property, Mr. Bharti was not an officer or director of the Company. At the time that VVI granted the Company the option to acquire the remaining 49% interest in the Jacobina property, Mr. Bharti refrained from participating in the negotiations that led to the granting of the option, declared his interest in the matter and refrained from voting at the directors meetings held to approve the granting of the option.

ITEM 9: ADDITIONAL INFORMATION

1. The Company shall provide to any person or company, upon request to the Corporate Secretary of the Company:
 - a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus,
 - i. one copy of this annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this annual information form;

- ii. one copy of the comparative financial statements of the Company for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the Company that have been filed, if any, for any period after the end of its most recently completed financial year;
 - iii. one copy of the information circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - iv. one copy of any other document that is incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- b) at any other time, one copy of any documents referred to in (a)(i), (ii) and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not security holder of the Company.

Annual financial statements, proxy circulars and interim financial statements of the Company filed with the British Columbia Securities Commission are available at the SEDAR internet web site (www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness in respect of the Company, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, as applicable, is contained in the management information circular of the Company dated December 19, 2003. Additional financial information is provided in the Consolidated Financial Statements of the Company for its most recently completed financial year.

NOTES

Metric Equivalents

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To Convert from Metric	To Imperial	Multiply by
hectares	Acres	2.471
metres	Feet	3.281
kilometres	Miles	0.621
tones	tons (2,000 pounds)	1.102
grams/tonne	ounces (troy)/ton	0.029

Glossary of Terms

Except as otherwise defined, the following terms, used in this Annual Information Form, have the following meanings:

Au:	Gold
deposit:	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves of ore, unless final legal, technical, and economic factors are resolved.
g/t; g Au/t:	Grams per metric tonne; grams gold per metric tonne.
geological resources:	Mineralized material which in total does not constitute ore, but which may contain one or more zones of ore. Geological resources are categorized as inferred, indicated and measured according to the degree of certainty with which their grade and tonnage are known. A geological resource is sometimes referred to as a "mineral resource".
indicated resource:	That material for which tonnage and grade are computed partly from specific measurements, samples or production data and partly from projection for a reasonable distance on geological evidence and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.
inferred resource:	That material for which quantitative estimates are based largely on broad knowledge of the geological character of the deposit and for which there are few, if any, samples or measurements and for which the estimates are based on an assumed continuity or repetition for which there are reasonable geological indications, which indications may include comparison with deposits of similar type and bodies that are completely concealed may be included if there is specific evidence of their presence.
JMC	Jacobina Mineração e Comércio SA, the Brazilian company that holds the claims for the Jacobina project.
measured resource:	That material for which tonnage and grade are computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling, and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established and for which the computed tonnage and grade are judged to be accurate within stated limits.
Micon	Micon International Limited, a geological consulting company that has reviewed information on the project.
net profits royalty:	A phrase used to describe a royalty payment made by a producer of metals based on a percentage of revenue from production, less deduction of the costs of commercial production, including exploration, capital and operating costs.
net smelter return	A phrase used to describe a royalty payment made by a producer of metals based on gross metal production from the property, less deduction of certain limited costs including smelting, refining,

royalty:	transportation and insurance costs.
ore:	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit or from which some part may be profitably separated.
ounces/oz:	Troy ounces.
oz/ton:	Troy ounces per short ton.
probable ore reserves:	That part of an indicated resource for which economic viability has been demonstrated at a confidence level which would justify a commitment to major expenditures.
proven ore reserves:	That portion of a measured resource for which technical and economic factors have been established at a high confidence level. The term is generally restricted to that part of a reserve which is being developed or mined or for which there is a detailed mining plan.
SNC-Lavalin	SNC-Lavalin Engineers & Constructors, Inc.
ton:	Short ton (2,000 pounds).
tonne:	Metric tonne (1,000 kilograms).