

IMPACT Minerals International Inc.
(A Development Stage Company)
Interim Consolidated Financial Statements
March 31, 2004 and 2003
Unaudited

NOTICE

These interim consolidated financial statements for the three months ended March 31, 2004 of IMPACT Minerals International Inc. have been prepared by management and have not been subject to review by the Company's auditors.

Interim Consolidated Balance Sheet

As at
Canadian Funds
Unaudited

ASSETS	March 31, 2004	March 31, 2003	December 31, 2003
Current			
Cash and term deposits	\$ 128,722	\$ 41,915	\$ 4,377
GST receivable and prepaid expenses	7,674	7,694	4,829
Advance receivable (Note 3)	1	1	1
	<u>136,397</u>	49,610	9,207
Resource Properties - Schedule (Note 4)	943,872	921,023	933,744
	<u>\$ 1,080,269</u>	\$ 970,633	\$ 942,951

LIABILITIES

Current			
Accounts payable	\$ 148,858	\$ 4,088	\$ 6,000
Due to parent company (Note 5)	97,838	34,233	66,065
	<u>246,696</u>	38,321	72,065

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	5,428,364	5,369,504	5,403,750
Deficit - Statement 2	(4,594,791)	(4,437,192)	(4,532,864)
	<u>833,573</u>	932,312	870,886
	<u>\$ 1,080,269</u>	\$ 970,633	\$ 942,951

ON BEHALF OF THE BOARD:

"F.W. Davidson" _____, Director

"H.W. Sellmer" _____, Director

Interim Consolidated Statement of Loss and Deficit

For the Three Months Ended March 31

Canadian Funds

Unaudited

	2004	2003
General and Administrative Expenses		
Accounting, audit and legal	\$ 12,531	\$ 123
Foreign exchange loss	630	-
Investor relations	259	1,429
Management fees and consulting	9,000	9,000
Office and sundry	274	3,695
Office salaries and services	2,231	2,685
Rent	750	750
Stock-based compensation expense (Note 7b)	24,614	-
Transfer agent and filing fees	6,184	2,982
	<hr/>	<hr/>
Loss Before the Following	56,473	20,664
Other Expenses (Income)		
Interest Income	64	(27)
Write-off of resource properties	5,390	-
	<hr/>	<hr/>
	5,454	(27)
	<hr/>	<hr/>
Loss for the Period	61,927	20,637
	<hr/>	<hr/>
Deficit - Beginning of period	4,532,864	4,416,555
	<hr/>	<hr/>
Deficit - End of Period	\$ 4,594,791	\$ 4,437,192
	<hr/>	<hr/>
Loss Per Share – Basic and diluted	\$ 0.01	\$ 0.00
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Interim Consolidated Statement of Cash Flows

For the Three Months Ended March 31

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	2004	2003
Operating Activities		
Loss for the period	\$ (61,927)	\$ (20,637)
Items not affecting cash		
Stock-based compensation expense	24,614	-
Write-off of resource properties	5,390	-
Changes in non-cash working capital	140,013	(5,816)
	<u>108,090</u>	<u>(26,453)</u>
Investing Activities		
Resource property costs	<u>(15,518)</u>	<u>(292)</u>
Financing Activities		
Due to parent company	<u>31,773</u>	<u>1,029</u>
Net Increase (Decrease) in Cash	124,345	(25,716)
Cash position - Beginning of period	<u>4,377</u>	<u>67,631</u>
Cash Position - End of Period	\$ 128,722	\$ 41,915

IMPACT Minerals International Inc.*(A Development Stage Company)*

Schedule

Interim Consolidated Schedule of Resource Property Costs**For the Three Months Ended March 31***Canadian Funds**Unaudited*

	2004		2003
Proyectos Mineros, S.A. Concessions, Dominican Republic			
Deferred exploration costs			
Field administration	\$ 1,321	\$	501
Permits and fees	57		-
Travel and accommodation	-		24
Vehicles	-		60
Wages	8,750		(984)
	<u>10,128</u>		<u>(399)</u>
Minera Monte Plata, S.A. Concessions, Dominican Republic			
Deferred exploration costs			
Field administration	-		269
Permits and fees	-		422
	<u>-</u>		<u>691</u>
Other Properties			
Deferred exploration costs			
Wages	5,390		-
Write-off of resource properties	(5,390)		-
	<u>-</u>		<u>-</u>
Costs for the Period	10,128		292
Balance - Beginning of period	<u>933,744</u>		<u>920,731</u>
Balance – End of Period	\$ 943,872	\$	921,023

-The accompanying notes form an integral part of these interim consolidated financial statements-

IMPACT Minerals International Inc.*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****March 31, 2004 and 2003***Canadian Funds*

1. Significant Accounting Policies**a) Basis of Presentation**

These interim financial statements follow the same accounting policies and methods of their application of the most recent annual financial statements. These financial statements should be read in conjunction with the audited financial statements as at December 31, 2003.

2. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and term deposits, GST receivable, advance receivable, accounts payable and amounts due to parent company. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

3. Advance Receivable

By agreement dated March 2, 2001 and amended March 1, 2002 and April 24, 2002, the Company entered into an agreement with a third party to provide financing of \$25,000 for a pilot project leading up to a possible joint venture development of an aggregates and decorative stone business. During the year ended December 31, 2002 \$2,000 was repaid. However, due to uncertainty of collectibility, management has written down the remaining amount to \$1. The Company has the option to receive shares, in lieu of payment, of the third party at a price of \$0.25 per share until June 1, 2004.

4. Resource Properties

a) Details are as follows:

	Acquisition Costs	Exploration	Accumulated Write-Off	2004	2003
PMSA concessions	\$ 497,000	334,905	-	831,905	\$ 810,415
MMP concessions	85,000	26,967	-	111,967	110,608
Other properties	-	5,390	(5,390)	-	-
	\$ 582,000	367,262	(5,390)	943,872	\$ 921,023

IMPACT Minerals International Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

March 31, 2004 and 2003

Canadian Funds

4. Resource Properties - continued

b) PMSA

By various agreements dated October 22, 1996 to July 15, 1999 and effective August 20, 1999, the Company acquired 100% of the shares of the Dominican Republic registered company PMSA. PMSA has exploration concessions located in various parts of the Cordillera Oriental in the Dominican Republic, including the El Brujo concession.

Under the terms of the agreements, the Company issued in a prior year 2,365,000 shares for a value of \$497,000 and made certain exploration expenditures. PMSA's only asset, recorded on its books at a nominal value, as at August 20, 1999 was the mineral concessions and therefore consideration for the purchase of PMSA has been recorded under resource properties.

The concessions are subject to a 1% NSR to a maximum of US \$1,000,000.

c) Jade

By agreement dated July 15, 1999, the Company acquired 100% of the shares of the Canadian company, Jade, which owns 100% of the shares of the Dominican Republic registered company, MMP. MMP has exploration concessions located in various parts of the Cordillera Oriental in the Dominican Republic, including the Baritina concession.

Under the terms of the agreements, the Company issued 425,000 shares for a value of \$85,000. MMP's only asset, recorded on its books at a nominal value, as at August 20, 1999 was the mineral concessions and therefore consideration for the purchase of Jade has been recorded under resource properties.

The concessions are subject to a 1% NSR to a maximum of US\$1,000,000.

d) Option Agreement

By agreement dated January 2, 2002, the Company optioned to a third party certain concessions in the Dominican Republic. The third party, at its option, was to incur exploration expenditures of US\$1,000,000, US\$500,000 and US\$200,000 on the El Brujo, La Bruja and Rey Croesus concessions respectively, to earn a 51% interest in each concession. The La Bruja expenditures were to be made by March 2004, and El Brujo and Rey Croesus by October 2003.

In October 2003, the Company was advised that the third party did not meet the threshold expenditures prior to the expiry of its option, and as a result returned all the concessions to the Company.

5. Due to Parent Company

As at March 31, 2004, an amount of \$97,838 (2003 - \$34,233) was due to the parent company. Monies owed to the parent company are unsecured, non-interest bearing and without specific repayment terms. Management anticipates that the amount will be repaid within one year and accordingly it has been classified as current.

IMPACT Minerals International Inc.*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****March 31, 2004 and 2003***Canadian Funds***6. Share Capital**

a) Details are as follows:

	Number		Amount
Authorized:			
100,000,000 common shares without par value			
20,000,000 non-voting preferred shares without par value			
Issued and outstanding:			
Balance – March 31, 2003	10,730,022	\$	5,369,504
Fair value of stock options issued	-		34,246
Balance - December 31, 2003	10,730,022		5,403,750
Fair value of stock options issued	-		24,614
Balance – March 31, 2004	10,730,022	\$	5,428,364

b) As at March 31, 2004, the Company has 375,000 shares in escrow. These shares may not be released without the consent of the regulatory authorities.

c) During 2002, 1,000,000 units were sold by private placement for proceeds of \$100,000, of which 850,000 units were sold to the parent company and 50,000 to a director of the Company. Each unit is comprised of one common share and one warrant, each warrant entitling the holder to purchase one additional share of the Company until June 24, 2004 at a price of \$0.12 per share. There are no other warrants outstanding.

7. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options vest 25% on the date granted and 12 1/2% every quarter thereafter.

a) A summary of the Company's options at March 31, 2004 and the changes for the period are as follows:

Number Outstanding March 31 2003	Issued	Exercised	Forfeited	Expired	Number Outstanding March 31 2004	Exercise Price Per Share	Expiry Date
620,000	-	-	-	-	620,000	\$ 0.10	October 20, 2004
-	780,000	-	-	-	780,000	\$0.13	October 20, 2008
620,000	780,000	-	-	-	1,400,000	\$0.10- \$0.13	October 20, 2004- October 20, 2008

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(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

March 31, 2004 and 2003

Canadian Funds

7. Share Purchase Options - Continued

In October 2003, the Company granted additional stock options under its Stock option Plan to directors and employees exercisable for up to 780,000 shares of the Company, with an estimated value of \$98,457 on the grant date. The options are exercisable on or before October 20, 2008 at a price of \$0.13 per share.

- b) The fair value of stock options used to calculate compensation for employees is estimated using the Black-Scholes Option Pricing Model. Since the options were granted under a graded vesting schedule, \$24,614, of the fair value has been recorded in the accounts of the Company during the period. The offsetting entry is to share capital. This value is estimated at the date of the grant with the following weighted average assumptions:

Risk-free interest rate	4.14%
Expected dividend yield	NIL
Expected stock price volatility	191.6%
Expected option life in years	5

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 the fair value of the Company's stock options.

8. Related Party Transactions

Except as disclosed elsewhere in these financial statements related party transactions are as follows:

- a) During the three months ended March 31, 2004, fees in the amount of \$9,000 (2003 - \$9,000) were paid or accrued to two directors of the Company.
- b) During the three months ended March 31, 2003, an administrative fee of \$1,321 (2003 - \$232) was paid to the parent company for management of the Company's exploration programs.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

IMPACT Minerals International Inc.*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****March 31, 2004 and 2003***Canadian Funds*

9. Management Agreements

The Company has entered into management and consulting agreements with two directors for fees totalling \$3,000 (\$1,500 each) per month. These agreements renew automatically on a month to month basis for one year thereafter unless otherwise terminated.

10. Segmented Information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations were primarily carried out in Canada and the Dominican Republic. All of the investment income is earned in Canada. Details are as follows:

	2004	2003
Assets by geographic area		
Caribbean	\$ 943,872	\$ 921,023
Canada	136,397	49,610
	\$ 1,080,269	\$ 970,633
Net loss by geographic area		
Canada	\$ 61,927	\$ 20,637

11. Subsequent Events

- a) In April 2004, the Company issued a private placement of 3.0 million units at a price of \$0.15 per unit. Each unit consists of one common share and one share purchase warrant. One share purchase warrant entitles the holder to acquire one common share at a price of \$0.165 per share for 2.5 million units and \$0.185 per share for 500,000 units. The Company granted a further 214,166 warrants at \$0.165 as a finder's fee. All the warrants expire April 14, 2005.
 - b) On May 12, 2004, the Company granted additional incentive stock options under its Stock Option Plan to directors and employees exercisable for up to 475,000 shares of the Company. The options are exercisable on or before May 12, 2009 at an exercise price of \$0.15 per share.
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