

NOTICE TO SHAREHOLDERS FOR THE SIX MONTHS ENDED JUNE 30, 2004

PATRICIA MINING CORP.

Responsibility for Financial Statements

The accompanying financial statements for Patricia Mining Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2003 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor involvement

The auditor of Patricia Mining Corp. has not performed a review of the unaudited financial statements for the three and six months ended June 30, 2004 and June 30, 2003.

PATRICIA MINING CORP.

BALANCE SHEETS (PREPARED BY MANAGEMENT)

	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
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Assets		
Current		
Cash	\$ 2,364,188	\$ 3,823,364
Restricted cash (Note 6)	35,000	-
Sundry receivable and prepaid expenses	<u>96,899</u>	<u>34,455</u>
	2,496,087	3,857,819
Refundable deposit	5,000	5,000
Property, plant and equipment - net	1,381,288	1,379,992
Mineral properties and deferred exploration expenditures (Note 2)	<u>8,047,736</u>	<u>6,676,295</u>
	<u>\$ 11,930,111</u>	<u>\$ 11,919,106</u>
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Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 449,584	\$ 96,891
Future income tax liability	841,600	841,600
Asset retirement obligation	<u>272,986</u>	<u>262,677</u>
	<u>1,564,170</u>	<u>1,201,168</u>
Shareholders' Equity		
Capital stock (Note 3)	16,345,624	16,282,146
Share purchase warrants (Note 3(d))	434,569	464,713
Contributed surplus (Note 3(e))	583,150	186,700
Deficit	<u>(6,997,402)</u>	<u>(6,215,621)</u>
	<u>10,365,941</u>	<u>10,717,938</u>
	<u>\$ 11,930,111</u>	<u>\$ 11,919,106</u>
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PATRICIA MINING CORP.

STATEMENTS OF OPERATIONS AND DEFICIT (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Expenses				
Management fees	\$ 33,875	\$ 6,000	\$ 46,644	\$ 18,000
Subcontracting services, salaries and benefits	11,981	12,789	26,180	23,002
Stock option compensation (Note 3(c))	74,250	-	74,250	32,963
Office and general	65,096	11,745	88,420	19,229
Shareholder relations	8,621	7,214	15,276	13,807
Transfer agent and filing fees	321	2,429	11,333	9,341
Advertising and promotion	21,382	11,287	48,784	23,025
Professional fees	84,097	-	107,449	1,731
Communications	2,058	1,116	4,973	2,228
Rent	17,359	3,446	32,616	4,550
Amortization	<u>1,339</u>	<u>2,812</u>	<u>3,656</u>	<u>5,625</u>
	<u>320,379</u>	<u>58,838</u>	<u>459,581</u>	<u>153,501</u>
Net loss for the period	(320,379)	(58,838)	(459,581)	(153,501)
DEFICIT, beginning of period	<u>(6,677,023)</u>	<u>(6,293,362)</u>	<u>(6,215,621)</u>	<u>(6,198,699)</u>
	(6,997,402)	(6,352,200)	(6,675,202)	(6,352,200)
Retroactive restatement of stock-based compensation (Note 1)	<u>-</u>	<u>-</u>	<u>(322,200)</u>	<u>-</u>
DEFICIT, end of period	<u>\$ (6,997,402)</u>	<u>\$ (6,352,200)</u>	<u>\$ (6,997,402)</u>	<u>\$ (6,352,200)</u>

PATRICIA MINING CORP.

STATEMENTS OF CASH FLOWS (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
OPERATING ACTIVITIES				
Cash (used in) provided by:				
Net loss for the period	\$ (320,379)	\$ (58,838)	\$ (459,581)	\$ (153,501)
Adjustment for:				
Amortization	1,339	2,812	3,656	5,625
Stock option compensation (Note 3(c))	74,250	-	74,250	32,963
Changes in non-cash working capital relating to operations:				
Sundry receivable and prepaid expenses	(49,346)	(1,816)	(62,444)	5,005
Restricted cash (Note 6)	(35,000)	-	(35,000)	-
Accounts payable and accrued liabilities	<u>271,160</u>	<u>27,164</u>	<u>352,693</u>	<u>(1,548)</u>
	<u>(57,976)</u>	<u>(30,678)</u>	<u>(126,426)</u>	<u>(111,456)</u>
INVESTING ACTIVITIES				
Mineral properties and deferred explorations	(901,866)	(30,074)	(1,361,132)	(75,645)
Property, plant and equipment	<u>-</u>	<u>-</u>	<u>(4,952)</u>	<u>-</u>
	<u>(901,866)</u>	<u>(30,074)</u>	<u>(1,366,084)</u>	<u>(75,645)</u>
FINANCING ACTIVITIES				
Advances from related parties	-	40,000	-	40,000
Exercise of warrants	<u>-</u>	<u>15,000</u>	<u>33,334</u>	<u>30,000</u>
	<u>-</u>	<u>55,000</u>	<u>33,334</u>	<u>70,000</u>
CHANGE IN CASH	(959,842)	(5,752)	(1,459,176)	(117,101)
CASH, beginning of period	<u>3,324,030</u>	<u>22,859</u>	<u>3,823,364</u>	<u>134,208</u>
CASH, end of period	<u>\$ 2,364,188</u>	<u>\$ 17,107</u>	<u>\$ 2,364,188</u>	<u>\$ 17,107</u>

PATRICIA MINING CORP.

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

SIX MONTHS ENDED JUNE 30, 2004

(UNAUDITED)

1. ACCOUNTING POLICIES

Management of Patricia Mining Corp. (the "Company" or "Patricia") have prepared these interim financial statements in accordance with generally accepted accounting principles in Canada. These statements should be read in conjunction with the December 31, 2003 audited financial statements.

The disclosure in these interim financial statements may not conform in all respects to Canadian generally accepted accounting principles for annual financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the six months ended June 30, 2004 may not be indicative of the results that may be expected for the full year ending December 31, 2004.

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended December 31, 2003, except for the following:

Change in Accounting Policy - Stock-Based Compensation

The Company has adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") handbook Section 3870 with respect to stock based compensation awards to employees of the Company. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards be measured and recorded in the financial statements at fair value for fiscal years beginning on or after January 1, 2004.

The Company, as permitted by Section 3870, has chosen to apply this Section retroactively in fiscal year 2004 with a restatement of deficit as at January 1, 2004. The cumulative effect at January 1, 2004 of this accounting change is an increase in deficit of \$322,200 and an increase in contributed surplus of \$322,200. Had the December 31, 2003 financial statements been restated, expenses would have increased by \$322,200 and basic loss per share would have increased by \$0.02.

2. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

As of June 30, 2004, accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

	Opening Balance December 31, 2003	Additions (Reductions)	Ending Balance June 30, 2004	Ending Balance December 31, 2003
Island Gold Project (*)	\$ 6,404,758	\$ 1,377,362	\$ 7,782,120	\$ 6,404,758
Lac des Iles Property (*)	25,000	-	25,000	25,000
Asset retirement costs	262,677	10,309	272,986	262,677
Interest income	(16,140)	(16,230)	(32,370)	(16,140)
	<u>\$ 6,676,295</u>	<u>\$ 1,371,441</u>	<u>\$ 8,047,736</u>	<u>\$ 6,676,295</u>

(*) The property descriptions can be found in the December 31, 2003 audited financial statements.

PATRICIA MINING CORP.

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

SIX MONTHS ENDED JUNE 30, 2004

(UNAUDITED)

3. CAPITAL STOCK

(a) AUTHORIZED

100,000,000 common shares

(b) COMMON SHARES ISSUED

	June 30, 2004	
	NUMBER OF SHARES	STATED VALUE
Balance, beginning of period	21,396,483	\$ 16,282,146
Issued for cash pursuant to		
Exercise of warrants - cash	83,334	33,334
Exercise of warrants - warrant valuation	-	7,010
Exercise of warrants - expired warrants		23,134
Balance, end of period	21,479,817	\$ 16,345,624

(c) STOCK OPTIONS

A summary of changes in stock options during the period are as follows:

	Number of options (#)	Weighted Average Exercise Price
Balance at December 31, 2003	1,550,000	\$ 0.57
Options granted	<u>250,000</u>	<u>0.39</u>
Balance at June 30, 2004	<u>1,800,000</u>	<u>\$ 0.54</u>

As of June 30, 2004, stock options outstanding for conversion to common shares are as follows:

Black Scholes Valuation (\$)	Number of Options	
-	310,000	shares at \$0.60 until January 17, 2006
52,200	290,000	shares at \$0.50 until August 30, 2007
66,300	195,000	shares at \$0.50 until January 22, 2008
243,600	680,000	shares at \$0.60 until October 20, 2008
24,000	75,000	shares at \$0.65 until January 22, 2008
<u>74,250</u>	<u>250,000</u>	shares at \$0.39 until May 25, 2009 (i)
<u>460,350</u>	<u>1,800,000</u>	

(i) The value assigned was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free interest rate 4% and an expected maturity of 5 years.

PATRICIA MINING CORP.

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

SIX MONTHS ENDED JUNE 30, 2004

(UNAUDITED)

3. CAPITAL STOCK (Continued)

(d) WARRANTS

As of June 30, 2004, the following share purchase warrants were outstanding:

1,000,000 at \$.40 expiring November 10, 2004 (value at \$90,000)
530,625 at \$.40 expiring March 15, 2005 (valued at \$53,063)
2,093,750 at \$.50 expiring March 15, 2005 (valued at \$167,500)
100,000 at \$.83 expiring December 30, 2005 (valued at \$32,000)
500,000 at \$1.10 expiring December 30, 2005 (valued at \$125,000)

The aggregate value of the warrants listed above was offset by \$32,994 which relates to warrant tax effects.

(e) Contributed Surplus

Included in contributed surplus are the following items:

BLACK-SCHOLES VALUATION (\$)				
Stock options (Note 3(c))	460,350			
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BLACK-SCHOLES VALUATION (\$)	NUMBER OF CANCELLED STOCK OPTIONS	EXERCISE PRICE (\$)	EXPIRY DATE	
10,800	60,000	0.50	August 30, 2007	
42,000	100,000	0.65	January 22, 2008	
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52,800				
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ADDITIONAL PAID UP CAPITAL (\$)				
70,000				
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TOTAL CONTRIBUTED SURPLUS (\$)				
583,150				

PATRICIA MINING CORP.

NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

SIX MONTHS ENDED JUNE 30, 2004

(UNAUDITED)

4. RELATED PARTY TRANSACTIONS

Management and geological consulting services fees of \$70,875 were paid to companies with a common director in the normal course of operations and was measured at the exchange amount.

5. BASIC AND DILUTED LOSS PER SHARE

The basic and diluted loss per share is computed by dividing the loss by the number of common shares outstanding during the period. The conversion of stock options and warrants was not included in the calculation of diluted loss per share since the calculation would be anti-dilutive.

CALCULATION OF BASIC AND DILUTED LOSS PER SHARE

	2004	2003
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Numerator:		
Loss for the period	\$ (459,581)	\$ (153,501)
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Denominator:		
Weighted average number of shares	21,438,150	10,994,065
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Basic and diluted loss per share	\$ (0.02)	\$ (0.01)

6. RESTRICTED CASH

The Company issued a \$35,000 standby letter of credit as a guarantee that all electricity used at the Island Gold Project will be paid.

7. SUBSEQUENT EVENTS

Subsequent to the period end, the Company appointment Mr. Gus Garisto as the Investor Relation representative, and granted him stock options allowing for the purchase 100,000 shares at a price of \$0.40. The options will have a 5-year term.

The Company retained Northern Securities Inc. as lead agent in a private placement financing of up to \$1,000,000 through the sale of 2,000,000 units at a price of \$0.50 per unit. Each unit will consist of one common share and a one-half of one share purchase warrant, each whole warrant being exercisable at \$0.60 per common share for a period of 24 Months. Securities issued pursuant to the placement are subject to a four-month hold period.

For its services as lead agent, Northern Securities Inc. will be paid a 7% commission and will receive broker warrants equivalent to 10% of the number of units sold. The broker warrants will be exercisable at the issue price of \$0.50 per unit for a period of 24 months after the closing date. The proposed closing date of the financing is August 31, 2004.