SPIDER
RESOURCES INC.

2003 ANNUAL REPORT

Message to Shareholders

On behalf of the Board of Directors of Spider Resources Inc., I am pleased to present to the shareholders a review of the Company's activity for the year ended December 31, 2003.

The Year 2003 was a momentous one for Spider Resources Inc. The Company commenced drilling on the massive sulphide discovery at McFaulds Lake reported to the Joint Venture partners (Spider & KWG) by our then Joint Venture partner De Beers. The McFaulds Lake discovery has blossomed into what appears to be a whole new massive sulphide camp which by definition is an area hosting several deposits with a similar geological style. During the Year, the Company drilled 18 diamond drill holes and located 3 new occurrences of massive sulphide (predominantly copper and zinc mineralization).

As is the custom with these messages to the shareholders, we often report on developments that are subsequent to the year end up to the date of the message. Thusly, subsequent the financial year-end your Company in conjunction with our JV partner undertook a winter drilling campaign whereby diamond drill holes were completed on the various known McFaulds Massive Sulphide targets and on geophysical anomalies detected during our airborne geophysical survey.

Additionally, the Company and our partner commenced a small drill program on the MacFadyen diamond prospect located where we have located three new kimberlite pipes. These kimberlites are within 8 kilometres of the advanced De Beers Victor kimberlite mine development project. The joint venture has now identified and owns 10 kimberlites in the James Bay Lowlands area of Ontario including the 5 Kyle series kimberlites located 100 km west of the Attawapiskat kimberlite swarm.

The current drill program is intended to test magnetic anomalies that were modeled from data by our Vice President of Exploration, Neil Novak, and consultants to the joint venture Scott Hogg and Associates. The location of these new kimberlites demonstrates that there is potential for the location of other kimberlite pipes along the Attawapiskat magnetic structure, and the potential for a significant diamond field in Ontario.

Please take some time to review the Summary of Operations enclosed herein to be fully acquainted with respect to the ongoing exploration and development activity.

The resources sector has partially regained the interest of the investing public. The environment for financing exploration has improved significantly in the past 12 to 18 months and management anticipates the market for financing in the resource sector to continue during the coming year. These circumstances will allow us to maintain our joint venture interest at the present level and allow us to aggressively develop out assets.

Combined with a positive board outlook, and the various exploration projects that we have been able to maintain, all the conditions for success are present. The Company expresses its gratitude to the board members as well as its shareholders who continue to support the Company, and together we look forward to success in the Company's future endeavors.

On behalf of the Board,

Bryan Wilson, President
May 5, 2003

McFauld's Lake VMS Project

During the Year the Company in joint venture with KWG resources explored the McFauld's # 1, #2 and #3 VMS Deposits. These poly metallic deposits are found in a glassy volcanic rock mass variably called a rhyo-dacite or rhyolite. This mass of rocks appears to form a 'tear-drop' shaped body within the joint venture claim group.

The discovery deposit, McFauld's #1 is an elliptical shaped body when projected to surface and elongated down plunge to the northeast. The flattened tube like mass appears to thicken with depth as the grade of copper increases. Geophysical testing and drilling have demonstrated that the ore mass is open at depth. Additional deep drilling is required to further delineate this mineralized structure.

McFauld's #2 is a mineral occurrence that requires more drilling. A single hole intersected significant copper mineralization that is cut off by a major fault.

The McFaulds #3 deposit is located 1000 metres southwest of McFaulds #1 deposit and it has been defined 11 diamond holes.

This mineralized body has a zinc rich zone close to surface which transitions to a rich copper zone at depth. Some of the better grade drill hole intercepts are listed as follows:

McF-04-21

Section	Station	Dip	from (m)	to (m)	int (m)	Cu%	Zn%	Au (g/t)	Ag (g/t)
8+00	2+00 N	-50	220.55	234.36	13.81	**5.5**	0.34	0.52	15.4
Including			228.96	233.59	**4.63**	**10.4**	**0.86**	0.68	30.7

McF-04-24

Section	Station	Dip	from (m)	to (m)	int (m)	Cu%	Zn%	Au (g/t)	Ag (g/t)
7+50	2+00	-50	219	231.09	12.09	1.81	0.07	0.1	3.36
Including			221.5	224.63	3.13	4.21	0.2	0.22	8.55

Drill hole McF-04-29, intersected a 2.5-metre section of heavy sulphide mineralization at a depth of approximately 300 metres, the depth extension of the #3 zone mineralization encountered in Holes McF-04-21 and 24. The copper mineralization found in Hole McF-04-29 is approximately 120 metres down the dip slope (approximately 50m vertically) below McF-04-21 and about 130 metres down slope (approximately 55m vertically) below McF-04-24. This new intersection demonstrates the lateral continuity of the High-Grade copper mineralization found in the drilling on other sections. Hole McF-04-29 gave the following results:

McF-04-29

Section	Station	Dip	from (m)	to (m)	int (m)	Cu%	Zn%	Au (g/t)	Ag (g/t)
8+00	2+00 N	-75	326.6	329.4	2.5	**4.39**	0.01	0.92	8.9

The hole drilled prior to break-up (Hole McF-04-41) was designed to test the down dip and plunge of the massive sulphide mineralization encountered in previous holes (McF-04-21, 24 and 29) drilled on the McFaulds #3 occurrence.

Hole McF-04-41 was collared at Line 8+25mNE at 2+00mNW with initial dip of 65 degrees, azimuth grid south. The main mineralized zone was encountered at a down-hole depth of 239.7 metres. The mineralization is 17.6 metres long. The massive sulphides encountered in this hole appear similar to those observed in other two aforementioned drill intersections that are proximal (within 50 metres and 100 metres) of the pierce point of this hole. This hole was stopped at 312 metres total depth.

Previous drilling on the section Hole 21 intersected 13.8 metres that averaged 5.5% Cu, including 4.63 metres that averaged 10.4% Cu. Hole 22 intersected 15 metres that averaged 4.06% Cu, including 3.31 metres that averaged 9.98% Cu.

Down-the-hole geophysics coupled with additional surface large loop Transient Electromagnetic surveying has been completed on this VMS occurrence, indicating the continuation of sulphides down dip and along strike to depth (down plunge) from earlier drill intersections.

These results are encouraging and demonstrate that high-grade copper mineralization is found at depth – down plunge. Additional drilling will be undertaken throughout the balance of the year.

In addition management expects that a resource estimate will be undertaken either during this period or upon completion of the summer drilling campaign.

MacFadyen Kimberlite Project

The MacFadyen Project is located within 8 kilometres north of the advanced “Victor kimberlite development project” owned by De Beers Canada Exploration and 1.5 km east of De Beers’ Tango and Tango Extension Kimberlites. In 1993 the Company discovered 2 kimberlite pipes (MacFadyen #1and #2) and it has been maintaining the property in good standing ever since. The winter project was designed to test a deep magnetic linear feature interpreted as a kimberlitic fissure and two cylindrical to conical features interpreted to be classical pipes. These features were interpreted from magnetic data modeled by Neil Novak and Scott Hogg.

The program was successful in as much as the predicted magnetic features were indeed kimberlite diatremes. The presence of the kimberlite fissure remains at the time of writing – undefined.

All samples from the holes have been sealed and will be delivered to Thunder Bay Diamond Services Laboratory for caustic fusion micro diamond analysis. The field crew is headed up by Roger Thomas, P.Geo., and P.Eng. the project’s Independent Qualified Person.

The following discussion and analysis should be read in conjunction with the financial statements and related notes thereto for the years ended December 31, 2001, 2002 and 2003, and the information pertaining to subsequent events is as of April 9, 2004.

Overall Performance

The year ending December 31, 2003 witnessed a major turnaround in the financial well being of Spider Resources Inc. (the "Company" or "Spider"). The Company has been able to finance and increase its working capital position because of our exploration successes. Furthermore, due to the improved investment climate that continued over the year-end, additional working capital was realized.

The Company is debt free and does not need to sell assets to raise working capital.

Selected Annual Information

The following consolidated financial data of Spider, for the three years ended December 31, 2003 is derived from the audited consolidated financial statements of the Company.

	2003 $	**2002** $	**2001** $
Total Revenues	56,264	116,250	309,530
Net Loss	425,525	(1,785,981)	(76,782)
Loss per Share*	(0.006)	(0.008)	(0.001)
Total Assets	11,303,273	9,436,846	10,997,964
Working Capital	610,634	(578,725)	(465,709)
Costs and Deferred Exploration Expenditures	10,462,793	9,358,303	10,965,875

* Restated for 2002

Dividends

The Company has paid no dividends with respect to the common shares and it is not contemplated that any dividends will be paid in respect of the common shares in the immediate or foreseeable future.

Results of Operations

For the twelve-month period ending December 31, 2003, the Company incurred a net loss of $833,001 ($0.006 per share) compared with a net loss of $899,006 ($0.008 per share) for the same period ended December 31, 2002. This decrease in the loss is attributable to a decrease in administrative expenses for the period under review.

The Reader should read this section in conjunction with the Summary of Operations above. The Company in concert with its Joint Venture partner plans to continue with diamond drilling on both the McFaulds Lake VMS Deposits and the MacFadyen diamond discoveries for the remainder of 2004. The Joint Venture has spent approximately $2.0 million since the beginning of January 2004. Detailed budgets are being prepared for a spending program that will recommence in June 2004. It is anticipated that the proposal to the joint venture will contemplate a total expenditure of $5.0 million for the balance of the year. Spider's pro rata contribution to these programs will be raised through one or more private placements.

Spider's ability to maintain its joint venture interest is directly affected by its ability to raise new exploration capital through private placements. In the event that Spider is unable to raise its pro-rata contribution, then KWG has the right to make up this shortfall and earn an additional interest joint venture asset as a result thereof.

Notwithstanding the foregoing, Spider has a cash position as a result of the exercise of options and warrants both prior to and subsequent to the December 31st year end. At the time of writing the Company has in excess of $1.2 million in cash.

Expenses

Administrative expenses increased significantly from $173,465 to $480,789 due to an increase in management fees, increased financing activity and a higher level of exploration activity (during 2003) with respect to the previous fiscal period.

During fiscal 2003, the Company has maintained all of its projects by expending $1,101,982 in exploration.

Summary of Quarterly Results

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the interim financial statements of the Company for each of the aforementioned eight quarters.

	Total Revenue $	Net Loss $	Loss per Share $
4th Quarter 2003	0.00	(511,766)	(0.006)
3rd Quarter 2003	11,264	(179,415)	0.00
2nd Quarter 2003	0.00	(167,415)	0.00
1st Quarter 2003	45,000	23,398	0.00
4th Quarter 2002	116,250	(1,624,474)	(0.003)
3rd Quarter 2002	-	(95,433)	0.00
2nd Quarter 2002	-	(56,277)	(0.000)
1st Quarter 2002	-	(28,513)	(0.003)

Liquidity

Spider is a listed company on Tier 2 of the TSX Venture Exchange. The Company has 145,353,979 shares issued and outstanding as at year end and it maintains its listing in good standing. **The Company's shares represent excellent liquidity where a bid and ask frequently available**.

The Company's Working Capital position has improved significantly over the past year as a result of the Company's improved ability to raise capital which in turn is a result of the positive exploration results obtained. The Company enjoys a positive working capital position of $610,634 for the year ended December 31 2003, compared to a working capital deficit of $397,594 for the year ended December 31 2002.

The Company's requirements for capital to maintain its ownership level in the joint venture properties has traditionally come from private placements involving flow-through shares. Typically these financings have come through institutional and high net-worth investors. The amounts raised in the past have been a function of the level of market interest in the junior resource industry and the general level of interest in the equity and mineral commodity markets.

Within the past five years, there have been instances where there has been little or no interest in the Company and for that matter the Company's Joint Venture Partner, and the ability to finance the Company's participation in the Joint Venture has been at a minimum. However, more recently there has been a higher level of interest in the Junior Resource sector and the Company's ability to finance its pro rata interest in the Ontario Joint Venture has been much easier. Furthermore, the positive exploration results that have been obtained have resulted in a heightened level of interest in the Company and several offers to provide further financing have been received.

Capital Resources

With the proceeds of private placements, the Company was able to finance the exploration activity in Northern Ontario. The financial contributions to the Ontario projects of a joint venture with KWG Resources Inc., resulted in Spider more or less maintaining its respective pro rata interest level with respect to last year's level of 48.98% interest.

During the 12-month period ended December 31, 2003 the Company issued shares as follows:

1)	Flow through Shares	9,700,000	for $970,000
2)	Non-Flow through Shares	9,100,000	for $910,000
3)	Exercise of Warrants	100,000	for $100,000
4)	Exercise of Stock Options	2,830,468	for $283,047
5)	Shares for Debt Settlement	1,500,000	for $150,000
	Total / Sub Total	23,230,468	for $2,413,047
	Less Valuation (Expensed)*		723,480
	Less Cost of Issue		191,756
	Net		$ 1,497,811

* This amount is an accounting adjustment and is not a cash deduction

Subsequent to the year ended December 31 2003, and up to April 9, 2004 the following share issuances took place:

1)	5,000,000 non flow-through common shares were issued for	$500,000
2)	2,724,500 stock options were exercised for	$277,950
3)	3,250,000 warrants were exercised for	$390,000
	Total	$1,167,950

Related Party Transactions

The Company participates in the Ontario Joint Venture with KWG Resources Inc., which is the manager of the Joint Venture.

KWG has engaged Billiken Management Ltd., as the operator of the joint venture whereby Billiken provides various exploration and contract project management services to the Joint Venture. Billiken was selected by the operator to fulfill this function because of the prior knowledge of the management of Billiken concerning the affairs of the joint venture.

Billiken charges the joint venture fees that are based on the level of expenditures made by the joint venture and indirectly by the Company. These fees are normally based on a mark-up of the expenditure or cost-plus, which is usually 10% and for the year ended December 31, 2003 the estimated amount paid to Billiken is approximately $55,000.

Two spouses of two directors of the Company are officers and/or shareholders of Billiken and benefit from Billiken's relationship with the Joint Venture and indirectly with the Company.

Changes in Accounting Policies

The Company follows Canadian Generally Accepted Accounting Principles and accordingly a change in the Company's accounting practice was put into effect this year and requires a restatement of the prior years reported results.

In the prior periods the Company did not record a future tax liability for the temporary difference between the carrying amount for accounting purposes for the resources properties and their tax base. The correction of this error has been recorded retroactively with a restatement that has resulted in the recording of a future tax liability at January 1, 2002 and has been charged directly to the deficit.

Furthermore a future tax recovery of $9192,351 has been recorded for 2002. Thus the loss for 2002 has been reduced from ($0.15) per share to ($0.14) per share.

Outlook

The Company will continue to seek financing during the upcoming year for continued exploration of the MacFadyen, McFaulds Lake, Kitchie Lake and the Wawa projects in Northern Ontario. No work is anticipated on the Kyle pipes for 2004.

Diamond Drilling on the MacFadyen property, which is located 8 kilometres north of the proposed Victor Mine kimberlite (an advanced exploration project owned by De Beers) and proximal to the Tango and Tango Extension deposits all in the Attawapiskat River kimberlite swarm.

The results of the three mini-bulk samples and the 35 regional prospecting samples during 2002 on the Wawa project were extremely encouraging. These results will be followed up with an aggressive exploration program during the latter part of 2004.

To carry out these exploration plans, Spider anticipates further financing, through a combination of private placements and exercise of options by option holders in the upcoming year.

April 9, 2004

Auditors' Report

To the Shareholders of
Spider Resources Inc.

We have audited the balance sheet of Spider Resources Inc. as at December 31, 2003 and the statements of operations, 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 financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 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 December 31, 2002 and for the year then ended were audited by other auditors' who expressed an opinion without reservation on those financial statements in their report dated May 3, 2003.

"McCarney Greenwood LLP"

Toronto, Canada

McCarney Greenwood LLP
Chartered Accountants

Spider Resources Inc.
(incorporated under the laws of Canada)

	December 31 2003	December 31 2002
Assets		
Current assets		
Cash	$ 661,423	$ 4,611
Funds held in trust	11,327	2,500
Marketable securities (Note 5)	49,200	49,200
Prepaid expenses and sundry receivables	118,530	19,727
	840,480	76,038
Mining interests (Note 6)	10,462,793	9,360,811
	$11,303,273	$ 9,436,849
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 229,846	$ 473,632
Notes payable (Note 7)	-	181,131
	229,846	654,763
Future tax liability (Note 10)	3,071,220	2,662,744
	3,301,066	3,317,507
Shareholders' Equity		
Capital stock (Note 9(a))	19,204,997	17,272,086
Contributed surplus	88,575	28,000
Warrants (Note 9(c))	722,380	-
(Deficit)	(12,013,745)	(11,180,744)
	8,002,207	6,119,342
	$11,303,273	$ 9,436,849

Approved by the Board "Neil Novak" Director "Bryan Wilson" Director

	Year ended December 31 2003	2002
Revenue		
Sale of geophysical and geochemical data (Note 11)	$ 56,264	$ -
Gain on sale of mining interests	-	116,250
	56,264	116,250
Expenses		
Administrative expenses	480,789	173,465
Loss on disposal of property, plant and equipment	-	10,844
Write-down of marketable securities	-	43,050
Write-down of investment in mining company	-	1,693,588
	480,789	1,920,947
Net (loss) before income taxes	(424,525)	(1,804,697)
Future income tax expense (recovery)	408,476	(192,351)
Net (loss)	$ (833,001)	$ (1,612,346)
Basic and diluted (loss) per share (Note 9(d))	$ (0.006)	$ (0.014)

Spider Resources Inc.

	Year ended December 31 2003	2002
(Deficit), beginning of year as previously stated	$ (11,180,744)	$ (7,655,474)
Retroactive recording of 2001 future tax liability (Note 3)	-	(2,855,095)
Retroactive restatement of share issued costs (Note 4)	-	942,171
(Deficit), beginning of year restated	(11,180,744)	(9,568,398)
Net (loss)	(833,001)	(1,612,346)
(Deficit), end of year	$ (12,013,745)	$ (11,180,744)

	Year ended December 31 2003	2002
Cash flows from operating activities		
Net (loss) for the year	$ (833,001)	$ (1,612,346)
Adjustments for		
Gain on sale of mining interest	-	(116,250)
Loss on disposal of property, plant and equipment	-	10,844
Stock option compensation	60,575	28,000
Write-down of investment in mining company	-	1,693,588
Write-down of marketable securities	-	43,050
Changes in non-cash working capital		
Funds held in trust	(8,827)	-
Future tax liability	408,476	(192,351)
Prepaid expenses and sundry receivables	(98,803)	(20,661)
Accounts payable and accrued liabilities	(243,786)	123,687
Cash flows (used in) operating activities	(715,366)	(42,439)
Cash flows from investing activities		
Proceeds from sale of marketable securities	-	15,773
Additions to mining interest	(1,101,982)	(88,524)
Proceeds from disposition of mining interest	-	24,000
Cash flows (used in) investing activities	(1,101,982)	(48,751)
Cash flows from financing activities		
Proceeds from issuance of share capital	1,708,120	32,000
Proceeds from the issuance of warrants	693,880	-
Proceeds from the exercise of stock options	283,047	-
Proceeds from the exercise of warrants	12,000	-
Costs of issue	(191,756)	-
Notes payable (repayment)	(31,131)	58,885
Cash flows from financing activities	2,474,160	90,885
Net change in cash	656,812	(305)
Cash, beginning of year	4,611	4,916
Cash, end of year	$ 661,423	$ 4,611

1. Going concern assumption

The recoverability of amounts shown as mining interest is dependent upon a number of factors including environmental risk, legal and political risk, the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying properties, the ability of the company to obtain necessary financing to complete the development, and future profitable production of proceeds from the disposition thereof.

These financial statements have been prepared on the basis that the company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the company to continue operations is dependent upon the necessary financing to complete the development of its properties and or the realization of proceeds from the sale of one or more of its properties. These financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities should the company be unable to continue as a going concern.

2. Significant accounting policies

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the company may undertake in the future. Actual results may differ from these estimates.

The more significant accounting policies are as follows:

(a) Share issue costs
The company charges the share issue costs directly to share capital. See Note 4 for the change in accounting policy.

(b) Marketable securities
Marketable securities are carried at the lower of cost or quoted market value on an individual basis.

(c) Mining interests
Mining interest include wholly-owned mining properties, rights to acquire interests in mining properties and deferred exploration expenses.

The company follows the practice of capitalizing all costs relative to the acquisition, exploration and development of its mining interests. These costs are to be amortized over the estimated productive life of the property if it is placed into commercial production. If a property is sold, or abandoned, or exploration results are negative and no further work is planned in the foreseeable future, the related costs are charged to operations in that year.

The recorded book value of mining interests is not intended to reflect their present or future value.

The recoverability of amounts shown for mining interests and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the ability of the company to obtain necessary financing to complete development, and future profitable production or proceeds from the disposition thereof.

Proceeds from the sale of a mining interest are applied against related carrying costs and any excess is reflected as a gain in the statement of operations. In the case of a partial sale, if carrying costs exceed the proceeds, only the loss is reflected.

(d) Income taxes

The company follows the liability method of accounting for income taxes. Under this method, income taxes are recognized for the future income tax consequences attributed to the difference between the financial statement carrying values and their respective income tax basis. Future income tax assets and liabilities are measured using enacted income tax rates expected to apply when the asset is realized or the liability is settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.

(e) Flow-through financing

The company has financed a portion of its exploration activities through the issue of flow-through shares which transfer deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to mining and resource properties.

(f) Stock based compensation

The CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments requires that compensation for option awards to employees be recognized in the financial statements at fair value for options granted in fiscal years beginning on or after January 1, 2004. The company as permitted by CICA Handbook Section 3870 has adopted this section prospectively for new option awards granted on or after January 1, 2003. The fair value compensation expense recorded for the year ended December 31, 2003 is $60,575 (Note 7(b)). The pro forma expense, using the intrinsic value based method, for awards granted for the year ended December 31, 2002 was $105,000.

3. Correction of an error

In prior periods the company did not record a future tax liability for the temporary difference between the carrying amount for accounting purposes, of the mining interest, and their tax basis. In accordance with section 1506 of the CICA Handbook the correction of this error has been recorded retroactively with restatement and has resulted in recording a future tax liability of $2,855,095 at January 1, 2002 which has been charged directly to the opening deficit. In addition there was a future tax recovery of $192,351 that was recorded in 2002. This reduced the net loss for 2002 by that amount and it also reduced the basic and diluted (loss) per share from ($0.015) to ($0.014). As a result the comparatives for 2002 have been restated.

4. Change in an accounting policy

The company has changed its accounting policy with respect to its treatment of share issue costs. In prior periods these costs were charged directly to deficit in the year they were incurred. The company has decided to adopt the treatment of charging the share issue costs against the share capital directly as this is more representative. The charge has been applied retroactively with restatement. Opening deficit in 2002 has been adjusted by $942,171 and the corresponding entry was made to share capital. There were no share issue costs in 2002.

5. Marketable securities

The marketable securities are comprised of 123,000 shares of PGM Ventures Corporation, which is a publicly traded company on the TSX Ventures exchange. As at December 31, 2003 the market value of the shares is $61,500 (2002 - $49,200).

6. Mining interests

	Acquisition Costs		**Deferred Exploration Expenses**	
	2003	**2002**	**2003**	**2002**
Canada				
Spider #1 (a) -48% interest	$ 1,873,160	$ 1,873,160	$ 6,512,521	$ 6,452,552
Wawa (b) -48% interest	466,173	466,173	596,721	568,925
McFaulds Lake (c) -48% interest	-	-	983,741	-
Kitchie Lake (d) -48% interest	30,477	-	-	-
	$ 2,369,810	$ 2,339,333	$ 8,092,983	$ 7,021,477

Acquisition costs and deferred exploration expenses

	2003	2002
Balance at beginning of year	$ 9,360,811	$10,965,876
Acquisition cost and deferred exploration expenses	1,101,982	113,210
Capitalized amortization	-	-
Write-off of investment in mining company	-	(1,693,588)
Proceeds from disposal of mining assets	-	(24,687)
	$10,462,793	$ 9,360,811

(a) The group of claims described as the Spider #1 project is subject to the terms of a joint venture exploration agreement with KWG whereby both parties must contribute on a pro rata basis to all incurred expenditures or undergo dilution.

The Spider #1 project, except for the Kyle Lake #1 Kimberlite, is subject to an agreement whereby Ashton Mining of Canada Inc. may acquire a 25% interest by reimbursing 300% of the exploration and evaluation costs of the discovery prior to the decision to mine. The company would be awarded a pro rata portion of the reimbursement.

(b) The Wawa project also forms part of the Spider joint venture with KWG with pro rata interest levels adjusted annually in accordance with companies exploration expenditures. The project consists of 45 square kilometres of exploration terrain located 35 kilometres north of the town of Wawa Ontario.

(c) McFaulds Lake adjoins Spider #1 area. McFaulds Lake project area measures 70 kilometres by 180 kilometres, and covers approximately 13,000 square kilometres within the Porcupine and Thunder Bay Mining Divisions in the James Bay Lowlands in Ontario. This project area was created as a logical extension to the Spider #1 exploration project area.

(d) Kitchie Lake project at present consists of 32 restaked claims covering approximately 82 square kilometres. The claims were restaked by the company and its joint venture partner KWG. At present no work apart from the restaking has taken place.

7. Notes payable

The amounts are due to companies which are co-venturers in the mining interests and are unsecured, non-interest bearing and have no set terms of repayment. Subsequent to the 2002 year end the company issued 1,500,000 common shares in settlement of $150,000 of the notes payable and the balance was settled with cash. The balance of $31,131 was paid with cash.

8. Related party information

(a) Included in consulting fees are expenses charged by two companies that are controlled by family members of two of the directors in the amount of $53,000 (2002 - $48,000). Also, 10% of management fees are charged for the management of exploration projects and payment of bills. In 2003, management fees of $156,357 (2002- $7,803) were charged.

(b) During the year, two directors of the corporation received $30,000 (2002 - $Nil) for bonuses which were charged to administrative expenses.

(c) During the year, a company controlled by a director and his wife, was paid fees for the director's geologist services in the amount of $50,000 (2002 - $52,000). This amount has been capitalized to the property.

(d) During the year, two separate companies each controlled by two different directors of the corporation charged $9,202 (2002 -$3,662 Nil) for rent which has been charged to administrative expenses.

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

9. Capital stock

Authorized
An unlimited number of common and preference shares issuable in series.

Issued
Changes in the company's issued share capital were as follows:

(a) Common shares

	Number of shares	$
Balance, January 1, 2002	116,583,511	18,182,257
Retroactive restatement of share issue costs (Note 4)	-	(942,171)
Exercise of stock options	320,000	32,000
Balance, December 31, 2002	116,903,511	17,272,086
Private placement - flow-through (i)	9,700,000	970,000
Private placement - non-flow through (i)	5,500,000	550,000
Warrant valuation	-	(288,800)
Settlement of debt (ii)	1,500,000	150,000
Warrant valuation	-	(28,500)
Private placement - non-flow through (iii)	3,600,000	360,000
Warrant valuation	-	(151,200)
Private placement - flow through (iv)	5,220,000	522,000
Warrant valuation	-	(255,780)
Exercise of stock options	2,830,468	283,047
Exercise of warrants	100,000	12,000
Reversal of warrant valuation on exercise of warrants	-	1,900
Costs of issue	-	(191,756)
Balance, December 31, 2003	145,353,979	19,204,997

(i) The company completed private placements for the sale of 9,700,000 flow through units and 5,500,000 non-flow through units at $0.10 for each of the units with gross proceeds of $1,520,000. Each non-flow through unit consists of one common share and one common share purchase warrant, with each warrant exercisable for one common share for a period of eighteen months at an exercise price of $0.12 per common share. Each flow through unit consists of one flow through common share and one common share purchase warrant exercisable for one common share for a period of eighteen months at an exercise price of $0.12 per common share. Cash payments aggregating $48,750 were made to arm's length parties who provided assistance to the company in connection with the placements. The fair value of the common share purchase warrants were estimated using the Black-Scholes pricing model based on the following: assumptions: dividend yield 0%, volatility of 75%, risk-free interest rate of 4.5% and an expected life of 12 months. As a result, the fair value was determined to be $288,800.

(ii) The company issued 1,500,000 units on the same basis as described above with respect to non-flow through units to settle debts to an arm's length party in the amount of $150,000. This balance of $150,000 is included in notes payable as at December 31, 2002. The fair value of the common share purchase warrants were estimated using the same basis as above and as a result the fair value was determined to be $28,500.

(iii) The company completed a private placement for the sale of 3,600,000 non-flow through units at $0.10 per unit with gross proceeds of $360,000. Each unit consists of one common share and one share purchase warrant exercisable for one common share for a period of twenty-four months at an exercise price of $0.125 per common share. The fair value of the common share purchase warrants were estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield 0%, volatility of 75%, risk-free interest rate of 4.5% and an expected life of 12 months. As a result, the fair value was determined to be $151,200.

(iv) The company completed a private placement for the sale of 5,220,000 flow through units at $0.10 per unit with gross proceeds of $522,000. Each unit consists of one flow through common share and one share purchase warrant exercisable for one common share for a period of twenty-four months at an exercise price of $0.125 per common share. The fair value of the common share purchase warrants were estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield 0%, volatility of 75%, risk-free interest rate of 4.5% and an expected life of 12 months. As a result, the fair value was determined to be $255,780.

(b) Stock option plan

The company maintains an employee stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors of, or consultants to, the company, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board or such committee.

The stock option plan provides that the maximum number of common share in the capital of the company that may be reserved for issuance for all purposes under the stock option plan shall be equal to 10% of the total issued and outstanding common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

The options are valid for a maximum of 5 years from the date of issue. Vesting terms are 1/6 after 3, 6, 9, 12, 15 and 18 month anniversaries of the date of grant.

The changes in stock options for each of the years ended December 31, 2003 and 2002 are as follows:

	2003		2002	
	Number	Weighted amount exercise price per share	Number	Weighted amount exercise price per share
Balance outstanding, beginning of year	9,597,336	$ 0.10	8,077,336	$ 0.11
Activity in the year				
Granted	5,200,000	0.11	1,900,000	0.10
Exercised	(2,830,468)	0.10	(320,000)	0.10
Expired / Cancelled	(150,000)	0.10	(60,000)	0.50
Balance outstanding, end of year	11,816,868	$ 0.11	9,597,336	$ 0.10

The following table summarizes the stock options outstanding at each of the years ended December 31, 2003 and 2002:

Exercise price per share	Expiry Date	Number of shares remaining subject to options at December 31 2003	2002
$ 0.10	September 15, 2003	-	285,018
0.10	October 19, 2004	1,035,018	3,477,318
0.11	October 25, 2005	3,935,000	3,935,000
0.10	January 31, 2007	1,646,850	1,900,000
0.10	March 18, 2008	2,150,000	-
0.13	April 2, 2008	750,000	-
0.12	July 3, 2008	1,150,000	-
0.12	July 28, 2008	850,000	-
0.135	December 10, 2008	300,000	-
		11,816,868	9,597,336

During the year 5,200,000 stock options were granted. These options will be expensed in the statement of operations and deficit and will be credited to contributed surplus as they vest. At December 31, 2003 the following options had vested and are expensed:

Option Grant Date	Number of options vested	Amount expensed (i)
March 18, 2003	1,075,000	$ 33,325
April 2, 2003	250,000	12,250
July 3, 2003	191,667	8,625
July 28, 2003	141,667	6,375
December 10, 2003	-	-
	1,658,334	$ 60,575

The following table sets out the remaining options to be expensed as they vest:

Option Grant Date	Number of options vested	Amount expensed (i)
March 18, 2003	1,075,000	$ 33,325
April 2, 2003	500,000	24,500
July 3, 2003	958,333	43,125
July 28, 2003	708,333	31,875
December 10, 2003	300,000	15,300
	3,541,666	$ 148,125
	5,200,000	$ 208,700

(i) The value assigned was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 75%, risk-free interest rate 4.5% and an expected maturity of 18 months.

(c) Warrants

The company sold various warrants this year in connection with its private placements and debt settlement. The following table sets out the warrant activity during the year.

	Number of warrants	$
Balance, December 31, 2002	-	-
Private placement - flow-through (i)	9,700,000	184,300
Private placement - non-flow through (i)	5,500,000	104,500
Settlement of debt (ii)	1,500,000	28,500
Private placement - non-flow through (iii)	3,600,000	151,200
Private placement - flow through (iv)	5,220,000	255,780
Exercise of warrants	(100,000)	(1,900)
Balance, December 31, 2003	25,420,000	722,380

(i) See Note 9(a)(i) for assumptions used in the Black-Scholes valuation model.

(ii)See Note 9(a)(ii) for assumptions used in the Black-Scholes valuation model.

(iii)See Note 9(a)(iii) for assumptions used in the Black-Scholes valuation model.

(iv)See Note 9(a)(iv) for assumptions used in the Black-Scholes valuation model.

The following table summarizes the warrants outstanding at December 31, 2003:

Exercise price per share	Expiry Date	Number of warrants outstanding at December 31 2003
$ 0.12	October 17, 2004	10,500,000
0.12	October 27, 2004	6,100,000
0.125	November 28, 2005	3,600,000
0.125	December 30, 2005	5,220,000
		25,420,000

(d) Basic and diluted (loss) per share

The following table sets forth the computation of basic and diluted (loss) per share:

	2003	2002
Numerator:		
(Loss) for the year	$ (833,001)	$ (1,612,346)
Numerator for basic and diluted (loss) per share	$ (833,001)	$ (1,612,346)
Denominator:		
Weighted average number of common shares	131,239,608	116,841,264
Denominator for basic (loss) per share	131,239,608	116,841,264
Effect of dilutive securities:		
Stock options (i)	-	-
Warrants (i)	-	-
Denominator for diluted (loss) per share	131,239,608	116,841,264
Basic (loss) per share	$ (0.006)	$ (0.014)
Diluted (loss) per share	$ (0.006)	$ (0.014)

(i) The stock options and warrants were not included in the computation of diluted (loss) per share as their inclusion would be anti-dilutive.

10. Income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

The company has one future tax liability which arose as a difference between the carrying amount of the resource properties and their tax basis. The reason for the difference is due to the issuance of flow-through shares to investors which results in the expenditures being renounced to the investors. As a result the tax basis is much lower than the properties carrying amount for accounting purposes. Since the resource property is classified as long-term the associated future income tax liability will also be classified as long-term. The future tax liability is as follows:

	2003	2002
Future tax liability:		
Resource properties	$ 3,071,220	$ 2,662,744
Future tax liability	$ 3,071,220	$ 2,662,744

The company has the following future income tax assets:

	2003	2002
Future income tax assets:		
Non-capital loss carryforwards	$ 1,196,309	$ 1,243,920
Capital loss carryforwards	327,134	344,479
Cumulative eligible capital	2,630	2,982
Total future tax assets	1,526,073	1,591,381
Valuation allowance	(1,526,073)	(1,591,381)
Net future income tax assets	$ -	$ -

The company provided a valuation allowance equal to the future tax assets as it is not presently more likely than not that they will be realized. The company's income tax expense for each of the years ended is as follows:

	2003	2002
Current income tax expense	$ -	$ -
Future income tax expense (recovery)	408,476	(192,351)
Total income tax expense (recovery)	$ 408,476	$ (192,351)

The company's actual income tax expense for each of the years ended is made up as follows:

	2003	2002
(Loss) before income taxes	$ (424,525)	$ (1,804,697)
Income tax (recovery) at the combined federal and provincial rates of 36.62% and 38.62% respectively	(155,461)	(696,974)
Change in tax rates	(137,895)	(237,247)
Non-deductible loss on disposal of assets	-	4,188
Non-deductible write-down of investment	-	16,626
Non-deductible write-down of investment in mining company	-	654,064
Non-deductible stock option compensation	22,183	10,814
Share issue costs written off over 5 years	(18,773)	(11,619)
Gain on sale of mining interest	-	(44,896)
Change in resource pool versus carrying amount	546,370	44,896
Miscellaneous	(7,079)	(1,178)
Taxable benefit not recognized	159,131	68,975
Total income tax expense (recovery)	$ 408,476	$ (192,351)

The company has non-capital loss carryforwards of approximately $3,266,900, capital loss carryforwards of approximately $1,786,000 and Canadian Exploration Expenditures of approximately $2,076,000 which can be used to reduce taxable income of future years. No benefit from these amounts has been recorded in these financial statements. The non-capital losses will expire as follows:

2004	$ 1,213,500
2005	658,000
2006	150,300
2007	147,700
2008	448,300
2009	234,600
2010	414,500
	$ 3,266,900

11. Sale of geophysical and geochemical data

During the current year, the company sold geophysical and geochemical data, which has been recorded as revenue for $56,264 in the statement of operations.

12. Supplementary cash flow information

The company did not pay any income taxes or interest during either of the two years ended December 31, 2003 and December 2002.

13. Financial instruments

Fair value of financial instruments
The companies financial instruments include cash, funds held in trust, marketable securities, accounts payable and accrued liabilities and notes payable. The carrying value of these financial instruments approximates their fair value due to the short term nature of these items.

Commodity price risk
The ability of the company to develop its properties and the future profitability of the company is directly related to the market price of certain minerals.

14. Subsequent events

Subsequent to the year end the company had the following changes to capital stock, stock options and warrants:

		Number of shares	$
(a)	**Common shares**		
	Balance, December 31, 2003	145,353,979	19,204,997
	Private placement - non-flow-through (i)	5,000,000	500,000
	Warrant valuation	-	(435,000)
	Exercise of stock options	2,724,500	277,950
	Exercise of warrants	3,250,000	390,000
	Reversal of warrant valuation on exercise of warrants	-	61,750
	Costs of issue	-	(88,000)
	Balance, April 9, 2004	156,328,479	19,911,697

(i) The company completed a private placement for the sale of 5,000,000 non-flow through units at $0.10 per unit with gross proceeds of $500,000. Each unit consists of one common share and one share purchase warrant exercisable for one common share for a period of twenty-four months at an exercise price of $0.125 per common share. The fair value of the common share purchase warrants were estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield 0%, volatility of 66%, risk-free interest rate of 4.5% and an expected life of 24 months. As a result, the fair value was determined to be $435,000.

(ii) The agent associated with the above private placement received a cash commission of $45,000 and warrants to purchase 500,000 common shares of Spider at a price of $0.10 per share. These warrants are exercisable for a two year period. The fair value of these warrants were estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield 0%, volatility of 66%, risk-free interest rate of 4.5% and an expected life of 24 months. As a result the fair value was determined to be $43,000. The total of these amounts, $88,000 has been applied as costs of issue.

(b) Stock Options:
The options are valid for a maximum of 5 years from the date of issue. Vesting terms are 1/6 after 3, 6, 9, 12, 15 and 18 month anniversaries of the date of grant.

The changes in stock options as at April 9, 2004 are as follows:

	Number	2004 Weighted amount exercise price per share
Balance outstanding, beginning of year	11,816,868	$ 0.11
Activity in the year		
Granted	2,600,000	0.22
Exercised	2,724,500	0.10
Expired / Cancelled	-	-
Balance outstanding, April 9, 2004	11,692,368	$ 0.14

The following table summarizes the stock options outstanding as at April 9, 2004:

Exercise price per share	Expiry Date	Number of shares remaining subject to options at April 9, 2004
$ 0.10	September 15, 2003	-
0.10	October 19, 2004	650,000
0.11	October 25, 2005	3,385,000
0.10	January 31, 2007	85,018
0.10	March 18, 2008	1,922,350
0.13	April 2, 2008	750,000
0.12	July 3, 2008	1,150,000
0.12	July 28, 2008	850,000
0.135	December 10, 2008	300,000
0.22	March 4, 2009	2,600,000
		11,692,368

Subsequent to year end, there were 2,600,000 stock options granted. These options will be expensed in the statement of operations and deficit and will be credited to contributed surplus as they vest. At April 9, 2004 the following options had vested and are expensed:

Option Grant Date	Number of options vested	Amount expensed (i)
March 18, 2003	358,333	$ -
April 2, 2003	125,000	6,125
July 3, 2003	191,667	8,625
July 28, 2003	141,667	6,375
December 10, 2003	50,000	2,550
	1,491,667	$ 23,675

The following table sets out the remaining options to be expensed as they vest:

Option Grant Date	Number of options vested	Amount expensed (i)
March 18, 2003	716,667	$ 22,217
April 2, 2003	375,000	18,375
July 3, 2003	766,666	34,500
July 28, 2003	566,666	25,500
December 10, 2003	250,000	12,750
	2,674,999	$ 113,342
	5,825,000	$ 197,592

(i) The value assigned was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 75%, risk-free interest rate 4.5% and expected maturity of 18 months.

(c) Warrants

The company sold various warrants during the year in connection with its private placements and debt settlement. The following table sets out the warrant activity during the year.

	Number of warrants	$
Balance, December 31, 2003	25,420,000	722,380
Private placement - non-flow-through (i)	500,000	43,000
Private placement - non-flow through (ii)	5,000,000	435,000
Exercise of warrants	(3,250,000)	(44,650)
Balance, April 9, 2004	27,670,000	1,155,730

(i) See Note 14(a)(i) for assumptions used in the Black-Scholes valuation model.

(ii) See Note 14(a)(ii) for assumptions used in the Black-Scholes valuation model.

The following table summarizes the warrants outstanding at April 9, 2004:

Exercise price per share $	Expiry Date	Number of warrants outstanding at April 9, 2004
$ 0.12	October 17, 2004	8,250,000
0.12	October 27, 2004	5,100,000
0.125	November 28, 2005	3,600,000
0.125	December 30, 2005	5,220,000
0.125	January 19, 2006	5,500,000
		27,670,000

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

OF

SPIDER RESOURCES INC.
(the "Company")

NOTICE is hereby given that the Annual and Special Meeting (the "Meeting") of shareholders of the Company will be held at the Toronto Board of Trade, 1 First Canadian Place, Toronto, Ontario on Tuesday, June 15, 2004 at 4:30 p.m. for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2003, and the report of the Auditors thereon;

2. to fix the board of directors of the Company at seven (7) members;

3. to elect a board of directors of the Company for the ensuing year;

4. to appoint an auditor of the Company for the ensuing year and to authorize the board of directors to fix the auditors' remuneration;

5. to approve, adopt and ratify the ordinary resolution, as more particularly set out in the Management Information Circular (the "Circular") accompanying this Notice of Meeting, increasing the number of shares reserved under the Stock Option Plan of the Company;

6. to consider and if thought appropriate, to ask the disinterested shareholders to pass an ordinary resolution to ratify and confirm the granting of options under the Stock Option Plan of the Company to certain insiders of the Company as more particularly set out in the Circular; and

7. to transact such other business as may properly come before the meeting and at any adjournment or adjournments thereof.

Accompanying this Notice of Meeting are the Circular, form of Proxy, the audited financial statements and the auditors' report.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the form of Proxy in accordance with the instructions set out in the Proxy and on the reverse of the form of Proxy, and the Circular.

DATED at Toronto, Ontario this 29th day of April, 2004

BY ORDER OF THE BOARD

"Bryan H. Wilson"

BRYAN H. WILSON, PRESIDENT

SPIDER RESOURCES INC.

56 Temperance Street, 4th Floor
Toronto, Ontario M5H 3V5
Telephone: (416) 815-8666
Facsimile: (416) 815-1355

MANAGEMENT INFORMATION CIRCULAR

containing information as at April 29, 2004 unless otherwise noted.

SOLICITATION OF PROXIES

Solicitation of Proxies by Management

This Management Information Circular ("Circular") is furnished in connection with the solicitation of proxies by the management of Spider Resources Inc. (the "Company") for use at the Annual and Special Meeting of the shareholders of the Company to be held on Tuesday, June 15, 2004 (the "Meeting"), at the time and place and for the purposes set forth in the accompanying Notice of Meeting and any adjournment thereof.

Costs and Manner of Solicitation

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone, facsimile or electronically by the directors and regular employees of the Company or other proxy solicitation services. In accordance with National Instrument 54-101 arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of common shares (the "Common Shares") of the Company. **All costs of solicitation will be borne by the Company.**

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A shareholder entitled to vote at the Meeting may, by means of a properly executed and deposited proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders of the Company, to attend and act at the Meeting for the shareholder and on the shareholder's behalf.

The persons named as proxy holders in the accompanying form of Proxy, namely Bryan H. Wilson, President and Chief Executive Officer, and Neil Novak, Chief Operating Officer and Vice-President, Exploration were designated by Management (the "Management Designees"). **A SHAREHOLDER HAS THE RIGHT TO APPOINT SOME OTHER PERSON OR COMPANY (who need not be a shareholder) to represent him or her at the Meeting. Such right may be exercised by inserting such person's or company's name in the blank space provided in the form of Proxy and striking out the names of the Management Designees or by completing another form of Proxy.** In such event, the shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification to the meeting.

A proxy will not be valid unless the completed, dated and signed form of Proxy is deposited, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, with Equity Transfer Services Inc., Suite 420, 120 Adelaide Street West, Toronto, Ontario M5H 4C3 or by fax at (416) 361-0470, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or adjournment thereof, or is delivered to the chairman of the Meeting prior to the commencement of the Meeting or an adjourned meeting.

Revocation of Proxy

A shareholder who has given a proxy has the power to revoke it at any time before it is exercised, by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 56 Temperance Street, 4th Floor, Toronto, Ontario M5H 3V5, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, to the chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

In addition a proxy may be revoked by a shareholder executing another form of Proxy bearing a later date and despotising the same at the offices of Equity Transfer Services Inc. within the time period and in the manner set out under the heading "Appointment of Proxy" above or by the shareholder personally attending at the Meeting, withdrawing his or her proxy and voting the shares.

General

Shares represented by properly executed proxies in favour of the Management Designees **will be voted for the matters to be transacted at the Meeting (as stated herein and in the Notice of Meeting) or withheld from voting or voted against, if so indicated on the form of Proxy.**

If the instructions contained in a form of Proxy are certain, the shares represented by the proxy shall be voted on any ballot and, where a choice is specified, in accordance with the specification so made. **If no choice is indicated with respect to any matter referred to herein, the Proxy will be voted <u>FOR</u> such matter.**

The enclosed form of Proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations to matters referred to herein and with respect to other matters which may properly come before the Meeting. In the event amendments or variations to matters referred to herein are properly brought before the Meeting, or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of Proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, Management knows of no such amendment, variation or other matter which may be presented at the Meeting.

Unless otherwise directed, it is Management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by "disinterested shareholder vote" require the approval of the shareholders not affected by, or interested in, the matter to be approved, by way of a simple majority of the votes cast at the Meeting by disinterested shareholders.

<u>ADVICE TO BENEFICIAL SHAREHOLDERS</u>

Only registered holders of Common Shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSP's, RRIF's, RESP's and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Company will have distributed copies of the Notice of Meeting, this Circular, and the enclosed form of Proxy (collectively, the "**Meeting materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived his or her right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

1. be given a form of Proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. This form of Proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of Proxy and deposit it with Equity Transfer Services Inc., Suite 420, 120 Adelaide Street West, Toronto, Ontario M5H 4C3 or by fax at (416) 361-0470, with respect to the Common Shares beneficially owned by such Non-Registered Holder, in accordance with the instructions provided by the Intermediary, **OR**

2. more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute authority and instructions (often called a "**proxy authorization form**") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar code or other information. In order for the form of Proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of Proxy, properly complete and sign the form of Proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the Non-Registered Holder to direct the voting of the shares he or she beneficially owns. **Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should contact the Intermediary for instructions as to how to proceed.**

All references to shareholders in this Circular and the accompanying form of Proxy and Notice of Meeting are to registered shareholders of the Company unless specifically stated otherwise.

RECORD DATE AND RIGHT TO VOTE

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at the close of business on April 30, 2004 (the "**Record Date**").

Every shareholder of record at the Record Date who either personally attends the Meeting or who has submitted a properly executed and deposited form of Proxy in the manner and subject to the provisions described in "Appointment of Proxy" above, and which has not been revoked, shall be entitled to vote or to have his or her shares voted at the Meeting or any adjournment thereof, except to the extent that:

1. such shareholder has transferred ownership of any of his or her Common Shares after the Record Date; and

2. the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at the date hereof, the Company has issued and outstanding 156,903,479 Common Shares without nominal or par value outstanding and no Preferred Shares are issued and outstanding. **The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.**

The presence in person or by proxy of not less than two (2) persons holding or representing not less than 20% of the shares of the Company entitled to vote at a meeting of shareholders is necessary to constitute a quorum of shareholders.

To the knowledge of the directors and executive officers of the Company, as at the date hereof, there is no person or corporation who beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

For the financial year ended December 31, 2003, the Company had three (3) executive officers, who are also directors. "Executive Officer" means an individual who is the chair or vice-chair of the board of directors, president or any vice-president in charge of a principal business unit, division or function including sales, finance or production, and an officer of the Company or its subsidiary who performs a policy making function in respect of the Company or any other individual who performed a policy-making function in respect of the Company. The aggregate cash compensation (including salaries, fees, directors' fees, commissions, bonuses paid for services rendered during the most recently completed fiscal year, bonuses paid for services rendered in a previous year, and any compensation other than bonuses earned during the most recently completed financial year of the payment of which was deferred) paid to the Executive Officers (or companies controlled by the Executive Officers), in the capacity as an Executive Officer, for the most recently completed financial year, was nil.

Summary of Compensation

Bryan H. Wilson, who acts in a capacity similar to a chief executive officer ("CEO") and Norman E. Brewster are the "Named Executive Officers" for the Company. A "Named Executive Officer" means the following individuals: the CEO, CFO and the three most highly compensated Executive Officers, other than the CEO and CFO whose total salary and bonus exceeded $150,000 and who were serving as executive officers at the end of the most recently completed financial year and any such individuals who were not serving as an officer of the Company at the end of the most recently completed financial year. The Company has no Executive Officer whose total salary and bonus exceeded 150,000 for the financial year ended December 31, 2003. The following table sets forth all annual and long term compensation paid by the Company and its subsidiaries for the Named Executive Officers.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All other compen-sation
					Awards		Payouts	
		Salary ($)	Bonus ($)	Other Annual Compen-sation	Securities Under Options/ SARs[2] Granted (#)	Shares or Units Subject to Resale Restrictions ($)	LTIP[3] Payouts ($)	
Norman E. Brewster [1]	2003	nil	nil	28,000[4]	750,000[5]	nil	nil	nil

Brewster (1) *Director*	2002	nil	nil	48,000(4)	750,000(6)	nil	nil	nil
	2001	nil	nil	44,000(4)	nil	nil	nil	nil
Bryan H. Wilson(1) *President, CEO and Director*	2003	nil	nil	25,000(7)	575,000(8)	nil	nil	nil

<u>Notes:</u>

(1) Norman Brewster was the President and CEO of the Company up until the Annual General Meeting and Special Meeting held on June 18, 2003 where Bryan Wilson was appointed the President and CEO of the Company.

(2) "SARs" or "Stock Appreciation Right" means the right granted by the Company or any of its subsidiaries as compensation for employment services rendered, to receive a payment of cash or issue or transfer securities based wholly or in part on changes in the trading price of publicly traded securities of the Company.

(3) "LTIP" or "Long Term Incentive Plan" means any plan which provides compensation intended to motivate performance over a period longer than one financial year, but does not include options or SAR plans or plans for compensation through restricted shares or restricted share units.

(4) During the year ended December 31, 2001, fees in the aggregate amount of $44,000 were paid to Elen Enterprises Inc., a corporation in respect of which Norman E. Brewster is President and Director. The Company paid such fees for exploration, consulting and administrative services provided by Elen Enterprises Inc.. During the year ended December 31, 2002, fees in the aggregate amount of $48,000 were paid to Elen Enterprises Inc.. The Company paid such fees for administrative services provided by Elen Enterprises Inc. During the year ended December 31, 2003, fees in the aggregate amount of $28,000 were paid to Elen Enterprises Inc.. The Company paid such fees for administrative services provided by Elen Enterprises Inc..

(5) These options to purchase Common Shares are exercisable at $0.10 and were issued March 18, 2003 and expire March 18, 2008.

(6) These options to purchase Common Shares are exercisable at $0.10 and were issued effective January 31, 2002 and expire January 31, 2007.

(7) During the year ended December 31, 2003, fees in the aggregate of $25,000 were paid to Rocknest Corp. for administrative services provided to the Company.

(8) On March 18, 2003, 150,000 options to purchase Common Shares exercisable at $0.10 were issued and expire March 18, 2008; On July 28, 2003, 425,000 options to purchase Common Shares exercisable at $0.12 were issued and expire July 28, 2008.

Long Term Incentive Plan

The Company does not have a Long Term Incentive Plan for the Named Executive Officers, other than stock options granted from time to time by the board of directors under the provisions of the stock option plan.

Grant of Stock Option/SARs

The following table sets forth particulars of individual grants of options granted by the Company or any of its subsidiaries (whether or not in conjunction with SARs) and freestanding SARs made during the financial year ended December 31, 2003 to the Named Executive Officers.

Option/SAR Grants During the Financial Year Ended December 31, 2003

	Securities, Under	% of Total Options/SARs		Market Value of Securities Underlying Options/SARs	

Name	Options/SARs Granted (#)	Granted to Employees in Financial Year	Exercise of Base Price ($/Security)	on the Date of Grant ($/Security)	Expiration Date
Norman E. Brewster *Director*	750,000	0%	$0.10	$0[(1)]	March 18, 2008
Bryan H. Wilson *President, CEO and Director*	150,000 425,000	0%	$0.10 $0.12	$0[(1)] $0[(2)]	March 18, 2008 July 28, 2008

Notes:

(1) The closing price of the Common Shares of the Company on March 18, 2003 was $0.09.

(2) The closing price of the Common Shares of the Company on July 28, 2003 was $0.12.

Exercise of Stock Options/Aggregate Year End Value

The following table sets forth details in respect of each exercise of stock options (or SARs awarded with options) and freestanding SARs during the Company's most recently completed financial year ended December 31, 2003 to the Named Executive Officers and the financial year end value of unexercised stock options and SARs on an aggregate basis.

Aggregated Option/SAR Exercises During the Financial Year Ended December 31, 2003
And Financial Year-End Option/SAR Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in the Money-Options/SARs at FY-End[(1)] ($) Exercisable/ Unexercisable
Norman E. Brewster *Director*	nil	nil	750,000/0	$30,000/$0
Bryan H. Wilson *President, Chief Executive Officer and Director*	nil	nil	575,000/0	$14,500/$0

Notes:

(1) The year end closing price of the Company's Common Shares was $0.14.

Option and SAR Repricings

During the financial year ended December 31, 2003, the Company has not repriced downward any stock options or SARs held by the Named Executive Officers.

Defined Benefit or Actuarial Plan Disclosure

The Company does not have any defined benefit or actuarial plans under which benefits are determined primarily by final compensation (or average final compensation) and years of service for the Named Executive Officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company does not have in place any employment contract between the Company or any subsidiary thereof and the Named Executive Officers. Nor does the Company have in place any compensatory plan, contract or arrangement with respect to a Named Executive Officer, where the Named Executive Officer is entitled to receive more than $100,000 from the Company or its subsidiaries, which results or will result from the resignation, retirement or any other termination of the Named Executive Officer's employment with the Company and its subsidiaries or from a change of control of the Company or any of its subsidiaries, or a change in the Named executive Officer's responsibilities following a change in control.

Stock Option Plan

The Company has no pension plan and no standard or other arrangement for compensation to the other directors and officers of the Company except the granting of stock options.

The Company has a stock option plan in place (the "Plan"), as authorized by the board of directors of the Company on May 12, 2003 and approved by the shareholders of the Company on June 18, 2003 to attract, retain and compensate qualified persons as directors, executive officers and employees of, and consultants to the Company and its affiliates and subsidiaries by providing such persons with the opportunity to acquire an increased proprietary interest in the Company. The Plan is administered by the board of directors of the Company. Pursuant to the Plan, the board of directors of the Company may allocate non-assignable and non-transferable options in respect of authorized and unissued Common Shares to purchase Common Shares, to the directors, officers, full-time employees and consultants of the Company and its subsidiaries, provided that the aggregate number of Common Shares reserved for issuance under the Plan is not more than 13,728,397, the maximum number approved by the shareholders of the Company at the Annual General Meeting and Special Meeting on June 18, 2003. Under the Plan, the number of shares subject to each option, the consideration for an option, the option price, the expiration date of each option, the extent to which each option is exercisable from time to time during the term of the option and other terms and conditions relating to each such option shall be determined by the board of directors. Options granted under the Plan are not transferable and if they are not exercised, options granted to an optionee who is a director, officer, employee or consultant shall expire within 90 days after the optionee ceases to be a director, officer, employee or consultant of the Company. If , before the expiry of an option, the employment of the optionee by the Company or a subsidiary of the Company is terminated for any reason other than termination by the Company for cause, including termination by reason of death, the option is exercisable by the optionee, or if deceased, the legal personal representative(s) of their estate, at any time within three (3) months of the date of termination.

As at the Company's most recent financial year ended December 31, 2003, there were options to purchase 11,816,868 shares which had been granted and were outstanding under the Plan, of which 4,831,868 options are exercisable at $0.10 per share, 3,935,000 are exercisable at $0.11 per share, 2,000,000 are exercisable at $0.12 per share, 750,000 are exercisable at $0.13 per share, and 300,000 are exercisable at $0.135 per share.

The following table sets forth particulars of stock options granted by the Company to the directors and officers, other than the Named Executive Officers during the financial year ended December 31, 2003.

Stock Options Granted to the Other Directors and Officers of the Company during the Financial Year ended December 31, 2003

Name of Other Directors and Officers	Date of Grant	Number of Common Shares	Exercise Price	Expiry Date
Neil Novak	March 18, 2003	750,000	$0.10	March 18, 2008
Mackenzie Watson	July 03, 2003	575,000	$0.12	July 03, 2008
	July 28, 2003	425,000	$0.12	July 28, 2008

Earl S. Coleman	March 18, 2003	150,000	$0.10	March 18, 2008
Richard Hamelin	March 18, 2003	150,000	$0.10	March 18, 2008
Harry Hodge	July 3, 2003	575,000	$0.12	July 3, 2008
Carmen Diges	December 10, 2003	300,000	$0.135	December 10, 2008

Compensation of Directors

The Directors have no standard compensation arrangements, or any other arrangements, with the Company. The amount earned by Directors of the Company for their services as directors, including salaries, director's fees, commissions, bonuses paid for services rendered during the most recently completed financial year, bonuses paid during the most recently completed financial year for services rendered in a previous year, and any compensation other than bonuses earned during the most recently completed financial year the payment of which was deferred, any amounts payable for committee participation or special assignments from the Company and its subsidiaries.

Executive Officers of the Company who also act as Directors of the Company do not receive any additional compensation for services rendered in such capacity, other than as paid by the Company to such Executive Officers in their capacity as Executive Officers. See "Compensation of Executive Officer" above.

The Directors had no arrangements with the Company where they were compensated for services as consultants or experts by the Company or its subsidiaries during the financial year ended December 31, 2003 except as herein disclosed. As noted in the "Summary Compensation Table" and note 4 to the Summary Compensation Table, above, during the financial year ended December 31, 2003 fees in the aggregate amount of $28,000 were paid to Elen Enterprises Inc., a corporation in respect of which Norman E. Brewster is President and Director. The Company paid such fees for administrative services. Also, as noted in the "Summary Compensation Table" and note 7 to the Summary Compensation Table, above, during the financial year ended December 31, 2003 fees in the aggregate of $25,000 were paid to Rocknest Corp., a corporation in respect of which Bryan H. Wilson is President and a Director, for administrative services provided to the Company. Also, in the financial year ended December 31, 2003 fees in the aggregate amount of $50,000 were paid to Nominex Ltd., a corporation in respect of which Neil Novak is President and Director. The Company paid such fees for consulting and administrative services.

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to the Executive Officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the financial year ended December 31, 2003.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

During the financial year ended December 31, 2003, no director, Executive Officer, officer, proposed management nominee for election as a director of the Company nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Company or any subsidiary, nor has any such person been indebted to any other entity where such indebtedness is a subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company at any time since the beginning of the last financial year of the Company, or any proposed nominee for election as a director of the Company, or any known associate or affiliates of such persons in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, or as otherwise disclosed herein.

Bryan Wilson, Norman Brewster, Neil Novak and Richard Hamelin, and certain consultants and employees of the Company have an interest the ordinary resolution to ratify and confirm the options granted to them, as more particularly set out under the heading "Approve Stock Options Granted", below. As interested persons, the people mentioned above will be unable to vote for this ordinary resolution, as the resolution must be approved by disinterested shareholder vote.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, the Company is not aware of any material interest, direct or indirect, of any informed person of the Company. An "Informed Person" means a director or executive officer of a reporting issuer or of a person or company that is itself an informed person or subsidiary of a reporting issuer, any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution, and a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities. Nor is the Company aware of any material interest, direct or indirect of any proposed director of the company, any associate or affiliate of any informed person or proposed director, or of any person who beneficially owns or controls directly or indirectly more than 10% of the issued and outstanding Common Shares of the Company, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of the Company, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Receipt of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2003 and the accompanying auditors' report thereon will be presented at the Meeting.

Appointment of Auditors

The shareholders of the Company will be asked to vote for the appointment of McCarney Greenwood LLP, Chartered Accountants, as auditors of the Company for the ensuing year. **Unless such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing McCarney Greenwood LLP, Chartered Accountants, as auditors for the Company for the ensuing year**, to hold office until the close of the next annual meeting of shareholders or until such firm is removed from office or resigns as provided by law. The shareholders will also be asked to approve and adopt an ordinary resolution authorizing the board of directors of the Company to fix the compensation of the auditors for the ensuing year. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution authorizing the board of directors of the Company to fix the compensation of the auditors for the ensuing year.** McCarney Greenwood LLP, Chartered Accountants, have been the auditors of the Company since January 15, 2004.

A reporting package prepared in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* in respect of the change of auditor of the Company is attached to this Circular as Schedule "A".

Fix number of Directors to be Elected at the Meeting

Shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. At the Meeting, it will be proposed that seven (7) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to**

vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at seven (7).

Election of Directors

The board of directors presently consists of seven (7) directors and these directors are being nominated for re-election.

The term of office of each of the present directors expires at the Meeting. **The persons named below will be presented for election at the Meeting as management's nominees and unless such authority is withheld, the Management Designees, if named as proxy, intend to vote for the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Company, or with the provisions of the *Canada Business Corporations Act*. No class of shareholders of the Company has the right to elect a specified number of directors or to cumulate their votes for directors.

The following table sets out the names of the nominees for election as directors, the municipality in which each is ordinarily resident, all offices of the Company now held by each of them, their present principal occupation or employment, the period of time for which each has been a director of the Company, and the number of Common Shares of the Company or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name and Municipality of Residence[1]	**Present office and Date first appointed as director**	**Present Principal Occupation**[1]	**Number Of Common Shares Owned, Beneficially Held Or Controlled**[1]	**% of Class Held or Controlled**
Norman E. Brewster [2] Ajax, Ontario	Director September 13, 1999	Professional Geologist; CFO and Vice-President of PGM Ventures Corporation; President and CEO of Simberi Gold Corporation and director of Galantas Gold Corporation; director and Chairman of Ambrex Explorations from 1997-2000; director of Verdex Resources from 1999 to present; director of EAG Resources from 1996 to 2002;	100,982	0.06%
Neil Novak Cambridge, Ontario	Vice President (Exploration), chief operating officer & Director September 13, 1999	President of Nominex Ltd., President of Billiken Management Services Inc., (both private companies), President of Ambrex Mining (Karmin Exploration) 1997 to 2000, Director of Noront Resources Ltd., Director of	195,456	0.12%

Name and Municipality of Residence(1)	Present office and Date first appointed as director	Present Principal Occupation(1)	Number Of Common Shares Owned, Beneficially Held Or Controlled(1)	% of Class Held or Controlled
		Dialex Minerals Ltd.		
Richard Hamelin Beloeil, Quebec	Director January 26, 2000	Mergers and Acquisitions consultant since November 2002, prior thereto, Senior VP Research Capital Inc. since August 2001; prior to this Senior VP with Canaccord Capital Corp. since 1998	Nil	N/A
Bryan H. Wilson(2) Richmond Hill, Ontario	President, Chief Executive Officer, Director September 23, 1999	President, CEO and Director of St. Geneviève Resources Ltd. since 2003; Mining Analyst; Corporate Finance at Thames Capital Corp. since 1999; Corporate Finance with Dominick & Dominick September 1997 to January 1999; prior thereto, with CM Oliver Inc.	90,000	0.05%
Earl S. Coleman(2) Steinbach, Manitoba	Director September 23, 1999	Corporate Vice-President, Big Freight Systems	500,000	0.31%
Mackenzie Watson Montreal, Quebec	Chairman & Director June 19, 2003	Professional geologist and mining company executive; President of Freewest Resources Canada Inc.; Director of Sparton Resources Inc., Murgor Resources Inc., Stingray Resources Inc. and Royal Standard Minerals Inc.	50,000	0.03%
Harry Hodge Toronto, Ontario	Director June 19, 2003	President of Canadex, Former President & CEO of MOSS Resources	100,000	0.06%

<u>Notes:</u>

(1) The information as to municipality of residence, present principal occupation or employment and number of Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.

(2) Bryan H. Wilson, Earl S. Coleman and Norman Brewster, as at the date hereof, are the members of the Company's audit committee (the "Audit Committee"). The general function of the Audit Committee is to review the overall audit plan and the Company's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Company's auditors. **The Company does not an executive committee.**

Amend Stock Option Plan

The policies of the TSX Venture Exchange (“Exchange”) were amended in August, 2002, to require that all listed companies adopt either a “rolling’ stock option plan or a “fixed number’ stock option plan and thereafter grant all stock options pursuant to the plan. On May 12, 2003, the Board adopted an updated Stock Option Plan (the “Plan”) to reflect the new policies of the Exchange and developments in corporate governance which was subsequently approved by the shareholders at the 2003 annual general and special meeting and accepted for filing by the Exchange.

The Plan is a “fixed number” stock option plan. Under a fixed number stock option plan, the Company may reserve a specified number of shares, up to a maximum of 20% of the Company’s issued shares as at the date of shareholder approval, with vesting provisions for plans that reserve more than 10%. Under the Company’s Plan, the maximum number of options that may be granted is 13,728,397.

The number of options granted by the Company now exceeds the number of options available (13,728,397). As a result, the Company will apply to the Exchange to increase the number of shares issuable under the option plan. Under the policies of the Exchange, “fixed number” stock option plans must receive shareholder approval when the number of shares reserved for issuance under the Plan is amended. Accordingly, the Company is seeking approval by the shareholders to amend the number of shares reserved for the issuance under the Plan to 10% of the outstanding capital number.

The shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution in substantially the form set out on Schedule “B” attached hereto, approving the amendment to the number of shares reserved for issuance under the Plan. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of this ordinary resolution to amend the number of Common Shares reserved for issuance under the Plan.** If the amendment to the Plan is not approved by the shareholders, the Company will not be in a position to offer increased incentives to its directors, officers, employees and independent consultants.

Stock Options Granted To Insiders

The Company announced on March 4, 2004 that it has granted the following options to certain of its directors and officers: Bryan Wilson, 600,000 options, Norman Brewster, 500,000 options, Neil Novak 600,000 options and Richard Hamelin, 200,000 options. In addition, the Company has granted 700,000 options to certain consultants and employees. The options are exercisable at $0.22 for a period of five (5) years and are subject to approval from the Exchange, and subject to the amendment of the Plan as described above.

Name of Insider	Number of Shares	Exercise Price
Bryan Wilson	600,000	$0.22
Neil Novak	500,000	$0.22
Richard Hamelin	200,000	$0.22

To the extent that the number of options granted exceeds the number of options currently available under the Plan, the Company, as discussed in “Amend Stock Option Plan” above, seeks to increase the number of shares issuable under the Plan. If this is done, a pro rata portion of the options granted to the above mentioned persons, which are in excess of the shares issuable under the Plan, are to be subject to disinterested shareholder approval at the Meeting. The Company seeks to obtain disinterested shareholder approval of the options granted to the above mentioned insiders. An “Insider” means every director or senior officer of the Company or of a corporation that is itself an insider or subsidiary of the Company, any person who beneficially owns directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Company for the time being outstanding other than voting securities held by the person or corporation in the course of a distribution and the Company where it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

The disinterested shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution in substantially the form set out on Schedule "C" attached hereto, ratifying and confirming the stock options granted to insiders. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of this ordinary resolution to approve the grant of options to Insiders**. Under the policies of the Exchange, shareholder approval will be requested by way of "disinterested shareholder vote". **All approvals by "disinterested shareholder vote" require the approval of the shareholders not affected by, or interested in, the matter to be approved, by way of a simple majority of the votes cast at the Meeting by disinterested shareholders.**

OTHER BUSINESS

Management of the Company knows of no other matters to come before the Meeting other than as set forth above and in the Notice of Meeting. Should any other matters properly come before the Meeting, it is the intention of the persons named in the form of Proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

DIRECTORS' APPROVAL

The contents and the sending of the Notice of Meeting and this Circular have been approved by the board of directors.

Dated this 29th day of April, 2004.

CERTIFIED CORRECT ON BEHALF OF THE BOARD OF DIRECTORS BY:

"Bryan H. Wilson"

Bryan H. Wilson,
President, Chief Executive Officer

SCHEDULE "A"

CONFIRMATION

CHANGE OF AUDITOR

TO: **Quebec Securities Commission**
Alberta Securities Commission
British Columbia Securities Commission

AND TO: **Green, Chencinski, Starkman, Eles, Chartered Accountants**

AND TO: **McCarney Greenwood LLP, Chartered Accountants**

We confirm that Notice of Change of Auditors, the letter of Green, Chencinski, Starkman, Eles, Chartered Accountants and the letter of McCarney Greenwood LLP, Chartered Accountants, annexed hereto as Exhibits "A", "B" and "C" respectively, have been reviewed by the audit committee and board of directors of **SPIDER RESOURCS INC.**

SPIDER RESOURCES INC.

"Carmen Diges"

Per:________________________________
Carmen Diges,
Secretary

NOTICE OF CHANGE OF AUDITOR

TO: **Green, Chencinski, Starkman, Eles, Chartered Accountants**

AND TO: **McCarney Greenwood LLP, Chartered Accountants**

TAKE NOTICE THAT Green, Chencinski, Starkman, Eles, Chartered Accountants, the former auditors of **SPIDER RESOURCES INC.** (the "Corporation") tendered their resignation (the "Resignation") effective January 15, 2004 and the directors of the Corporation on January 15, 2004 appointed McCarney Greenwood LLP, Chartered Accountants, successor auditors in their place.

TAKE FURTHER NOTICE THAT:

(a) there have been no reservations contained in the auditor's reports on the annual financial statements of the Corporation for the two (2) fiscal years immediately preceding the date of this notice nor for any period subsequent to the most recently completed period for which an audit report was issued;

(b) the Corporation's Board of Directors and Audit Committee approved the appointment of McCarney Greenwood LLP, Chartered Accountants in their place; and

(c) there were no reportable events (as defined in part 3 of National Policy No. 31) in connection with each of Green, Chencinski, Starkman, Eles's audits of the Company, which occurred prior to their resignation.

DATED at Toronto, Ontario this 15th, day of January, 2004.

BY ORDER OF THE BOARD

"Carmen Diges"

Carmen Diges,
Secretary

Green Chencinski Starkman Eles LLP
CHARTERED ACCOUNTANTS

Suite 1906, 4950 Yonge Street
Toronto, Ontario
Canada M2N 6K1

Telephone: (416) 512-6000 Fax: (416) 512-9800

Alberta Securities Commission
British Columbia Securities Commission
Quebec Securities Commission

February 4, 2004

Re: Spider Resources Inc.

Dear Sirs:

We have read the Notice of Change of Auditor dated January 15, 2004 and concur with the information therein:

- There have been no reservations contained in the auditor's reports on the annual financial statements of the Coroporation for the two (2) fiscal years immediately preceding the date of this notice.
- No reportable events have occurred with Green Chencinski Starkman Eles LLP, Chartered Accountants and the Corporation. Reportable events means disagreements or unresolved issues between the Corporation and Green Chencinski Starkman Eles LLP.

Yours truly,
GREEN CHENCINSKI STARKMAN ELES LLP

James Eles

Alberta Securities Commission
British Columbia Securities Commission
Quebec Securities Commission

Dear Sir(s)/ Madam(s)

Re: Spider Resources Inc.

We have read the notice of Spider Resources Inc. dated January 15, 2004 and we are in agreement with the statements contained in such Notice.

Yours very truly,

"McCarney Greenwood LLP"

McCarney Greenwood LLP
Chartered Accountants

January 15, 2004

SCHEDULE "B"

RESOLUTION OF THE SHAREHOLDERS

OF

SPIDER RESOURCES INC.

(the "Company")

AMENDMENT TO THE STOCK OPTION PLAN

WHEREAS on May 12, 2003 the board of directors of the Company adopted an updated Stock Option Plan (the "Plan") which was approved by the shareholders at the 2003 annual general and special meeting;

AND WHEREAS the Plan is a "fixed numbers" stock option plan with a maximum number of shares reserved for issuance set at 13,728,397;

AND WHEREAS the number of options granted by the Company now exceeds the number of options reserved for issuance.

BE IT RESOLVED THAT:

1. the Company be and is hereby authorized to amend the number of shares reserved for issuance under the Plan to 15,690,348; and

2. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Company or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the TSX Venture Exchange or applicable securities regulatory authorities and to complete all transactions in connection with the implementation of the amendment to the number of shares reserved for issuance under the Plan.

SCHEDULE “C”

RESOLUTION OF THE SHAREHOLDERS

OF

SPIDER RESOURCES INC.

(the “Company”)

APPROVE STOCK OPTIONS GRANTED BY COMPANY

WHEREAS the Company announced on March 4, 2004 that it had granted the following options to certain of its officer and directors: Bryan Wilson 600,000 options, Norman Brewster 500,000 options, Neil Novak 600,000 options and Richard Hamelin 200,000 options;

AND WHEREAS the Company announced on March 4, 2004 that it had granted 700,000 options to certain consultants and employees;

AND WHEREAS the options are exercisable at $0.22 for a period of five (5) years subject to TSX Venture Exchange (the “Exchange”) approval;

AND WHEREAS the Exchange’s policies require that disinterested shareholder approval be obtained in respect of such grants.

BE IT RESOLVED THAT the shareholders not affected by, or interested in, the matter to be approved, be and hereby ratifies and confirms the options granted by the Company as set out above.

SPIDER RESOURCES INC.

56 Temperance Street, 4th Floor
Toronto, Ontario M5H 3V5

<u>SUPPLEMENTAL MAILING LIST FORM</u>

National Instrument 51-102 *Continuous Disclosure Obligations* mandates that Spider Resources Inc. (the "Company") send annually a request form to registered holders and beneficial owners of securities to enable such holders and owners to request a copy of the Company's annual financial statements and related MD&A and/or interim financial statements and related MD&A (collectively, the "Statements"), in accordance with the procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. If you wish to receive either or both of the Statements, you must complete this form and forward it to our transfer agent at the following address:

EQUITY TRANSFER SERVICES INC.
120 Adelaide street West, Suite 420
Toronto, Ontario M5H 4C3

Please note that both registered holders and beneficial owners should return the form; registered holders will not automatically receive the Statements (registered holders are those with shares registered in their name; beneficial owners have their shares registered in an agent, broker, or bank's name).

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If you wish to receive financial statements of the Company, and/or you wish to receive all other corporate information, please complete below and return.

[Please <u>PRINT</u> your name and address]

________ **Interim Financial Statements and MD&A**

________ **Annual Financial Statements and MD&A**

________ **I would like to receive press releases, news bulletins and other information via electronic mail.**

____
(First Name and Surname)

____
(Number and Street) (Apartment/Suite)

____
(City, Province/State)

____
(Postal Code)

____
(Email Address)

Signed: ______________________________
(Signature of Shareholder)

Dated: ______________________________