

**NOTICE TO SHAREHOLDERS**

**PATRICIA MINING CORP.**

**QUARTERLY FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004**

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 nine months ended September 30, 2004 and September 30, 2003.

# PATRICIA MINING CORP.

## BALANCE SHEETS (PREPARED BY MANAGEMENT)

	September 30, 2004 (Unaudited) \$	December 31, 2003 (Audited) \$
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Assets		
Current		
Cash and cash equivalents	1,527,095	3,823,364
Restricted cash (Note 2)	199,558	-
Sundry receivables and prepaid expenses	<u>171,086</u>	<u>34,455</u>
	1,897,739	3,857,819
Refundable deposit	5,000	5,000
Property, plant and equipment - net	1,377,993	1,379,992
Mineral properties and deferred exploration expenditures (Note 3)	<u>9,258,226</u>	<u>6,676,295</u>
	<u>12,538,958</u>	<u>11,919,106</u>
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Liabilities		
Current		
Accounts payable and accrued liabilities	321,142	96,891
Future income tax liability	841,600	841,600
Asset retirement obligation	<u>278,339</u>	<u>262,677</u>
	1,441,081	1,201,168
Shareholders' Equity		
Capital stock (Note 4(b))	16,983,856	16,282,146
Share purchase warrants (Note 4(d))	664,543	464,713
Contributed surplus (Note 4(e))	697,400	186,700
Deficit	<u>(7,247,922)</u>	<u>(6,215,621)</u>
	<u>11,097,877</u>	<u>10,717,938</u>
	<u>12,538,958</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 September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>Expenses</b>				
Stock option compensation (Note 4(c))	89,500	-	163,750	32,963
Management fees	73,266	36,000	119,910	54,000
Advertising and promotion	61,832	15,375	110,616	38,400
Office and general	11,234	15,598	99,654	34,827
Rent	4,217	4,916	36,833	9,466
Administrative services, salaries and benefits	2,147	13,720	28,327	36,722
Communications	1,841	1,077	6,814	3,305
Shareholder information	1,787	14,334	17,063	28,141
Transfer agent and filing fees	850	225	12,183	9,566
Professional fees	551	45,941	108,000	47,672
Amortization	<u>3,295</u>	<u>2,813</u>	<u>6,951</u>	<u>8,438</u>
	<u>250,520</u>	<u>149,999</u>	<u>710,101</u>	<u>303,500</u>
Net loss for the period	(250,520)	(149,999)	(710,101)	(303,500)
DEFICIT, beginning of period	<u>(6,997,402)</u>	<u>(6,352,200)</u>	<u>(6,215,621)</u>	<u>(6,198,699)</u>
	(7,247,922)	(6,502,199)	(6,925,722)	(6,502,199)
Retroactive restatement of stock-based compensation (Note 1)	<u>-</u>	<u>-</u>	<u>(322,200)</u>	<u>-</u>
DEFICIT, end of period	<u><u>(7,247,922)</u></u>	<u><u>(6,502,199)</u></u>	<u><u>(7,247,922)</u></u>	<u><u>(6,502,199)</u></u>
Net (Loss) Per Common Share basic and diluted	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.02)</u>
Weighted average number of shares outstanding	22,126,706	13,989,118	21,695,447	13,989,118

PATRICIA MINING CORP.

STATEMENTS OF CASH FLOWS (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	(250,520)	(149,999)	(710,101)	(303,500)
Items not involving cash:				
Amortization	3,295	2,813	6,951	8,438
Stock option compensation (Note 4(c))	89,500	-	163,750	32,963
Changes in non-cash working capital balances:				
Sundry receivables and prepaid expenses	(74,187)	(7,527)	(136,631)	(2,522)
Restricted cash (Note 2)	(164,558)	-	(199,558)	-
Accounts payable and accrued liabilities	<u>(128,442)</u>	<u>(8,377)</u>	<u>224,251</u>	<u>(9,925)</u>
	<u>(524,912)</u>	<u>(163,090)</u>	<u>(651,338)</u>	<u>(274,546)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Mineral properties and deferred explorations	(1,205,137)	(69,182)	(2,566,269)	(144,827)
Property, plant and equipment	<u>-</u>	<u>-</u>	<u>(4,952)</u>	<u>-</u>
	<u>(1,205,137)</u>	<u>(69,182)</u>	<u>(2,571,221)</u>	<u>(144,827)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of common shares for cash	880,956	3,498,250	880,956	3,498,250
Advances from related parties	-	(40,000)	-	-
Warrants exercised	<u>12,000</u>	<u>10,000</u>	<u>45,334</u>	<u>40,000</u>
	<u>892,956</u>	<u>3,468,250</u>	<u>926,290</u>	<u>3,538,250</u>
(Decrease) Increase in cash and cash equivalents	(837,093)	3,235,978	(2,296,269)	3,118,877
Cash and cash equivalents, beginning of period	<u>2,364,188</u>	<u>17,107</u>	<u>3,823,364</u>	<u>134,208</u>
Cash and cash equivalents, end of period	<u>1,527,095</u>	<u>3,253,085</u>	<u>1,527,095</u>	<u>3,253,085</u>

# PATRICIA MINING CORP.

## NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)

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### 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 nine months ended September 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. RESTRICTED CASH

The Company has issued various standby letters of credit as guarantees in connection with the Island Gold Project including an irrevocable letter of credit for approximately \$144,000 to the Ministry of Northern Development and Mines as part of the Kremzar Mine Closure Plan.

# PATRICIA MINING CORP.

## NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)

### 3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

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

	Balance December 31, 2004 \$	Additions (Reductions) \$	Balance September 30, 2004 \$
Island Gold Project (*)	6,404,758	2,593,060	8,997,818
Lac des Iles Property (*)	25,000	-	25,000
Asset retirement costs	262,677	15,662	278,339
Interest income	(16,140)	(26,791)	(42,931)
	<u>6,676,295</u>	<u>2,581,931</u>	<u>9,258,226</u>

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

### 4. CAPITAL STOCK

(a) Authorized

100,000,000 Common shares

(b) Common Shares issued

	Number of Shares #	Amount \$
Balance, December 31, 2003	21,396,483	16,282,146
Warrants Exercised	107,334	54,754
Common Shares issued for cash	2,000,000	810,000
Share issue costs		(163,044)
<u>Balance, September 30, 2004</u>	<u>23,503,817</u>	<u>16,983,856</u>

# PATRICIA MINING CORP.

## NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)

### 4. CAPITAL STOCK (Continued)

#### (c) Stock Options

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

	Stock Options #	Weighted Average Exercise Price \$
Balance, December 31, 2003	1,550,000	0.57
Granted	515,000	0.42
Cancelled	(365,000)	0.58
Balance, September 30, 2004	1,700,000	0.52

As of September 30, 2004, the Company had incentive stock options issued to directors, officers and consultants of the Company as follows:

Stock Options #	Exercise Price \$	Expiry Date
300,000	0.60	January 17, 2006
250,000	0.50	August 30, 2007
120,000	0.50	January 22, 2008
515,000	0.60	October 20, 2008
250,000	0.39 (i)	May 25, 2009
140,000	0.40 (i)	July 23, 2009
<u>125,000</u>	0.60 (i)	September 7, 2009
<u>1,700,000</u>		

- (i) The estimated values of the options granted during the nine months ended September 30, 2004 is \$163,750. This was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, average volatility 87%, average risk free interest rate 3.5% and an expected average life of 5 years.

# PATRICIA MINING CORP.

## NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)

### 4. CAPITAL STOCK (Continued)

#### (d) Share Purchase Warrants

A summary of changes in share purchase warrants during the period are as follows:

	Warrants #	Weighted Average Exercise Price \$
Balance, December 31, 2003	4,582,709	0.53
Issued	1,200,000	0.58
Exercised	(107,334)	0.42
Expired	(275,000)	0.40
<b>Balance, September 30, 2004</b>	<b>5,400,375</b>	<b>0.55</b>

As at September 30, 2004, the following share purchase warrants are outstanding:

Warrants #	Exercise Price \$	Estimated Fair Value \$	Expiry Date
1,000,000	0.40	54,900 (i)	November 10, 2004
530,625	0.40	53,063	March 15, 2005
2,069,750	0.50	165,580	March 15, 2005
100,000	0.83	32,000	December 30, 2005
500,000	1.10	125,000	December 30, 2005
200,000	0.50	44,000 (ii)	August 31, 2006
<u>1,000,000</u>	0.60	<u>190,000 (ii)</u>	August 31, 2006
<u><u>5,400,375</u></u>		<u><u>664,543</u></u>	

(i) Subsequent to September 30, 2004 these warrants were exercised.

(ii) The estimated values of the warrants issued during the nine months ended September 30 2004 was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 74%, risk free interest rate 3% and an expected average life of 2 years

# PATRICIA MINING CORP.

## NOTES TO FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT)

NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)

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4. CAPITAL STOCK (Continued)  
(e) Contributed Surplus

A summary of changes in contributed surplus during the period is as follows:

	\$
Balance, December 31, 2003	186,700
Change in accounting policy (Note 1)	322,200
Stock option compensation	163,750
Warrants Expired	<u>24,750</u>
Balance, September 30, 2004	<u><u>697,400</u></u>

5. RELATED PARTY TRANSACTIONS

For the nine months ended September 30, 2004, management and geological consulting services fees of \$123,625 (2003; \$54,000) were paid to companies with common directors. The amounts were in the normal course of operations and were measured at the exchange amount, which is the amount agreed to by the related parties.