



British Columbia Securities Commission

YEAR END REPORT
BC FORM 51-901F

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ISSUER DETAILS
NAME OF ISSUER: ALDERSHOT RESOURCES LTD.
FOR QUARTER ENDED: 04 | 01 | 31
DATE OF REPORT: 04 | 06 | 11
ISSUER ADDRESS: 1500 - 885 WEST GEORGIA STREET
CITY/PROVINCE: VANCOUVER/BC
POSTAL CODE: V6C 3E8
ISSUER FAX NO.: 604-682-6722
ISSUER TELEPHONE NO.: 604-682-6718
CONTACT PERSON: JEREMY CADDY
CONTACT'S POSITION: PRESIDENT and CEO
CONTACT TELEPHONE NO.: 604-682-6718
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CERTIFICATE

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

DIRECTOR'S SIGNATURE: "J. Caddy"
PRINT FULL NAME: JEREMY CADDY
DATE SIGNED: 04 | 06 | 17
DIRECTOR'S SIGNATURE: "Ian M. Adam"
PRINT FULL NAME: IAN M. ADAM
DATE SIGNED: 04 | 06 | 17

Consolidated Financial Statements

Aldershot Resources Ltd.

(Expressed in Canadian dollars)

January 31, 2004

AUDITORS' REPORT

To the Shareholders of
Aldershot Resources Ltd.

We have audited the consolidated balance sheet of **Aldershot Resources Ltd.** as at January 31, 2004 and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at January 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at January 31, 2003 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 6, 2003.

Vancouver, Canada,
June 11, 2004.

'Ernst & Young LLP'
Chartered Accountants

Aldershot Resources Ltd.

CONSOLIDATED BALANCE SHEETS

As at January 31

	2004	2003
	\$	\$
ASSETS		
Current		
Cash	109,388	87,579
Short-term investments [note 4]	300,000	—
Accounts receivable	34,551	1,206
Prepaid expenses	15,879	2,733
Total current assets	459,818	91,519
Equipment [note 5]	1,841	721
Resource properties [note 6]	119,632	119,632
Deferred exploration expenditures	—	46,200
	581,291	258,072
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	31,463	24,411
Due to related parties [note 8]	52,865	—
Total current liabilities	84,328	24,411
Commitments [note 11]		
Shareholders' equity		
Capital stock [note 7]		
Authorized		
10,000,000 Series "A" cumulative, redeemable, convertible preferred shares with a par value of \$1.00		
Issued: 744,932 [2003 - 744,932]	744,932	744,932
500,000,000 common shares without par value		
Issued: 11,684,897 [2003 - 6,469,897]	2,643,150	2,046,014
Deficit	(2,891,119)	(2,557,286)
Total shareholders' equity	496,963	233,661
	581,291	258,072

See accompanying notes

On behalf of the Board:

"J. Caddy"

Director

"Ian M. Adam" Director

Aldershot Resources Ltd.

**CONSOLIDATED STATEMENTS OF
OPERATIONS AND DEFICIT**

Years ended January 31

	2004	2003
	\$	\$
EXPENSES		
Exploration costs <i>[notes 6 and 8[d]]</i>	55,220	—
Amortization	333	214
Bank charges	335	167
Consulting	58,750	—
Finders' fee	500	1,900
Foreign exchange	1,190	4,838
Interest	—	24,774
Investor relations	17,980	—
Management fees <i>[note 8(a)]</i>	30,000	30,000
Professional fees	61,456	41,022
Regulatory, and trust company fees	15,512	15,309
Office, rent, secretarial and administration	19,070	2,842
Shareholder information	8,814	7,944
Travel and related	18,473	14,606
Loss before other items	(287,633)	(143,616)
Other items		
Gain on settlement of debt <i>[note 7[b]]</i>	—	91,692
	—	91,692
Loss for the year	(287,633)	(51,924)
Deficit, beginning of year	(2,557,286)	(2,505,362)
Cumulative effect of change in accounting policy <i>[note 3]</i>	(46,200)	—
Deficit, end of year	(2,891,119)	(2,557,286)
Basic and diluted loss per share	(0.05)	(0.02)
Weighted average number of shares outstanding	7,212,185	4,450,609

See accompanying notes

Aldershot Resources Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended January 31

	2004	2003
	\$	\$
OPERATING ACTIVITIES		
Loss for the year	(287,633)	(51,924)
Items not affecting cash:		
Amortization	333	214
Gain (loss) on settlement of debt	—	(91,692)
Changes in non-cash working capital items:		
Accounts receivable	(33,345)	3,090
Prepaid expenses	(13,146)	3,167
Accounts payable and accrued liabilities	7,052	(21,888)
Cash used in operating activities	(326,739)	(159,033)
FINANCING ACTIVITIES		
Due to related parties	52,865	—
Long-term liabilities	—	3,112
Share issue costs	(105,114)	—
Proceeds from issuance of capital stock	702,250	295,200
Cash provided by financing activities	650,001	298,312
INVESTING ACTIVITIES		
Acquisition of equipment	(1,453)	—
Resource property expenditures	—	(130,956)
Short-term investments	(300,000)	—
Cash used in investing activities	(301,453)	(130,956)
Increase in cash position during the year	21,809	8,323
Cash position, beginning of year	87,579	79,256
Cash position, end of year	109,388	87,579
Cash paid during the year for interest	—	—
Cash paid during the year for income taxes	—	—

See accompanying notes

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

1. NATURE AND CONTINUANCE OF OPERATIONS

Aldershot Resources Ltd. (the “Company”), which commenced operations on October 4, 1996, is engaged in the acquisition, exploration and development of precious gem and metal properties. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company’s ability to receive additional financial support, complete public equity financing, or generate profitable operations in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the financial statements of the Company, which is the accounting subsidiary and its accounting parent, Can-Dore Diamond Mining Corporation (Can-Dore”). Significant intercompany transactions have been eliminated on consolidation.

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and all highly liquid debt instruments purchased with a maturity of three months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Short-term investments

Short-term investments, which consist of financial instruments purchased with an original maturity of greater than three months and less than one year, are recorded at the lower of cost and market.

Exploration and development costs

During the year ended January 31, 2004, the Company has changed its accounting policy [see note 3[a]] to charge exploration costs against earnings as incurred. For the year ended January 31, 2003 the Company accounted for its mineral properties whereby all direct costs, net of pre-production revenue, relative to the acquisition of exploration for and development of these properties are capitalized.

When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized. Capitalized amounts may be written down if future undiscounted cash flows, including potential sales proceeds, related to a mineral property are estimated to be less than the carrying value of the property.

Resource properties

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property. Management of the Company reviews the carrying value of each mineral property interest periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Reductions in the carrying value of each property would be recorded to the extent the carrying value of the investment exceeds the estimated future net cash flows.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Equipment

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%

Stock-based compensation

Prior to the year beginning February 1, 2003, the Company did not recognize any stock-based compensation expense. Rather, the Company provided pro-forma disclosure setting forth compensation expense determined as if the fair value method had been used. Effective February 1, 2003, the Company adopted the fair value accounting provisions of CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" ("CICA 3870") for all stock-based compensation granted after February 1, 2003. Under this method, the fair value of the stock options at the date of grant is recognized as a charge to the Consolidated Statement of Operations and Deficit and is amortized over the vesting period with the offsetting credit to contributed surplus. No options were granted in the year ending January 31, 2004.

Income taxes

Income taxes are provided for in accordance with the liability method. Under the liability method of accounting for income taxes, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For loss per share the dilutive effect has not been computed as it proved to be anti-dilutive.

Loss per share is calculated using the weighted-average number of shares outstanding during the year. In determining the income available to common shareholders, undeclared dividends on the cumulative preferred shares are deducted from income.

3. CHANGE IN ACCOUNTING POLICY

[a] Exploration costs

Effective February 1, 2003, the Company has changed its accounting policy for exploration costs. Under its new accounting policy, it must be probable that exploration expenditures will be recovered from future operations in order to be capitalized and that acquisition costs of mineral properties should be written off upon determination that the costs will not be recovered from future operations. Previously, the Company capitalized all exploration costs incurred on its mineral properties if exploration was continuing on the property, on the basis that it was too early to tell whether the deferred costs would not be recovered from a geological resource or reserve or otherwise. As provided by Accounting Guideline 11, Enterprises in the Development Stage ("AcG 11"), the Company has accounted for this change in accounting policy on a retroactive basis without restatement of prior years. The impact of the adoption of AcG-11 was to reduce deferred exploration and development costs by \$46,200 and increase the opening deficit by \$46,200.

[b] Stock-based compensation

As described in note 2, effective February 1, 2003, the Company prospectively early adopted CICA 3870, which requires fair value accounting for all stock options issued during the year. Prior to the adoption of the new accounting standard, the Corporation did not record the fair value of stock options issued, rather, it provided pro-forma disclosure of the effect of applying the fair value based method to stock options issued to directors, officers and employees.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

4. SHORT-TERM INVESTMENTS

In November 2003, the Company invested cash in a term deposit in the amount of \$300,000, maturing November 25, 2004, earning interest at the rate of 2.05% per annum.

5. EQUIPMENT

	2004			2003		
	Cost	Accumulated	Net	Cost	Accumulated	Net
	\$	Amortization	Book	\$	Amortization	Book
	\$	\$	Value	\$	\$	Value
	\$	\$	\$	\$	\$	\$
Furniture and equipment	5,994	4,285	1,709	4,541	4,009	532
Computer equipment	1,860	1,728	132	1,860	1,671	189
	7,854	6,013	1,841	6,401	5,680	721

6. RESOURCE PROPERTIES

The Company has entered into agreements to acquire interests in resource properties and has capitalized the related costs as follows:

	2004	2003
	\$	\$
Terre de Oro Mining Property, Chile	33,479	33,479
Ripplesea Joint Venture, Western Australia	86,153	86,153
Field's Find Gold Property, Western Australia	—	—
	119,632	119,632

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

6. RESOURCE PROPERTIES (cont'd.)

Terre de Oro Mining Property - Chile

On March 18, 2003, the Company entered into an Option Agreement with International PBX Ventures Ltd. and its wholly owned Chilean subsidiary, Minera IPBX Ltda. ("International PBX"), which Option Agreement replaces and supersedes a Memorandum of Understanding dated November 28, 2000, as amended on February 28, 2001, May 31, 2001, October 4, 2001 and February 22, 2002. Pursuant to the terms of the Option Agreement, International PBX granted to the Company the sole and exclusive right and irrevocable option to acquire up to a 70% interest in five copper and gold mining concessions covering 1,000 hectares of land in Chile, which are known as the Lomitas and Cortez prospects.

Subsequently, the Company and International PBX have added to the Chile Concessions exploration concessions covering approximately 2,000 hectares.

Pursuant to the terms of the Option Agreement, as consideration for the Chile Concessions, the Company agreed with to International PBX to the following conditions:

- [a] The aggregate amount of US\$290,000, of which US\$15,000 (Cdn\$23,479) was paid in prior years, and the balance is payable as follows: in order to acquire a 40% interest, the Company must pay US\$25,000 on or before December 31, 2004; in order to acquire an additional 11% interest, the Company must pay US\$50,000 on or before December 31, 2005; and in order to acquire the remaining 19% interest, the Company must pay the balance of US\$200,000 on or before December 31, 2006.
- [b] The issuance of an aggregate of 400,000 Common Shares in the capital stock of the Company, of which 100,000 Common Shares were issued on October 21, 2002, with the balance to be issued as follows: in order to acquire a 40% interest, the Company must issue an additional 100,000 Common Shares on or before December 31, 2004; in order to acquire an additional 11% interest, the Company must issue an additional 100,000 Common Shares on or before December 31, 2005; and, in order to acquire the remaining 19% interest, the Company must issue the balance of 100,000 Common Shares on or before December 31, 2006.
- [c] Incur expenditures up to a maximum aggregate amount of US\$1,180,000 for the development of the concessions as follows: in order to acquire a 40% interest, US\$80,000 on or before December 31, 2004, in order to acquire an additional 11% interest, an additional US\$200,000 on or before December 31, 2005; and, in order to acquire the remaining 19% interest, an additional US\$300,000 before December 31, 2006 and a further US\$600,000 on or before December 31, 2007.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

6. RESOURCE PROPERTIES (cont'd.)

The Chile Concessions are registered in the name of Minera IPBX Limitada, a wholly owned Chilean subsidiary of International PBX.

The principals of International PBX are at arm's length to the Company.

Ripplesea Joint Venture - Western Australia

On December 6, 2002, the Company entered into a letter of intent with Ripplesea Pty Ltd of Perth, Western Australia, in respect of seven exploration licences in the East Kimberley region of Western Australia (E80/2924-2930). The tenements cover approximately 900 square kilometres and are prospective for orthomagmatic nickel-copper-platinum group element (Ni-Cu-PGE) mineralization and epigenetic gold mineralization within Proterozoic rocks of the Halls Creek Orogen or the HCO.

Pursuant to a Letter of Agreement dated December 6, 2002, the Company acquired from Ripplesea Pty Ltd. (the holding company of Orbital Research Exploration Pty Ltd.) of Perth, Western Australia, a 50% interest in seven exploration licences in the East Kimberley region of Western Australia, in consideration for AUD\$100,000 (Cdn\$86,153). The Company also has the right to earn an additional 25% interest, for a total 75%, if the Company funds all exploration, as per the requirements of the Western Australian Mining Act, and undertakes all exploration, reporting and related requirements, up to and including the completion of a bankable feasibility study.

Ripplesea Pty Ltd. is at arm's length to the Company.

Field's Finds Gold Property, Western Australia

The Company entered into a Letter of Agreement on December 24, 2004 with Thundelarra Exploration Ltd. ("Thundelarra") covering its Field's Find gold property in South Murchison, Western Australia.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

6. RESOURCE PROPERTIES (cont'd.)

Under the terms of the Letter of Agreement, the Company will be entitled to earn up to 60% in the 19 tenements wholly owned by Thundelarra by the expenditure of AUD\$600,000 over a period of three years. As reimbursement for Thundelarra's previous expenditures on the said tenements 1,000,000 common shares in the capital of the Company will be issued to Thundelarra. In connection with this agreement with Thundelarra, the Company has negotiated a private placement of 2,000,000 Units at \$0.17 per Unit. Each Unit is comprised of one common share and a non-transferable share purchase warrant to acquire one half of one common share for \$0.19 per share during the first year and \$0.19 in the second year. A finder's fee of \$12,750 is payable in connection with the private placement. The net proceeds of \$327,250 from the private placement satisfy a condition precedent to the Letter of Agreement that requires the Company to make a private placement of shares to raise a minimum of \$300,000. Net proceeds will finance the minimum first year's expenditure requirement of AUD\$200,000 and the balance will be added to unallocated working capital.

Thundelarra is a related party with the Company by virtue of common directors. The Field's Find transaction is a "related party transaction" as defined in the policies of the TSX Venture Exchange and "minority shareholder approval" for its execution will be required. Minority Shareholder Approval is defined by the policies of the Exchange as being approval by a majority of shareholders that are independent of the transaction for which approval is sought. A resolution will be placed before the shareholders of the Company at a Special General Meeting to be held on July 15, 2004.

Regulators have given conditional approval of the whole transaction including the private placement subject to disinterested shareholder approval of the transaction to be put before them at the Company's annual and special general meeting to be held in Vancouver on July 16, 2004.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

6. RESOURCE PROPERTIES (cont'd.)

The following is a summary of exploration and development costs incurred by the Company related to its mineral property interests.

	Terre de Oro Mining Property \$	Ripplesea Joint Venture \$	Field's Find Gold Property \$	Total \$
2004				
Assays and lab testing	—	10,116	—	10,116
Geological consulting	6,880	16,017	—	22,897
Maintenance and licence fees	—	20,919	—	20,919
Materials and supplies	—	890	—	890
Maps and reproduction	367	31	—	398
Total exploration and development costs for the year	7,247	47,973	—	55,220
Balance, beginning of year	46,200	—	—	46,200
Total exploration and development costs	53,447	47,973	—	101,420
2003				
Geological consulting	41,432	—	—	41,432
Travel	4,768	—	—	4,768
Total exploration and development costs for the year	46,200	—	—	46,200
Balance, beginning of year	—	—	—	—
Total exploration and development costs	46,200	—	—	46,200

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

7. CAPITAL STOCK

[a] Common shares

	Number of Shares #	Capital Stock \$
Authorized		
500,000,000 common shares without par value		
Issued		
Balance as at January 31, 2002	3,517,897	1,750,814
Shares issued for cash	2,500,000	250,000
Issued for resource properties <i>[note 6]</i>	100,000	10,000
Issued as a finders' fee	10,000	1,000
Issued in settlement of debt	342,000	34,200
Balance as at January 31, 2003	6,469,897	2,046,014
Shares issued per short form offering document	4,000,000	520,000
Private placement	1,200,000	180,000
Exercise of share purchase warrants	15,000	2,250
Share issue costs	—	(105,114)
Balance as at January 31, 2004	11,684,897	2,643,150

2004

The Company completed a short form offering document consisting of 4,000,000 units at \$0.13 per unit for gross proceeds of \$520,000. Each unit has one common share and one-half of one share purchase warrant for a total of 2,000,000 share purchase warrants allowing the holder to purchase one common share at \$0.15 until May 27, 2005. Net proceeds, after deducting agents' fees and other issue expenses, were \$444,975. In connection with this offering, there is an agent's option agreement, which provides for a total of 600,000 broker units, exercisable at a price of \$0.13 per share and expiring May 27, 2005. Each unit consist of one common share and one-half share warrant for a total of 300,000 share purchase warrants exercisable at a price of \$0.15 per share. The Company issued 15,000 common shares at \$0.15 for gross proceeds of \$2,250 pursuant to the exercise of share purchase warrants.

The Company completed a private placement of 1,200,000 units at \$0.15 per unit for gross proceeds of \$180,000. Each unit has one common share and one share purchase warrant for a total of 1,200,000 share purchase warrants allowing the holder to purchase one common share at \$0.17 until January 22, 2005 or at \$0.19 until January 22, 2006. Net proceeds, after deducting agents' fees and other issue expenses were \$149,911.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

7. CAPITAL STOCK (cont'd.)

2003

The Company completed a private placement of 2,500,000 units at a price of \$0.10 per unit for gross proceeds of \$250,000. Each unit has one common share and one non-transferable share purchase warrant to purchase one additional common share at \$0.10 until October 21, 2003 or at \$0.15 until October 21, 2004.

The Company issued 100,000 common shares at a value of \$0.10 per share related to the Company's acquisition of certain mining concessions on the Terra de Oro Mining Property in the Republic of Chile. The Company also issued 10,000 common shares as a finders' fees related to this transaction.

The Company issued 342,000 common shares at a value of \$0.10 in settlement of \$34,200 in accounts payable to certain vendors.

[b] Preferred shares

The Company has authorized Series "A" cumulative, redeemable, convertible preferred share capital of 10,000,000 shares of \$1.00 par value each. As of January 31, 2004, the Company has issued 744,932 of these share in retirement of long-term debt. These shares carry a 10% dividend, are convertible to common shares at the ratio of one preferred share for four common shares. They are not convertible for the first 12 months and thereafter 25% may be converted every 12 months. The Company can, at any time, redeem all, but not less than all, of the preferred shares at a price of \$1.00 per share. The Company will also issue shares in payment of all outstanding dividends, declared and undeclared.

During the fiscal year ended January 31, 2003, the Company completed shares for debt settlement. This settlement was concluded on September 30, 2002, at which time liabilities totaled \$867,310. The Company settled this liability in full by issuing 744,932 Series "A" cumulative, redeemable, convertible preferred shares for a value of \$744,932 and making a cash payment of approximately \$30,000. The remaining balance of approximately \$91,692 was the resulting gain on the settlement of the long-term liability.

At January 31, 2004, cumulative undeclared dividends of \$95,310 [2003 - \$20,817] were due to the holders of these shares.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

7. CAPITAL STOCK (cont'd.)

[c] Stock options

The Company, in accordance with the policies of the TSX-V, may grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant less a discount in accordance with TSX-V policies. The options can be granted for a maximum term of 5 years.

Details of the stock options are summarized as follows:

	Common Shares #	Weighted Average Exercise Price \$
Balance, January 31, 2002	—	—
Options granted	640,000	0.10
Balance, January 31, 2003	640,000	0.10
Options granted	—	—
Balance, January 31, 2004	640,000	0.10

At January 31, 2004, stock options to executive officers and directors, employees, and consultants were outstanding as follows:

Exercise Price \$	Number of Common Shares Issuable #	Remaining Contractual Life (years)	Number of Common Shares Exercisable #
0.10	640,000	3.75	640,000
	640,000	3.75	640,000

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

7. CAPITAL STOCK (cont'd.)

Stock-based compensation

During the fiscal year ended January 31, 2003, the Company granted 640,000 stock options to employees, directors and officers. As permitted by CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" ("Section 3870"), the Company elected to measure compensation costs using the intrinsic value-based method for employee stock options. Had the compensation costs been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model, additional compensation expense would have been recorded in the statement of operations of the period, with pro forma results as presented below. The weighted average fair value of options issued in the fiscal year ended January 31, 2003 was \$0.11 per option.

	2004	2003
	\$	\$
Loss as reported	(287,633)	(51,924)
Compensation expense under Section 3870	—	(70,400)
Pro forma net loss	(287,633)	(122,324)
Basic and diluted loss per share		
As reported	(0.05)	(0.02)
Pro forma	(0.05)	(0.04)

The following assumptions were used for the Black-Scholes valuation of stock options granted during the fiscal year ended January 31, 2003:

Risk-free interest rate	4.04%
Expected life of options	5 years
Annualized volatility	181%
Dividend rate	0%

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

7. CAPITAL STOCK (cont'd.)

[d] Stock warrants

The following share purchase warrants were outstanding at January 31, 2004:

	Number of shares	Exercise price \$	Expiry date
Warrants	2,500,000	0.15	October 21, 2004
	2,285,000	0.15	May 27, 2005
	1,200,000	0.17	January 22, 2005
		If not exercised, then at 0.19	January 22, 2006

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

	2004 \$	2003 \$
Director [a]	30,000	30,000
Directors and officers [b]	37,545	10,494
Director [c]	—	6,980
	67,545	47,474

[a] Paid or accrued management fees of \$30,000 [2003 - \$30,000] to a director of the company.

[b] Undeclared dividends on preferred shares of \$37,545 [2003 - \$10,494] are due to directors and an officer of the Company.

[c] Paid or accrued interest of \$nil [2003 - \$6,980] to a director of the Company.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

8. RELATED PARTY TRANSACTIONS (cont'd.)

The following amounts due to related parties are non-interest bearing and have no specific terms of repayment:

	2004	2003
	\$	\$
Thundelarra Explorations Ltd.	32,865	—
Director	20,000	—
	52,865	—

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

9. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows based on an income tax rate of 37.62% [2003 - 39.62%]:

	2004	2003
	\$	\$
Loss before income taxes	(287,633)	(51,294)
Current income taxes (recovery)	(108,207)	(20,312)
Non-deductible items for tax	333	214
Unrecognized benefits of non-capital losses	107,874	20,098
Total current income taxes (recovery)	—	—

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

9. INCOME TAXES (cont'd.)

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2004	2003
	\$	\$
Future income tax assets (liabilities):		
Book amortization in excess of tax capital cost allowance	333	214
Financing fees	39,544	—
Non-capital losses available for future periods	348,805	244,125
	388,682	244,339
Valuation allowance	(388,682)	(244,339)
Net future income tax asset (liability)	—	—

The Company has incurred operating losses of approximately \$348,805 which, if unutilized will expire through 2010. Subject to certain restrictions, the Company also had resource exploration expenditures available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements, as their realization is not judged likely to occur.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Aldershot Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004

11. COMMITMENTS

The Company leases its office premises under operating lease agreement that is expected to expire in September 2004. At January 31, 2004, the related future minimum lease payments are approximately \$10,000.

12. SUBSEQUENT EVENTS

Subsequent to January 31, 2004, the Company entered into the following transactions:

- a] The Company issued 640,000 common shares pursuant to the exercise of stock options as to 100,000 options in February 2004 and as to 540,000 options in March 2004, for gross proceeds of \$64,000.
- b] Granted on April 1, 2004, 1,200,000 stock options at \$0.25 exercisable for five years to directors, officers and employees.
- c] On February 20, 2004, the Company in connection with the Field's Find Gold Property [see note 6], negotiated a private placement of 2,000,000 units at 0.17 per unit for gross proceeds of \$340,000. Each unit is comprised of one common share and a non-transferable share purchase warrant entitling the holder to acquire one-half of a common share for \$0.19 per share during the first year and \$0.21 in the second year. A finder's fee of \$12,750 is payable.
- d] The Company has applied for, and when granted will have a 100% interest in Exploration License E52/1763 a tenement which covers approximately 50 square kilometres of prospective terrain located about 110km west of the Newman township in the Pilbarra Region of Western Australia.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from the consolidated financial statements previously presented to conform to the presentation adopted in the current year.

ALDERSHOT RESOURCES LTD.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS TWELVE MONTHS PERIOD ENDED JANUARY 31, 2004

The following discussion and analysis, prepared as of June 17, 2004, should be read together with the audited consolidated financial statements for the year ended January 31, 2004 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Aldershot Resources Ltd. (the "Issuer" or the "Company") has adopted the new format for the Management Discussion and Analysis. Whatever views the reader might have regarding its content and suitability for a junior exploration company, this is the format prescribed by the regulators and management is compelled to comply. The reader should also refer to the annual audited financial statements for the year ended January 31, 2004.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

The Company was incorporated on September 8, 1987 under the name "*Quattro Resources Ltd.*" pursuant to the *Company Act* (British Columbia) by the registration of its Memorandum and Articles. Effective October 31, 2001, its name was changed to "*Aldershot Resources Ltd.*"

The address of the registered and records office and the address for service of the Issuer is Suite 501, Terminal City Club Tower, 837 West Hastings Street, Vancouver, BC, V6C 3N6. The business address of the Issuer is Suite 1500, 885 West Georgia Street, Vancouver, BC, V6C 1V5.

The Issuer's principal business is the exploration and development of resource properties. The Issuer is continually investigating new exploration opportunities. Mineral exploration is carried out on properties identified by management of the Issuer as having favourable exploration potential.

Additional information related to the Company is available for view on the Company's website at www.aldershotresources.com and on SEDAR at www.sedar.com.

Description of Business

The Issuer's is engaged in the exploration and development of resource properties located in Chile and Western Australia. The Issuer has four key properties; being: an iron oxide hosted copper gold (IOCG) type of target found in the Copiapo Copper Belt area of Chile's Region III; seven exploration licences in the East Kimberley region of Western Australia; the Fields Find Farm-in and Joint Venture in the Murchison Goldfield, Western Australia; and the Turee Creek Uranium Property in the Pilbarra Region of Western Australia. All of the Issuer's properties are in the exploration stage.

Management is confident that the Company possesses excellent prospects for becoming a profitable enterprise, with the resultant return to the Company's shareholders. The Chilean property, the Fields Find Farm-in and the East Kimberley properties are subject to Option Agreements. The Company trades on the TSX Venture Exchange under the symbol ALZ.

Performance Summary

The following is a summary of significant events and transactions that occurred during the year under review:

1. Pursuant to the terms of the Agency Agreement dated November 12, 2003 between Leede Financial Management Inc, and the Company, the Agent agreed to act as the exclusive agent of the Company to offer for sale, on a commercially reasonable efforts basis through the facilities of the TSX Venture Exchange, an aggregate of 4,000,000 Units at a price of \$0.13 per Unit to raise proceeds of \$520,000 by means of a Short

Form Offering Document. Each Unit is comprised of one Common Share and one One-Half Warrant. Each Warrant entitles the holder thereof to purchase one additional Warrant Share for a period of 18 months after the Closing Day at a price of \$0.15 per Warrant Share.

2. The Short Form Offering closed fully subscribed on November 27, 2003. Net proceeds from the offering amounted to \$444,975 after costs associated with the offering. A Phase I work program designed to test the features of the Chilean IOCG project has been put in place financed out of the net proceeds. The balance of funds remaining has been allocated to finance working capital requirements as necessary.
3. A non-brokered private placement of 1,200,000 Units at \$0.15 per Unit closed fully subscribed on January 22, 2004 realising net proceeds of \$149,911 primarily to fund exploration of the Ripplesea Joint Venture in the East Kimberley region of Western Australia.
4. The Company commenced exploration operations on the Chile Concessions in March 2004. A Phase I exploration program has delineated two large IP anomalies which are to be drill tested in June and July 2004. One anomaly lies beneath the Cortez showings in the north east of the concession block and appears to trend eastwards. Three vertical RC drill holes are to be sunk to a minimum of 300 m each to test the two lobes of the anomaly that seem to straddle a north-south trending magnetic high. The third hole is to test the magnetic high. The second anomaly is situated in the south of the concession block to the north of the Las Lomas showings. The anomaly starts in the San III and San IV concessions and runs northwards into the San I concession of International PBX. Aldershot is negotiating with International PBX to create a new project involving these three concessions and in which the two parties each holds a 50% contributing and participating interest. Again three vertical RC holes are to be drilled to test the anomaly each to a minimum depth of 300 m.
5. On February 20, 2004 the Company in connection with the Fields Find Farm-In and Joint Venture, negotiated a non-brokered private placement of 2,000,000 Units at \$0.17 per Unit realizing \$340,000 to fund the first year's exploration.
6. Turee Creek Uranium Project and Company's 100% interest in the property
7. Appointment of Rick Crabb to the board
8. Appointment of Brian Richardson to the board
9. Resignation of Robert M Andrews from the board
10. Death of director Jack Leslie Pearl.
11. The former auditor of the Company, Desai & Associates, resigned on May 20, 2004. The Board of Directors and its Audit Committee have engaged Ernst & Young LLP, Chartered Accountants to audit the Company's financial statements for the year ending January 31, 2004 effective May 26, 2004. The directors would like to take this opportunity formally to thank Desai & Associates for the diligence and professionalism with which they carried out and completed their responsibilities since 1998 and for doing so in a timely fashion.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	Year Ended January 31, 2004	Year Ended January 31, 2003	Year Ended January 31, 2002
Total revenues	\$ -	\$ -	\$ -
Net loss before extraordinary items	287,633	143,616	157,471
Net loss	287,633	51,924	157,471
Basic and diluted loss per share	0.05	0.02	0.03
Total assets	581,291	258,072	115,264
Total long-term liabilities	-	-	823,513
Cash dividends	-	-	-

The Company earns interest revenue from cash held in banks, securities held as short-term investments. During the 2004 fiscal year, the Company expensed \$55,220 in exploration costs compared with \$Nil during the 2003 fiscal year end.

The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business.

Results of Operations

During the year, the Company incurred a loss of \$287,633 (2003 - \$51,924). Some significant expenses are as follows:

Exploration expenses \$55,220 (2003 - \$Nil)

Professional fees, paid or accrued \$61,456 (2003 - \$41,022.)

Interest, \$Nil (2003 - \$24,774.)

Regulatory, and trust company fees, \$15,512 (2003 - \$15,309.)

Office, rent, secretarial and administration expenses \$19,070 (2003 - \$2,842.)

Shareholder information \$8,814 (2003 - \$7,944.),

Travel and related costs \$18,473 (2003 - \$14,606.).

The current year-end audit, accounting and legal fees were considerably higher than at the previous year-end because there was more legal and accounting work performed to complete the Short Form Offering Document filings.

The Company has changed its accounting procedures for treating exploration expenditure. In previous years all amounts relating to exploration activities of the Company were treated as deferred expenditures. From this year onwards, the Company has expensed and will continue to expense all such expenditures. This resulted in a larger net loss during the year compared to that for previous years.

Summary of Quarterly Results

Three Month Period Ended

	January 31, 2004	October 31, 2003	July 31, 2003	April 30, 2003
Total assets	\$ 581,291	\$ 215,565	\$ 194,869	\$ 237,958
Mineral properties and deferred cost	119,632	188,018	171,713	171,712
Working capital (deficiency)	375,490	(31,775)	11,015	47,529
Revenues	-	-	-	-
Net Loss	287,633	26,504	35,232	13,740

Three Month Period Ended

	January 31, 2003	October 31, 2002	July 31, 2002	April 30, 2002
Total assets	\$ 258,072	\$ 298,614	\$ 77,625	\$ 90,655
Mineral properties and deferred costs	165,832	64,681	33,676	33,676
Working capital (deficiency)	67,108	213,378	32,411	50,425
Revenues	-	-	-	-
Net Loss	45,172	(67,214)	37,492	36,472

Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of warrants and stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	January 31, 2004	January 31, 2003
Working capital	\$ 375,490	\$ 67,108
Deficit	2,891,119	2,557,286

Net cash provided by operating activities for the year consists primarily of the operating loss and a change in non-cash working capital.

Net cash used for operating activities for the year ending January 31, 2004 was \$326,735 compared to net cash used for operating activities of \$159,033 during the year ending January 31, 2003. Cash used during the current period consists primarily of expenditures of \$55,220 on mineral properties.

Financing activities provided cash of \$650,001 during the year ending January 31, 2004, compared to \$298,312 for the year ending January 31, 2003. Cash provided during the year consisted of share subscriptions received.

Capital Resources

The Company completed a Short Form Offering Document financing with Leede Financial Markets Inc of Calgary, Alberta, acting as agent. The offering was for 4,000,000 Units priced at \$0.13 per Unit realizing net proceeds of \$444,975. Each Unit consists of one common share and one half of one share purchase warrant. Each whole warrant is exercisable at a price of \$0.15 expiring on March 28, 2005. Proceeds are designated for work on the Company's Las Lomitas IOCG project in Chile.

In addition there was a non-brokered private placement of 1,200,000 Units at a price of \$0.15 per Unit realizing net proceeds of \$149,911. Each Unit consists of one common share and one share purchase warrant. Each warrant is exercisable at \$0.17 per common share until January 22, 2005 and thereafter at \$0.19 until expiry on January 22, 2006. Proceeds are designated for application on the Company's 50% owned Ripplesea Joint Venture in the East Kimberley region of Western Australia.

A second non-brokered private placement of 2,000,000 priced at \$0.17 per Unit was announced in the Company's news Release dated December 24, 2003, as part and parcel of the Fields Find Farm-in and Joint Venture Letter of Agreement in the South Murchison region of Western Australia. Each Unit consists of one common share and one half of one share purchase warrant. Each warrant is exercisable at a price of \$0.19 expiring two years from the date of closing. The entire transaction is subject to minority shareholder approval at the Company's Annual and Special General meeting to be held on July 16, 2004. Net proceeds of \$340,000 are to be designated for application against the Company's Fields Find project where the Company is earning a 60% interest.

The Company has sufficient funds to meet its property maintenance payments for 2004 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts in Chile and Western Australia.

Related Party Transactions

The Company entered into the following transactions with related parties:

	2004	2003
	\$	\$
Director [a]	30,000	30,000
Directors and officers [b]	37,545	10,494
Director [c]	—	6,980
	67,545	47,474

[a] Paid or accrued management fees of \$30,000 [2003 - \$30,000] to a director of the company.

[b] Undeclared dividends on preferred shares of \$37,545 [2003 - \$10,494] are due to directors and an officer of the Company.

[c] Paid or accrued interest of \$nil [2003 - \$6,980] to a director of the Company.

The following amounts due to related parties are non-interest bearing and have no specific terms of repayment:

	2004	2003
	\$	\$
Thundelarra Explorations Ltd.	32,865	—
Director	20,000	—
	52,865	—

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

Financial Instruments

The Company's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Critical Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. We make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, we evaluate our estimates and assumptions including those related to the recognition of stock-based compensation.

We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. These estimates form the basis of our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from those estimates.

The following critical accounting policies reflect the more significant estimates and assumptions we have used in the preparation of our financial statements:

Accounting for Exploration and Development Costs

Effective February 1, 2003, the Company has changed its accounting policy for exploration costs. Under its new accounting policy, it must be probable that exploration expenditures will be recovered from future operations in order to be capitalized and that acquisition costs of mineral properties should be written off upon determination that the costs will not be recovered from future operations. Previously, the Company capitalized all exploration costs incurred on its mineral properties if exploration was continuing on the property, on the basis that it was too early to tell whether the deferred costs would not be recovered from a geological resource or reserve or otherwise

Stock Based Compensation

Effective, February 1, 2003, the Company early adopted the requirements of the Canadian Institute of Chartered Accountants Handbook Section 3870, "Stock-based Compensation and other Stock-based Payments." The Company has chosen to recognize compensation expense for all stock options granted subsequent to February 1, 2003. However, as required by the accounting standard, the Company has disclosed on a pro forma basis, the fair value impact of issuing stock options granted to employees and directors. The fair value of the stock options has been estimated based on the Black Scholes option-pricing model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of fair value of the Company's stock options.

Subsequent Events

Subsequent to January 31, 2004, and prior to the date of these financial statements the Company entered into the following transactions:

- a] The Company issued 640,000 common shares pursuant to the exercise of stock options as to 100,000 options in February 2004 and as to 540,000 options in March 2004, for gross proceeds of \$64,000.

- b] Granted on April 1, 2004, 1,200,000 stock options at \$0.25 exercisable for five years to directors, officers and employees.
- c] February 20, 2004 negotiated a private placement of 2,000,000 Units at 0.17 per Unit. Each Unit is comprised of one common share and a non-transferable share purchase warrant entitling the holder to acquire one-half of a common share for \$0.19 per share during the first year and \$0.21 in the second year. A finder's fee of \$12,750 is payable.
- d] The Company has applied for, and when granted will have a 100% interest in Exploration License E52/1763 a tenement which covers approximately 50 square kilometres of prospective terrain located about 110km west of the Newman township in the Pilbarra Region of Western Australia.