IMA EXPLORATION INC
Form 20-F
June 07, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

[ ] Registration Statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

or

[X] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

or

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _________ to _________

Commission file number: 0-30464

IMA EXPLORATION INC.
(Exact name of Registrant as specified in its charter)

IMA EXPLORATION INC.
(Translation of Registrant's name into English)

BRITISH COLUMBIA
(Jurisdiction of incorporation or organization)

#709 - 837 WEST HASTINGS STREET, VANCOUVER, BRITISH COLUMBIA, V6C 3N6
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.
NONE

Securities registered or to be registered pursuant to Section 12(g) of the Act.
COMMON SHARES, NO PAR VALUE
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
NOT APPLICABLE
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2004.
43,816,207 COMMON SHARES AS OF DECEMBER 31, 2004

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 X Item 18

GENERAL INFORMATION:

UNLESS OTHERWISE INDICATED, ALL REFERENCES HEREIN ARE TO CANADIAN DOLLARS.

GLOSSARY OF TERMS:

ARGILLIC ALTERATION:	Development of secondary clay minerals by weathering or hydrothermal activity.
BRECCIA:	A rock containing generally angular fragments of itself or some other rock.
CATEO:	In Argentina, a cateo is an exploration concession granted for a period of up to 1,100 days. In areas where field work seasons are limited, only the available field season will be considered in determining the 1,100 days. A cateo gives the holder the exclusive right to explore the area, subject to certain pre-existing rights of owners of mines within the area and abutting owners of cateos. Through the process of exploration, the owner of the cateo may make and file "manifestations" of discovery (see below) and petition the mining authority for the granting of mines (see below). A cateo may be up to 10,000 hectares in size. A single legal person may not hold more than 20 cateos or 200,000 hectares of cateos in any one province. When the cateo is officially granted, a one time payment of about US $0.35 (Pesos $0.80) per hectare is required.
CLASTIC:	Rock components consisting of fragments derived by mechanical erosion of pre-existing rocks.
COLOR ANOMALY:	An atypical or unusual color pattern visible on air photos or satellite images of rock outcrop areas, often caused by hydrothermal alteration.
G/T:	grams per tonne
HYDROTHERMAL ALTERATION:	Those chemical and mineral changes resulting from the interaction of hot water solutions with pre-existing solid mineral phases.
INTRUSIVE ROCKS:	A body of rock, that while fluid, penetrated into or between other rocks, but solidified before reaching the surface.

KM:	Kilometre
M:	Meter
MAFIC:	Dark colored, generally iron or magnesium rich, rock or mineral.
MANIFESTATIONS:	In Argentina, manifestations or "manifestaciones" of discovery are official notices filed with the mining authority indicating that the person filing (who must be the owner of the cateo in an area covered by a cateo) has made a discovery. The filing and acceptance by the mining authority of such a notice, constitutes the first step in converting a discovery to a mine (see below). A manifestation of discovery may cover one or more claims in the case of either a vein or disseminated deposit. The size of the manifestations and the annual payments required of the owner is the same as those for a mine.
MINE:	In Argentina, a mine or "mina" is a real property interest. It is a right of exploration granted on a permanent basis after the completion of an official survey for as long as the right is diligently utilized and semi-annual payments of US$17.50 (Pesos $40) per claim are made. A mine may consist of one or several claims or "pertinencias". In the case of vein deposits, each claim is a maximum of 200 by 300 meters or six hectares; for disseminated deposits, each claim is up to one square kilometer or 100 hectares.
PORPHYRY:	An igneous rock containing mineral crystals that are visibly larger than other crystals of the same or different composition.
PPM:	parts per million

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SATELLITE IMAGERY:	Maps or images produced from data collected by satellite displaying wavelength and intensity variations of visible and infrared radiation reflected from the Earth's surface.
SCREE:	A slope of loose rock debris at the base of a steep incline or cliff.
SEDIMENTARY ROCKS:	Descriptive term for a rock formed of sediment, namely solid material both mineral and organic, deposited from suspension in a liquid.
STREAM SEDIMENT SAMPLE:	A sample of fine sediment derived from the mechanical action of the stream.
SKARN:	A style of alteration characterized by iron and magnesium bearing aluminosilicate materials such as garnet and diopside.

SULFIDE:	A compound of sulfur combined with one or more metallic or semi-metallic elements.
VEINS:	An occurrence of minerals, having been intruded into another rock, forming tabular shaped bodies.
AG:	Silver
AS:	Arsenic
AU:	Gold
BA:	Barium
CO:	Cobalt
CU:	Copper
MO:	Molybdenum
PB:	Lead
SB:	Antimony
ZN:	Zinc

MINERALS

BIOTITE:	An iron and magnesium bearing mica mineral.
CARBONATE:	A mineral containing the radical CO_3.
CHALCOPYRITE:	A sulfide mineral containing copper and iron.
FELDSPAR:	An aluminosilicate with variable amounts of potassium, sodium and calcium.
HORNBLENDE:	A complex hydrated aluminosilicate of magnesium, iron and sodium.
MAGNETITE:	A magnetic iron oxide mineral.
PYROXENE:	An aluminosilicate of magnesium and iron.
PYRRHOTITE:	A magnetic sulfide of iron.

ROCK TYPES

ANDESITE:	A volcanic rock with the principal minerals being plagioclase.
CONGLOMERATE:	A clastic sedimentary rock containing rounded fragments of gravel or pebble size.
DACITE:	A volcanic or shallow intrusive rock with the principal minerals being plagioclase, quartz and one or more mafic constituents.

DIORITE:	An intrusive rock composed essentially of sodic plagioclase, hornblende, biotite, or pyroxene.
LIMESTONE:	A sedimentary rock consisting chiefly of calcium carbonate.
SANDSTONE:	A clastic sedimentary rock composed largely of sand-sized grains, principally quartz.
SHALE:	A clastic sedimentary rock derived from very fine-grained sediment (mud).
SILTSTONE:	A clastic sedimentary rock similar to shale except comprised of slightly coarser material (silt).
TUFF:	A rock formed of compacted volcanic fragments, generally smaller than 4mm in diameter.

PART I

ITEM 1. DIRECTORS, SENIOR MANAGEMENT AND ADVISORS.

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.

Not applicable.

ITEM 3. KEY INFORMATION.

Selected Financial Data

The selected financial data of IMA Exploration Inc. (the "Company") for the years ended December 31, 2004, 2003 and 2002 was derived from the consolidated financial statements of the Company which have been audited by PricewaterhouseCoopers LLP, independent Chartered Accountants, as indicated in their report which is included elsewhere in this annual report. The selected financial data set forth for the years ended December 31, 2001 and 2000 are derived from the Company's audited consolidated financial statements after reflecting the carve out of Golden Arrow Resources Corporation, not included herein.

The information in the following table was extracted from the consolidated financial statements and related notes included herein and should be read in conjunction with such financial statements and with the information appearing under the heading "Item 5. Operating and Financial Review and Prospects".

Reference is made to Note 11 of the consolidated financial statements of the Company included herein for a discussion of the material measurement differences between Canadian Generally Accepted Accounting Principles ("Canadian GAAP") and United States Generally Accepted Accounting Principles ("U.S. GAAP"), and their effect on the Company's financial statements.

To date, the Company has not generated sufficient cashflow from operations to fund ongoing operational requirements and cash commitments. The Company has financed its operations principally through the sale of its equity securities. The Company considers that it has adequate resources to meet property commitments on its existing property holdings; however, at present, the Company does not have sufficient funds to conduct exploration programs on all of its existing properties and will need to obtain additional financing or joint venture partners in order to initiate any such programs. See "Item 5. Operating and Financial Review and Prospects".

CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

	(CDN$ IN 000, EXCEPT PER SHARE DATA)				
	2004	2003	2002	2001	2000
Revenue	$0	$0	$0	$0	$0
General Corproate Expenditures	(4,084)	(2,276)	(330)	(173)	(387)
General Explroation Expenditures	(229)	(227)	(180)	(110)	(137)
Foreign Exchange Gain (Loss)	(195)	(13)	(2)	3	(3)

	(CDN$ IN 000, EXCEPT PER SHARE DATA)				
	2004	2003	2002	2001	2000
Interest and Miscellaneous Income	102	67	27	97	157
Provision for Marketable Securities	(100)	-	-	-	-
Loss Allocated to spin off assets	(131)	(969)	(955)	(699)	(1,654)

Net Income (Loss)	(4,655)	(3,418)	(1,440)	(882)	(2,024)
Earnings (Loss) per share from continuing operations	(0.11)	(0.08)	(0.02)	(0.01)	(0.03)
Earnings (Loss) per share Basic and Diluted	(0.11)	(0.11)	(0.06)	(0.06)	(0.17)
Weighted Average Number of Shares Outstanding	40,939	32,252	23,188	15,104	11, 939
Working Capital	5,053	4,747	1,431	733	1,435
Capital Assets	94	36	46	57	74
Mineral Properties	6,551	1,469	148	132	114
Spin-Off Assets	-	6,749	6,903	5,369	3,866
Long-Term Debt	-	-	-	-	-
Total Assets	12,222	13,419	8,637	6,407	5,678
Net Assets - Shareholder's Equity	10,813	11,671	7,324	5,372	4,790

ADJUSTED TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Under U.S. GAAP the following financial information would be adjusted from Canadian GAAP (references are made to Note 11 of the accompanying consolidated audited financial statements):

	(CDN$ IN 000, EXCEPT PER SHARE DATA)				
	2004	2003	2002	2001	2000
CONSOLIDATED STATEMENT OF OPERATIONS					
Earnings (Loss) for the year under Canadian GAAP	$(4,655)	$(3,418)	$(1,440)	$(882)	$(2,024)
Mineral property and deferred exploration costs for the year, net of future income tax and write down of marketable securities	(4,448)	(1,813)	(1,267)	(1,321)	(1,989)
Mineral property and deferred exploration costs					

written off during the year which would have been expensed in the year incurred	-	777	-	21	790
Stock-based compensation	-	(144)	(102)	-	-
Earnings (Loss) for the year under US GAAP before comprehensive income adjustments	$(9,134)	$(4,598)	$(2,809)	$(2,181)	$(3,224)
Unrealized (loss) gains on available-for-sale securities	(387)	434	55	-	-
Comprehensive Income (Loss)	$(9,521)	$(4,164)	$(2,754)	$(2,181)	$(3,224)

	(CDN$ IN 000, EXCEPT PER SHARE DATA)				
	2004	2003	2002	2001	2000
Earnings (Loss) per share under US GAAP	$(0.22)	$(0.14)	$(0.12)	$(0.14)	$(0.26)
Diluted Earnings (Loss) per share under US GAAP	$(0.22)	$(0.14)	$(0.12)	$(0.14)	$(0.26)

	2004	2003	2002	2001	2000
SHAREHOLDERS' EQUITY					
Balance per Canadian GAAP	$10,813	$11,671	$7,324	$5,372	$4,790
Mineral property and deferred exploration costs expensed net of future income tax	(5,666)	(6,884)	(5,848)	(4,581)	(3,282)
Accumulated other comprehensive income	84	489	54	-	-
Balance per US GAAP	$5,231	$5,277	$1,530	$790	$1,508

CONSOLIDATED STATEMENTS

OF CASH FLOWS

OPERATING ACTIVITIES					
Cash (used) provided per Canadian GAAP	$(2,962)	$(1,419)	$(1,306)	$(898)	$(987)
Mineral properties and deferred costs	(4,578)	(1,851)	(1,267)	(1,321)	(1,989)
Cash used per US GAAP	$(7,540)	$(3,270)	$(2,573)	$(2,219)	$(2,976)
INVESTING ACTIVITIES					
Cash used per Canadian GAAP	$(4,510)	$(1,873)	$(1,278)	$(1,312)	$(2,004)
Mineral properties and deferred costs	4,578	1,851	1,267	1,321	1,989
Cash provided (used) per US GAAP	$68	$(22)	$(11)	$9	$(15)

	(CDN$ IN 000, EXCEPT PER SHARE DATA)				
	2004	2003	2002	2001	2000
FINANCING ACTIVITIES					
Cash provided per Canadian and US GAAP	$9,269	$6,278	$3,264	$1,463	$3,380

See Note 11 of the Company's consolidated financial statements.

Exchange Rate History

The noon rate of exchange on May 5, 2005, reported by the United States Federal Reserve Bank of New York for the conversion of Canadian dollars into United States dollars was CDN$.8033 (US$1.2448 = CDN$1.00).

The following table sets forth high and low exchange rates for one Canadian dollar expressed in terms of one U.S. dollar for the six-month period ended April 30, 2005.

MONTH	HIGH	LOW
November 2004	.8493	.8155
December 2004	.8435	.8064
January 2005	.8346	.8050
February 2005	.8134	.7960
March 2005	.8060	.8024
April 2005	.8233	.7957

The following table sets forth the average exchange rate for one Canadian dollar expressed in terms of one U.S. dollar for the past five fiscal years.

PERIOD	AVERAGE
January 1, 2000 - December 31, 2000	0.6746
January 1, 2001 - December 31, 2001	0.6456
January 1, 2002 - December 31, 2002	0.6368
January 1, 2003 - December 31, 2003	0.7206
January 1, 2004 - December 31, 2004	0.7682

Exchange rates are based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Risk Factors

Due to the nature of the Company's business and the present stage of exploration on its mineral resource properties, the following risk factors apply to the Company's operations (see "Item 4. Information on the Company - History and Development of the Company"):

LIQUIDITY AND CASH FLOW: As at the date of this annual report, the Company has not generated any revenues from operations to fund ongoing operational requirements and cash commitments. The Company has financed its operations principally through the sale of its equity securities. As at May 5, 2005 the Company had working capital of approximately $5,500,000. Management believes the Company has adequate resources to maintain its ongoing operations and will require additional financing for planned exploration and property acquisitions for the remainder of fiscal 2005. See "Item 5. Operating and Financial Review and Prospects - Liquidity and Capital Resources".

EXPLORATION STAGE COMPANY: An investment in a natural resources company involves a high degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration stage.

ADDITIONAL FINANCING: The Company presently has sufficient financial resources to meet property commitments on its existing property holdings. The Company at present does not, however, have sufficient funds to conduct planned exploration programs on all these properties and will need to obtain additional financing or find joint venture partners in order to initiate any such programs.

The Company will continue to rely on successfully completing additional equity financing and/or conducting joint venture arrangements to further exploration on its properties. There can be no assurance that the Company will be successful in obtaining the required financing or negotiating joint venture agreements. The Company's management may elect to acquire new projects, at which time additional equity financing may be required to fund overhead and maintain its interests in current projects, or may decide to relinquish certain of its properties. These decisions will be based on the results of ongoing exploration programs and the response of equity markets to the projects and business plan. The failure to obtain such financing or complete joint venture arrangements could result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties as disclosed herein. The Company does not have any definitive commitment or agreement concerning any investment, strategic alliance or related effort, on any of the Company's material properties. The Company may seek joint venture partners to provide funding for further work on any or all of those other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and 7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

EXPLORATION RISKS: Mineral exploration is highly speculative in nature, involves many risks and frequently is nonproductive. There can be no assurance that the Company's efforts to identify resources will be successful. Moreover, substantial expenditures are required to establish resources through drilling, to determine metallurgical processes to extract the metal from the ore and to construct mining and processing facilities. During the time required to establish resources, determine suitable metallurgical processes and construct such mining and processing facilities, the economic feasibility of production may change because of fluctuating prices. The Company would like to establish resources.

PROJECT DELAY: The Company's minerals business is subject to the risk of unanticipated delays in permitting its projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

TITLE TO PROPERTIES: The validity of mining claims, which constitute a significant portion of the Company's undeveloped property holdings, is often uncertain and may be contested. Although the Company has attempted to acquire satisfactory title to its undeveloped properties, the Company, in accordance

with mining industry practice, does not intend to obtain title opinions until a decision is made to develop a property, with the attendant risk that some titles, particularly titles to undeveloped properties, may be subject to contest by other parties. Title to properties may be subject to litigation claims by others. On March 5, 2004 Minera Aquiline Argentina SA, a subsidiary of Aquiline Resources Inc. ("Aquiline"), commenced an action against the Company seeking damages and a constructive trust over certain of the Company's properties in the Navidad area. The Company believes the Aquiline legal action is without merit and continues to vigorously defend itself. A Statement of Defence has been filed. The trial has been set for October 11, 2005 in Vancouver, British Columbia. As of the date of this annual report the outcome is not determinable. See "Item 8. Financial Information - Legal Proceedings."

PRICE FLUCTUATIONS AND SHARE PRICE VOLATILITY: In recent years the securities markets in Canada have experienced a high level of price and volume volatility and the market price of securities of many companies, particularly junior mineral exploration companies, like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the per share price of the Company's common shares on the TSX Venture Exchange (the "TSX-V") fluctuated from a high of $4.80 to a low of $1.73 during the 12-month period ending December 31, 2004. There can be no assurance that continual fluctuations in price will not occur.

OPERATING HAZARDS AND RISKS: Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration for metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

INSURABLE RISKS AND LIMITATIONS OF INSURANCE: The Company maintains certain insurance, however, such insurance is subject to numerous exclusions and limitations. The Company maintains a Total Office Policy in Canadian dollars on its principal offices. Generally, the Total Office Policy provides a 90% coverage on office contents, up to $160,000, with a $500 deductible. In addition, the policy provides general liability coverage of up to $5,000,000 for personal injury, per occurrence and $2,000,000 for legal liability for any one premises, with a $500 deductible. The Company also has insurance coverage of up to $5,000,000 for non-owned automobile liability.

The Company maintains a Foreign Commercial General Liability policy in U.S. dollars which provides US$5,000,000 coverage for bodily injury or property damage per occurrence and coverage up to US$5,000,000 per offence for personal injury or advertising injury (libel, slander, etc.). The policy has a general aggregate limit for all claims during each consecutive policy period, except for those resulting from product hazards or completed operations hazards, of US$5,000,000. The policy has a US$5,000,000 aggregate limit for each consecutive policy period, for bodily injury or property damage liability arising out of completed operations and products. In addition, the Foreign Commercial General Liability policy provides for coverage of up to US$10,000 in medical expenses, per person, with a US$10,000 limit per accident, and up to US$100,000 for each occurrence of tenants' fire legal liability. The policy does not apply to injury or damages occurring within Canada, the United States (including its territories and possessions), Puerto Rico, any countries or territories against which the United States has an embargo, sanction or ban in effect, territorial waters of any of the foregoing, the Gulf of Mexico, or international waters or airspace when an injury or damage occurs in the course of travel or transportation to any country or place included in the foregoing. The policy also does not cover asbestos related claims or liability for bodily injury or property damages arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere, or any water-course or body of water. The policy also contains a professional liability exclusion which applies to bodily injury or property damage arising out of defects in maps, plans, designs or specifications prepared, acquired or used by the Company or arising out of any act of negligence, error, mistake or omission in rendering or failing to render professional consulting or engineering services, whether performed by the Company or other for whom the Company is responsible.

The Company maintains a Foreign Commercial Automobile Liability Insurance policy on owned, leased, hired and non-owned automobiles with the following liability limitations:

- $5,000,000 bodily injury liability for each person.
- $5,000,000 bodily injury liability for each occurrence.
- $5,000,000 property damage liability for each occurrence.
- $10,000 medical expense coverage, per person.
- $10,000 medical expense coverage, per accident.

The foregoing descriptions of the Company's insurance policies do not purport to be complete and does not cover all of the exclusions to such policies.

In April 2005, the Company purchased an Executive and Organization Liability insurance policy for the benefit of directors and officers. The aggregate limit of liability is $5 million. The policy is renewable on a yearly basis.

MANAGEMENT: The Company is dependent on the services of Joseph Grosso, the President and a director of the Company, Gerald G. Carlson, the Chairman of the Company's Board of Directors, and Arthur Lang, the Company's Chief Financial Officer. The loss of any of these people could have an adverse affect on the Company. Joseph Grosso provides his services to the Company through Oxbow International Marketing Corp. ("Oxbow"). Gerald G. Carlson provides his services to the Company through KGE Management Ltd. All of the Company's other officers are now employed by the Grosso Group Management Ltd. ("Grosso Group"). The Company has entered into consulting agreements with Oxbow and KGE Management Ltd. The Company does not maintain "key-man" insurance in respect of any of its principals.

Grosso Group Management Ltd.

Effective January 1, 2005, the Company engaged the Grosso Group Management Ltd. to provide services and facilities to the Company. As of the date of this Annual Report, a formal agreement among the Company and the Grosso Group has not been finalized. Until such time as the formal agreement has been finalized, the Company and the Grosso Group intend to work under the terms of the proposed Administration Services Agreement by and among the Company and the Grosso Group, which is discussed below. It is anticipated that the formal agreement will have an effective date of January 1, 2005.

The Grosso Group is a private company which will be owned by the Company, Golden Arrow Resources Corporation, Amera Resources Corporation and Gold Point Exploration Ltd., each of which will own one share. Pursuant to the terms of the proposed Administration Services Agreement, the Grosso Group will provide its shareholder companies with geological, corporate development, administrative, and management services on a non-exclusive and on an "as needed" and "as available" basis. The administration services for each shareholder company shall include bookkeeping, accounting and services in connection with quarterly filings, material change reports and other disclosure filings on SEDAR.

The Grosso Group will provide each shareholder company with:

1. the use of the Grosso Group's offices;
2. receptionist personnel;
3. office equipment; and
4. services of administration, accounting, purchasing, secretarial and like support staff on an "as needed" and "as available" basis.

Shareholder companies may appoint the Grosso Group to manage their work programs. In such event, the Grosso Group will generally retain suppliers and contracts in connection with each shareholder company's approved work programs and will separately invoice such shareholder company for the third-party costs and such invoice will include a handling charge as a percentage of the third-party costs, such charge to be in accordance with industry standards and reviewed for reasonableness from time to time, and which would be negotiated at the time of such work program.

Each shareholder company will pay the Grosso Group a monthly fee for the Grosso Group's services. The Grosso Group intends to allocate the costs of the staff and related general and administrative expenses to its shareholder companies on a full recovery basis. The fee will be based upon a pro-rationing of the Grosso Group's costs, including its executive staff and other overhead, among each of the shareholder companies, with regard to the expected average annual level of services provided to each shareholder company. The staff of the Grosso Group will record their daily activities in connection with each shareholder company and they will retain a log for invoicing purposes. The fee is to be reviewed from time to time and the basis may be changed by the Grosso Group in the event the Grosso Group's costs change or the shareholder companies' use of the services is in excess of historical experience or in the event a greater or lesser number of shareholder companies are using the Grosso Group's services. Each shareholder company has prepaid one month's initial estimated allocation of the Grosso Group's fully recoverable costs, which for the Company amounted to $60,000 (which as of the date of this report is the estimated initial monthly allocation for the Company).

The Grosso Group has the right to request each of the shareholder companies to allocate a reasonable number of shares in their incentive option plans to employees of the Grosso Group based upon the general amount of time and value added by such employees.

It is anticipated that the Administration Services Agreement may be terminated by a shareholder company after January 1, 2007, upon 30 days' written notice to the Grosso Group. Prior to January 1, 2007, if a shareholder company desires to terminate the agreement in the first year, it will pay a termination fee equal to one-year's basic administration charge and if a shareholder company desires to terminate the agreement in the second year, it will pay a termination fee equal to six-months' basic administration charge.

It is anticipated that upon termination of the Administration Services Agreement, each of the shareholder companies will agree to resell its common share back to the Grosso Group for $1.00 and the shareholder companies will not be able to sell, transfer or otherwise dispose of or encumber such share during the term of the Administration Services Agreement.

The Grosso Group's areas of experience encompass financing, marketing, property acquisition, community relations, socioeconomic issues, regulatory compliance, government relations, property exploration and investor relations. Additionally the Grosso Group has a number of other support staff at its corporate office and arrangements with contract providers of accounting and administrative services at the country operations' offices in Argentina and Peru.

The members of the board of directors of the Grosso Group are appointed by the shareholder companies, with each shareholder company appointing one of its directors to serve as a director of the Grosso Group. As of May 5, 2005 it is anticipated that the directors of the Grosso Group will be Nikolaos Cacos, Joseph Grosso, Arthur Lang and Nick DeMare. Messrs. Lang and Grosso are officers and directors of the Company. Mr. Lang is an officer of Amera Resources Corporation and a director of Golden Arrow Resources Corporation. Mr. Grosso is a director and officer of Amera Resources Corporation and a director and officer of Golden Arrow Resources Corporation. Nikolaos Cacos is an officer of IMA, a director and officer of Golden Arrow Resources Corporation and a director and officer of Amera Resources Corporation. Nick DeMare is an officer and director of Gold Point Exploration Ltd. Mr. DeMare indirectly owns 100% of Chase Management Ltd., a company which provides consulting services to the Company and other Grosso Group shareholder companies.

Each of the public company shareholders of the Grosso Group will have its own separate board of directors (whose members include persons employed by the Grosso Group); however, some directors will serve on multiple boards and on the board of directors of companies which are not shareholders of the Grosso Group.

In connection with the formation and establishment of the Grosso Group, Mr. Nick DeMare was issued the initial share of the Grosso Group and acted as the President, Secretary and sole director of the Grosso Group. Effective February 6, 2004, Mr. DeMare transferred the sole outstanding share of the Grosso Group to Joseph Grosso, the President and a director of the Company. Mr. DeMare also resigned as a director and the President and Secretary of the Grosso Group effective February 6, 2004 and Mr. Grosso was appointed as a director and the President and Secretary of the Grosso Group. It is anticipated that Mr. Grosso will return the sole outstanding share of the Grosso Group to the Grosso Group for cancellation and one share will then be issued to the Company.

The Board of Directors of the Company will approve the formal agreement once completed.

DEPENDENCE UPON OTHERS: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions, (ii) the ability to discover and produce minerals; (iii) the ability to attract and retain additional key personnel in investor relations, marketing, technical support, and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend.

CONFLICTS OF INTEREST: Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they many have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest. See "Item 6. Directors, Senior Management and Employees - Directors and Senior Management - Conflicts of Interest".

FOREIGN COUNTRIES AND REGULATORY REQUIREMENTS: The projects in which the Company has an interest are located in Argentina. Mineral exploration and mining activities in Argentina may be affected in varying degrees by political instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. The Company does not maintain and does not intend to purchase political risk insurance. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriations of property, environmental legislation and mine safety. The status of Argentina as a developing country may make it more difficult for the Company to obtain any required exploration financing for its projects. The effect of all of these factors cannot be accurately predicted. The Argentine economy has experienced recessions in recent years and there can be no assurance that their economy will recover from such recessions.

Argentina has recently experienced some economic and political instability. Management believes the new democratic elected government is making progress in the domestic economy and it is improving the image of the country internationally. Additionally, management believes the economic crisis of December 2001 has been overcome, and although the country defaulted on its loans, it has worked out with the International Monetary Fund a bail-out loan agreement. The Company maintains the majority of its funds in Canada and only forwards sufficient funds to meet current obligations and overhead in Argentina. The Company does not believe that any current currency restrictions which may be imposed in Argentina will have any immediate impact on the Company's exploration activities.

IMPACT OF GOVERNMENT REGULATIONS ON THE COMPANY'S BUSINESS: The projects in which the Company has an interest are located in Argentina.

ARGENTINA

Mining Industry

Mineral companies are subject to both the Argentinean Mineral Code and the Environmental Protection Mining Code. The Company believes it is in material compliance with both the Argentinean Mineral Code and the Environmental Protection Mining Code.

Mining Law in Argentina

In IM-11/19 Argentina; Economic Trends-Nov. 1999, the author stated:

> Although some ambiguities in its interpretation have emerged, the 1993 Argentine Mining Code has created a favorable investment climate in

the sector. An influx of foreign capital is bringing major copper and gold mines on line in Catamarca and Santa Cruz provinces, as well as smaller projects elsewhere.

(Source: U.S. Department of Commerce - National Trade Data Bank, IM-11/19 Argentina; Economic Trends-Nov. 1999).

The right to explore a property (a "cateo") and the right to exploit (a "mina") are granted by administrative or judicial authorities via concessions. Foreign individuals and corporations may apply for and hold cateos and minas, at the same level as local investors without differences of any nature. Cateos and minas are freely transferable upon registration with the Provincial Mining Registry where title to the cateo or mina was first registered. Upon the grant of a legal concession of a cateo or a mine, parties have the right to explore the land or to own the mine and the resources extracted therefrom.

Regulatory Environment

Management believes the present government is deeply committed to opening up the economy, and there has been significant progress in reducing import duties and export taxes. For decades local industry has been protected, and the transition to greater international competitiveness will take some time.

Importers and exporters must be registered with Customs. Except for a very limited list of items requiring the previous approval of the authorities, there are no import restrictions. Import of pharmaceuticals, drugs, foodstuffs, defense material, and some other items require the approval of the applicable government authority. Import duties are being progressively reduced in accordance with the free enterprise and free-trade policy being implemented by the government in order to achieve greater international competitiveness. To illustrate, duties currently range between zero and 20 percent. Restrictions on exports are not generally imposed.

Political Environment and Economy

In recent years Argentina has experienced a number of changes to its government. The current president, Nestor Kirchner, came to power in May 2003. The country continues to struggle with its external debt. Negotiations continue with the IMF and several of its other major creditors. The economic performance of the country has been troubled and uncertain since the late 1990's. Management believes there are currently some positive indications that the economic situation is improving.

ENVIRONMENTAL REGULATIONS: The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. At present, the Company does not believe that compliance with environmental legislation and regulations will have a material affect on the Company's operations; however, any changes in environmental legislation or regulations, or in the Company's business, may cause compliance with such legislation and/or regulation to have a material impact on the Company's operations. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to ensure that it complies fully with all environmental regulations relating to its operations in Argentina.

The provincial government of Chubut Province, Argentina has enacted certain anti-mining laws banning the use of cyanide and open-pit mining in metallic extraction in the Province of Chubut. The provincial legislation is more restrictive than current federal Argentinean mining laws. The Company has hired a mining engineering consultant to oversee all environmental and socio-economic

studies and programs to ensure international best practices for the mining industry are applied in the development of the Company's properties. Certain authorities believe that the provincial legislation may be unconstitutional. However, there can be no assurance that the provincial legislation will be repealed.

CURRENCY FLUCTUATIONS: The Company's operations in Argentina and Canada make it subject to foreign currency fluctuations and such fluctuation may adversely affect the Company's financial position and results. Certain of the Company's expenses are denominated in U.S. dollars. As such, the Company's principal foreign exchange exposure is related to the conversion of the Canadian dollar into U.S. dollars. The Canadian dollar varies under market conditions. Continued fluctuation of the Canadian dollar against the U.S. dollar will continue to affect the Company's operations and financial position. The Company's foreign subsidiaries comprise a direct and integral extension of the Company's operations. These subsidiaries are also entirely reliant upon the Company to provide financing in order for them to continue their activities. Consequently, the functional currency of these subsidiaries is considered by management to be the Canadian dollar and accordingly exchange gains and losses are included in net income. Management does not believe the Company is subject to material exchange rate exposure from any fluctuation of the Argentine currency. The Company does not engage in hedging activities. See "Item 5. Operating and Financial Review and Prospects".

NO DIVIDENDS: The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future.

PENNY STOCK REGULATION: The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". Generally, penny stocks are equity securities with a price of less than US$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system). Since the Company's shares are traded for less than US$5.00 per share, the shares are subject to the SEC's penny stock rules. The Company's shares will be subject to the penny stock rules until such time as (1) the issuer's net tangible assets exceed US$5,000,000 during the issuer's first three years of continuous operations or US$2,000,000 after the issuer's first three years of continuous operations; or (2) the issuer has had average revenue of at least US$6,000,000 for three years. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prescribed by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer must obtain a written acknowledgement from the purchaser that the purchaser has received the disclosure document. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. Such rules and regulations may make it difficult for holders to sell the common stock of the Company, and they may be forced to hold it indefinitely.

ENFORCEMENT OF LEGAL PROCESS: It may be difficult to bring and enforce suits against the Company. The Company is incorporated in British Columbia. None of the Company's directors are residents of the United States and all, or a substantial portion, of their assets are located outside of the United States. As a result, it may be difficult for U.S. holders of the Company's common shares to effect service of process on these persons within the United States or to enforce judgments obtained in the U.S. based on the civil liability provisions of the U.S. federal securities laws against the Company or their officers and directors. In addition, a shareholder should not assume that the courts of Canada (i) would enforce judgments of U.S. courts obtained in actions against the Company or their officers or directors predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States, or (ii) would enforce, in original actions, liabilities against the Company or their officers or directors predicated upon the U.S. federal securities laws or other laws of the United States.

However, U.S. laws would generally be enforced by a Canadian court provided that those laws are not contrary to Canadian public policy, are not foreign penal laws or laws that deal with taxation or the taking of property by a foreign government and provided that they are in compliance with applicable Canadian legislation regarding the limitation of actions. Also, a judgment obtained in a U.S. court would generally be recognized by a Canadian court except, for example:

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1. where the U.S. court where the judgment was rendered had no jurisdiction according to applicable Canadian law;
2. the judgment was subject to ordinary remedy (appeal, judicial review and any other judicial proceeding which renders the judgment not final, conclusive or enforceable under the laws of the applicable state) or not final, conclusive or enforceable under the laws of the applicable state;
3. the judgment was obtained by fraud or in any manner contrary to natural justice or rendered in contravention of fundamental principles of procedure;
4. a dispute between the same parties, based on the same subject matter has given rise to a judgment rendered in a Canadian court or has been decided in a third country and the judgment meets the necessary conditions for recognition in a Canadian court;
5. the outcome of the judgment of the U.S. court was inconsistent with Canadian public policy;
6. the judgment enforces obligations arising from foreign penal laws or laws that deal with taxation or the taking of property by a foreign government; or
7. there has not been compliance with applicable Canadian law dealing with the limitation of actions.

ITEM 4. INFORMATION ON THE COMPANY.

History and Development of the Company

Since 1996, the Company has been engaged, through its subsidiaries, in the acquisition and exploration of mineral properties, with a primary focus in Argentina and Peru. The Company was incorporated in British Columbia under the Company Act (British Columbia, Canada) (the "Company Act") on September 17, 1979, as Gold Star Resources Ltd. On May 1, 1990, the Company filed an Altered Memorandum to reflect its name change to EEC Marketing Corp. On January 13, 1992, the Company filed an Altered Memorandum to reflect its name change to Amera Industries Corp. From its date of inception to January 31, 1992, the Company was inactive. Between January 31, 1992 and August 31, 1994, the Company was involved in the eyewear and optical products industry. Subsequently, the Company again became inactive and began seeking a new business opportunity. The Company filed another Altered Memorandum on February 9, 1995, to reflect its name change to International Amera Industries Corp. On February 20, 1996, the Company filed an Altered Memorandum, changing its name to IMA Resource Corporation, and became engaged in the acquisition and exploration of mineral properties.

In September of 1995 the Company formed IMPSA Resources Corporation ("IMPSA") in order to pursue opportunities in Peru. At that time, exploration efforts by other companies in Peru were beginning in earnest. Management believed Peru was a favorable country for mineral exploration due to the country's geology and strong mining culture. In addition, management believed that Peru was under-explored.

Management believed the amount of capital necessary to fully exploit opportunities in Peru was greater than what the Company sought to invest. Since the Company had an ongoing exploration program in Argentina, the Company initially limited the funding of its Peruvian projects to $250,000. The Company established IMPSA and used the Company's $250,000 capital contribution to establish an infrastructure and initiate property reviews. A number of consultants were retained and detailed property assessments were initiated. The Company determined that in order to further develop IMPSA, additional funding would be required.

The Company initially received 500,000 common shares, or 30.76%, of the then issued and outstanding common shares of IMPSA, for its $250,000 capital contribution. As a result of issuing 375,000 shares to IMPSA's management and key employees, and the completion of two private placements (resulting in the issuance of a total of 1,528,000 common shares of IMPSA), the Company's initial investment in IMPSA was diluted to 20.76%. However, in order to assure the Company an ongoing interest in the assets of IMPSA, the Company retained a 20% participating interest in IMPSA (BVI) and retained the right to maintain a 20% ownership interest in IMPSA. During fiscal 1998, the Company increased its investment in IMPSA by purchasing 990,963 shares, which increased the Company's percentage ownership of IMPSA from 20.76% to 43.81%. In January 1999, the Company acquired an additional 6,500,000 common shares of IMPSA, increasing its equity interest from 43.81% to 80.69%. During 2001, the Company completed the reorganization of its corporate structure to continue the funding of the Company's Peruvian exploration activities. On August 20, 2001, the Company entered into an agreement with IMPSA, its 80.69% owned subsidiary, to acquire IMPSA's 80% interest in IMPSA (BVI) and IMPSA's advances to IMPSA (BVI), of approximately US$1.536 million, in exchange for $850,000 plus a 2% fee on any net revenue or proceeds from the disposition of certain properties held by IMPSA

(BVI). See "Item 4. Information on the Company - Organizational Structure." The fee is limited to a maximum of $1,400,000. This transaction was approved by IMPSA's shareholders on September 4, 2001. IMPSA used the cash proceeds to retire its debt to the Company. Rio Tabaconas (formerly known as Tamborapa), IMPSA's principal property, is for the most part an early stage exploration property and involves a high degree of risk.

On April 3, 1996, the Company acquired IMA Holdings Corp. ("IHC"), a British Columbia company. The acquisition of IHC by the Company resulted in the former shareholders of IHC acquiring control of the Company. At the time of the acquisition, the Company had two common directors with IHC. Generally accepted accounting principles required the transaction to be treated for accounting purposes as a reverse-takeover. In accounting for this transaction:

(i) IHC was deemed to be the purchaser and parent company for accounting purposes. Accordingly, its net assets are included in the Company's consolidated balance sheet at their historical book value; and

(ii) control of the net assets and business of the Company was acquired effective April 3, 1996. The transaction was accounted for as a purchase of the assets and liabilities of the Company by IHC at their fair values.

IHC's primary asset was a 50% joint venture interest in Minas Argentinas (Barbados) Inc. ("Minas Barbados"). Oro Belle Resources Corporation ("Oro Belle"), a third party, held the remaining 50% interest in Minas Barbados. The sole asset of Minas Barbados is its 100% interest in Minas Argentinas S.A. ("MASA"). MASA is an Argentine company whose main activity is exploration of mineral properties in Argentina. During 1998, the Company held discussions with Oro Belle and its majority shareholder, Viceroy, to restructure the arrangement and facilitate the funding of future financial requirements of MASA.

In May 1998, the Company entered into an arrangement (the "Plan of Arrangement") with Viceroy Resource Corporation ("Viceroy") whereby the Company agreed to exchange its 50% interest in Minas Barbados for 2,200,000 common shares of Viceroy (the "Viceroy Shares"), at a price of $2.25 per Viceroy Share (being the market value of the Viceroy Shares on the date of the transaction), a 1% net smelter returns royalty interest (the "MASA NSR") in the mineral property interests held by MASA, and the extinguishment of all debts owing by the Company to MASA. No value was ascribed to the MASA NSR for the purpose of calculating the total consideration received at the date of exchange.

The Company also restructured its share capital to facilitate the distribution of 1,540,000 Viceroy Common Shares to the Company's shareholders. The transaction was accomplished as follows:

i) each issued and outstanding common share of the Company was exchanged for one Class A common share and one Class B preferred share (the "Preferred Shares") of the Company;

ii) the holders of the Preferred Shares received 1,540,000 Viceroy Common Shares, directly from Viceroy, in exchange for all of the Preferred Shares;

iii) the Company relinquished its ownership interest in Minas Barbados to Viceroy in exchange for the Preferred Shares, the MASA NSR, the extinguishment of all debts to MASA and 660,000 Viceroy Shares. The Preferred Shares were then canceled by the Company; and

iv) all options and warrants to purchase common shares of the Company became exercisable to purchase Class A common shares on the same basis as the common shares.

The transaction became effective July 7, 1998, upon filing an Altered Memorandum, and the Company changed its name to IMA Exploration Inc. As a result of the transaction, the Company consolidated its share capital on the basis of four old shares for one new share.

On June 30, 1999, the shareholders of the Company passed a Special Resolution approving a redesignation of the Class A Common Shares to common shares.

In August 1999, the Company completed a private placement with Barrick Gold Corporation ("Barrick"). Barrick was granted an option to earn an interest in either the Potrerillos or Rio de Taguas property. The funds were spent on the drilling program on the Potrerillos property. Subsequent proceeds were spent on further exploration of the Company's properties in the Valle de Cura region of San Juan Province, Argentina from October 2000 to March 2001. As a result of the private placement Barrick became the Company's largest shareholder. During September 2003 Barrick reduced its shareholding to 1,000,000 shares.

The Company agreed to spend a minimum of $1,125,000 on its Valle de Cura properties out of the proceeds from the Barrick private placement. As of December 31, 2003 this requirement had been met. On December 15, 2003, Barrick served notice that it would not be exercising the option and the Company has begun pursuing other partners for the continued exploration of these drill ready projects.

On March 29, 2004, the new British Columbia Business Corporations Act (the "BCBCA") came into force in British Columbia and replaced the former Company Act, which is the statute that previously governed the Company. See "Item 10. Additional Information - Memorandum and Articles of Association."

On May 3, 2004, the Company announced its intention to proceed with a reorganization of the Company which had the result of dividing its present mineral resource assets between two separate public companies. Upon implementation of the corporate reorganization, the Company would continue to hold the Navidad silver-lead-copper project and certain other mineral properties in central Chubut Province, Argentina, while the newly created public company will hold the other resource assets of the Company.

Under the reorganization, the Company's most advanced project, the Navidad silver-lead-copper project and certain other Navidad area properties in central Chubut Province, Argentina (the "Navidad Properties") continued to be owned by the Company, while the Company's non-Navidad mineral properties along with $750,000 of operating cash and the joint venture agreements (including the marketable securities) relating to the transferred properties (collectively the "Transferred Assets") were be transferred to Golden Arrow Resource Corporation ("Golden Arrow"), a new public company formed to effect the reorganization. Golden Arrow is committed to grass roots exploration while the Company retained the Navidad project and focused on:

1. A significantly expanded drill program on the numerous targets within Navidad;
2. More detailed regional exploration for Navidad style targets;
3. Pursuing a listing on major U.S. and Canadian stock exchanges;

4. Completing a bankable feasibility study on the Navidad project in a timely fashion; and
5. Exploring the Navidad related properties directly or through joint ventures.

However, there are no assurances that the Company will be able to successfully complete any of the foregoing.

The reorganization was implemented by a Plan of Arrangement under the BCBCA. The Company's shareholders and optionholders approved the Plan of Arrangement at the Company's Annual General Meeting that was held on June 22, 2004. All other approvals were subsequently received.

The common shares of Golden Arrow were distributed to shareholders of the Company in proportion to their shareholdings in the Company on July 7, 2004 and on the basis of one Golden Arrow share for every 10 shares of the Company held. The reorganization was intended to enhance shareholder value by enabling each company to focus on the development of its own properties, and by allowing shareholders to hold an interest in Golden Arrow which reflects the value of the Company's portfolio of exploration projects.

CURRENT CORPORATE STRUCTURE

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                              IMA Exploration Inc.
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                               IMA Holdings Corp.
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                               CANADA  |
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                             IMA Latin America Inc.
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                                    100%
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                      Inversiones Mineras Argentina Inc.
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                         BVI/BARBADOS  |
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                        ARENTINA/PERU  |
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                    100%
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      Inversiones Mineras Arentinas S.A.
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            Navidad Area Properties
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PRINCIPAL OFFICE

The current office and principal address of the Company is located at #709 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The Company's telephone number is (604) 687-1828.

ACQUISITION AND DISPOSITION OF MINERAL PROPERTY INTERESTS DURING THE THREE PRIOR FISCAL YEARS

The Company has made additions to mineral properties and deferred costs of $4,448.659, $1,069,228, and $5,090 and capital assets of $93,650, $21,875 and $11,201 for the fiscal years ended December 31, 2004, 2003 and 2002, respectively.

The Company has not made any write down to the value of its mineral properties and deferred costs.

PLANNED EXPLORATION EXPENDITURES AND PROPERTY PAYMENTS

For the period from January 1 to May 5, 2005, the Company has made additions to mineral properties and deferred costs of approximately $2,050,000. For the balance of 2005, the Company expects to spend a further $4,000,000 on the Navidad project. See "Item 4. Information on the Company - Properties, Plants and Equipment - Principal Properties - Argentinean Properties and "Item 7. Major Shareholders and Related Party Transactions - Related Party Transactions."

As of May 5, 2005, the Company does not have sufficient working capital to fund all of its planned exploration work and property commitments and meet all of its ongoing overhead obligations. The Company will continue to rely on successfully completing additional equity financing and/or conducting joint venture arrangements to conduct further exploration on its properties. There can be no assurance that the Company will be successful in obtaining the required financing or negotiating joint venture agreements. The failure to obtain such financing or joint venture agreements could result in the loss of, or substantial dilution of the Company's interest in its properties.

Business Overview

The Company is a natural resource company engaged in the business of acquisition and exploration of mineral properties in Argentina. At present, the Company has no producing properties and consequently has no current operating income or cash flow. As of the date of this annual report, the Company is an exploration stage company and has not generated any revenues from mining operations. There is no assurance that a commercially viable mineral deposit exists on any of the

Company's properties. Further exploration and evaluation will be required before a final determination as to the economic and legal feasibility of any of the properties is determined.

On the properties in the Navidad area, accessibility and work may be limited during the winter months.

GENERAL DEVELOPMENT OF THE COMPANY'S BUSINESS

The Company has been active in Peru and continues to be active in Argentina since 1996 acquiring and exploring mineral properties.

In August 1999 the Company completed a private placement with Barrick. Barrick was granted an option to earn an interest in either the Potrerillos or Rio de Taguas property. The funds were spent on the drilling program on the Potrerillos property. Subsequent proceeds were spent on further exploration of the Company's properties in the Valle de Cura region of San Juan Province, Argentina from October 2000 to March 2001. As a result of the private placement Barrick became the Company's largest shareholder but has subsequently reduced its holdings.

The Company agreed to spend a minimum of $1,125,000 on its Valle de Cura properties out of the proceeds from the Barrick private placement. As of December 31, 2003 this requirement had been met. On December 15, 2003 Barrick served notice that it would not be exercising the option.

In March 2001, the Company granted Rio Tinto Mining and Exploration Limited ("Rio Tinto") an option to acquire a majority interest in the Mogote property in the Valle de Cura region of San Juan Province, Argentina. This agreement was terminated by Rio Tinto in December 2001. In March 2003 (as amended September 30, 2003), the Company granted Amera Resources Corporation ("Amera") an option to acquire a 51% interest, amended on April 8, 2004 to 75%, in the Mogote property. See "Item 4. Information on the Company - Properties, Plants and Equipment - Principal Properties - Argentinean Properties - San Juan Province Properties - Northwest San Juan - Mogote Property" and "Item 7. Major Shareholders and Related Party Transactions - Related Party Transactions."

In 2002, the Company began to acquire properties in Chubut Province, Argentina. In 2003, the Company significantly increased its focus on activities in the Chubut region. The Company has entered into a number of joint venture agreements which resulted in the farm-out of several of its non-core properties.

In early 2003, the Company focused its efforts on its Navidad Area Properties in Chubut Province located in southern Argentina. The preliminary results of its initial exploration efforts were very encouraging. A Phase I drilling program commenced in November, 2003 and was completed in late March 2004. A Phase II drill program commenced in late May 2004 and was completed in September 2004. Subsequent to completion of the Phase II program, a program of surface exploration including prospecting, geological mapping, ground geophysics and soil sampling was carried out. A Phase III drilling program commenced in November, 2004 and, other than a break for Christmas, drilling continued to March 7, 2005. Subsequently the Company has announced that the Phase III program budget has been increased to include an additional 10,000 metres of drilling and drilling resumed in April, 2005. The Phase I drill program at Navidad comprised 8,859.6 metres in 53 holes, 37 of which were drilled on Galena Hill. Phase II drilling comprised 9,596.5 metres of diamond core drilling in 67 holes. Drilling in the Phase II program focused on the Esperanza Trend, the Barite Hill target, and on the Navidad Hill and Connector Zone targets. Phase III drilling to date has comprised 9,526.2 metres in 54 holes for a project total of 27,982.3 metres in 174 holes.

On May 3, 2004, the Company announced its intention to proceed with a reorganization of the Company.

Under the reorganization, the Company's most advanced project, the Navidad silver-lead-copper project and certain other Navidad area properties in central Chubut Province, Argentina (the "Navidad Properties") continued to be owned by the Company, while the Company's non-Navidad mineral properties along with $750,000 of operating cash and the joint venture agreements (including the marketable securities) relating to the transferred properties (collectively the "Transferred Assets") were be transferred to Golden Arrow Resource Corporation ("Golden Arrow"), a new public company formed to effect the reorganization. Golden Arrow is committed to grass roots exploration while the Company retained the Navidad project and focused on:

1. A significantly expanded drill program on the numerous targets within Navidad;
2. More detailed regional exploration for Navidad style targets;
3. Pursuing a listing on major U.S. and Canadian stock exchanges;
4. Completing a bankable feasibility study on the Navidad project in a timely fashion; and
5. Exploring the Navidad related properties directly or through joint ventures.

However, there are no assurances that the Company will be able to successfully complete any of the foregoing.

The reorganization was implemented by a Plan of Arrangement under the BCBCA. The Company's shareholders and optionholders approved the Plan of Arrangement at the Company's Annual General Meeting that was held on June 22, 2004. All other approvals were subsequently received.

The common shares of Golden Arrow were distributed to shareholders of the Company in proportion to their shareholdings in the Company on July 7, 2004 and on the basis of one Golden Arrow share for every 10 shares of the Company held. The reorganization was intended to enhance shareholder value by enabling each company to focus on the development of its own properties, and by allowing shareholders to hold an interest in Golden Arrow which reflects the value of the Company's portfolio of exploration projects.

GOVERNMENT REGULATIONS

The Company's operations are subject to certain governmental laws and regulations. See "Item 3. Key Information - Risk Factors - Foreign Countries and Regulatory Requirements", "Item 3. Key Information - Risk Factors - Impact of Government Regulations on the Company's Business" and "Item 3. Key Information - Risk Factors - Environmental Regulations."

Organizational Structure

The Company has one direct wholly-owned subsidiary, IMA Holdings Corp. ("IHC").

IHC has a direct wholly-owned subsidiary, IMA Latin America Inc. ("IMA Latin

America"), a British Virgin Islands company.

IMA Latin America has one direct wholly-owned subsidiary, Inversiones Mineras Argentinas Inc., a Barbados company ("IMA Barbados"). IMA Barbados has one direct wholly-owned subsidiary, Inversiones Mineras Argentinas S.A. ("IMA Argentinas"), an Argentine company.

The Company's current corporate structure is depicted (above). See "Item 4. Information on the Company - History and Development of the Company."

Unless otherwise indicated herein, the term "Company" means collectively the Company and its subsidiaries.

Properties, Plants and Equipment

The Company's principal business is the acquisition and exploration of mineral properties. As of the date of this annual report, all of the Company's properties are without known reserves and the Company's operations are exploratory in nature. See Item 4. Navidad Property - Estimated Resources.

PRINCIPAL PROPERTIES

NAVIDAD PROJECT

On February 3, 2003 the Company announced the discovery of high-grade silver-lead mineralization on its 100% owned 10,000 hectare (24,700 acres) Navidad Project in north central Chubut Province, Argentina. The mineralization had been discovered by prospecting on December 10, 2002 and was a new discovery as there were no recorded occurrences of silver mineralization in the area. This was surprising due to the fact that high-grade, structurally-controlled mineralization and the moderate-grade replacement style mineralization were abundantly visible with lead and copper mineralization outcrops and subcrops over a strike length of thousands of meters. There was no evidence of prior prospecting or sampling activity anywhere despite the area being inhabited.

During the fiscal years ending December 31, 2004, 2003 and 2002 the Company had capitalized and expensed costs on all of its properties as follows:

Fiscal Year Ending	Amount Capitalized	General Exploration Expensed in Fiscal Year	Aggregate Amount Written-off In Fiscal Year
December 31, 2002	$148,618	$180,321	$ Nil
December 31, 2003	$1,469,026	$226,956	$ Nil
December 31, 2004	$6,551,598	$228,961	$ Nil

[Argentina Property Map]

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MAP OF ARGENITNA SHOWING THE LOCATION OF THE CITIES OF:

BUENOS AIRES

BARILOCHE
PUERTO MADRYN

WITH "STAR" SHOWING THE LOCATED OF THE NAVIDAD PROJECT IN CHUBUT PROVINCE

ARGENTINEAN PROPERTIES

Navidad Project

On February 3, 2003, the Company announced the discovery of high-grade silver-lead-copper mineralization at its 100% owned 10,000 hectare (24,700 acres) Navidad Project in north central Chubut, Argentina. The mineralization had been discovered by prospecting on December 10, 2002, and was a new discovery as there were no recorded occurrences of silver mineralization in the area. This was surprising due to the fact that high-grade, structurally-controlled mineralization and the moderate-grade replacement style mineralization with abundant visible lead and copper mineralization outcrops and subcrops over a strike length of thousands of meters. There was no evidence of prior prospecting or rock sampling activity despite the area being inhabited. Furthermore a fence line passes through the central part of the outcropping high-grade mineralization and blocks of rock containing obvious green copper oxides had been used to prop up fence posts.

PROPERTY DESCRIPTION AND LOCATION

The Navidad Project comprises 10,000 hectares consisting of two individual claims (manifestacions) in the Gastre Department of the Province of Chubut. These two claims are underlain by the company's original claim (the Gan Cateo) and cover the same area. The project is centered at approximately 42.415 decimal degrees south latitude and 68.82 decimal degrees west longitude in the Campo Inchauspe datum. The above point has been located in the field by professional surveyors and has the coordinates 2,514,856.53 east and 5,304,454.84 north in Gauss Kruger Campo Inchauspe zone 2 and was assigned the local grid coordinates 50,000E, 10,000N with an elevation of 1,218.18 m (Height Above Ellipsoid WGS1984). The local grid is rotated 30 degrees to the east of Gauss Kruger north.

Mineral Titles included in the Navidad Project:

File Number	Year	Date	Type	Name	Hectares
13984	2002	December 6, 2002	Cateo	Gan	10,000
14340	2004	September 16, 2004	Manifestacion	Navidad Este	5,000
14341	2004	September 16, 2004	Manifestacion	Navidad Oeste	5,000

Note: the project totals 10,000 hectares, claims 14340 and 14341 together cover the same area as the original claim 13984.

ACCESSIBILITY AND INFRASTRUCTURE

The property is located in the north-central part of the Province of Chubut within the prominent Gastre structural lineament in a somewhat uplifted area. Maximum elevation within the Gan cateo is 1,460 m while the minimum elevation is 1,060 m. Relief is gentle with minor local exceptions.

Vegetation is sparse and comprises grasses and low brush. Trees are absent. The climate is characterized as continental semi-arid with moderate temperatures in summer often accompanied by high winds. Winters are cold with temperatures often dipping below zero Celsius, but are generally not characterized by extended sub-zero periods. Most of the precipitation falls in winter as both rain and snow and, as such, conditions may not favor field work in the winter, but depending on the year, work may be possible even during winter.

Access to the property is possible year around by two-wheel drive pick-up truck except in very wet periods. Gastre is the nearest town some 40km to the west and the town of Gan Gan is about the same distance to the east; both are along Route 4, a gravel highway. The nearest airport with scheduled service is in Esquel four hours drive to the southwest by gravel road. To the north about two hours drive, in the province of Rio Negro, is the town of Ingenerio Jacobacci which is larger than Gastre and has much better services including banking. From Ingenerio Jacobacci it is another three and a half hours to the west to Bariloche, a city with multiple daily flights and a centre for tourism year round. From Gastre to the Atlantic Coast it is approximately seven hours drive virtually all on gravel roads. Along the coast infrastructure is much better with paved, roads, ports and airports and larger population centers.

During normal road conditions the trip from Gastre to the Navidad Project is about 30 minutes.

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A high voltage power line running from the Futaleufu site to an aluminum smelter at Puerto Madryn passes roughly 50km south of the Navidad Project. The government has announced a contract tendered to construct a connection from this power line to the national power grid at Choele Choel in Rio Negro to the north in order to facilitate expansion of the aluminum smelter and other projects. Construction of the connection will bring the Argentine national power grid with easy reach of Navidad.

HISTORY

The Navidad Project has no known exploration history and there is no indication that any of the surface showings were previously discovered or sampled. A prospecting discovery of this type seems unthinkable in the exploration industry in this day and age, especially within a few hundred meters of a provincial highway, except for the lack of mining and prospecting tradition in Patagonia. Proof of this lack of mining tradition is that the posts of the fence line that passes through the central part of the outcropping high grade mineralization had been propped up with blocks of rock containing obvious green copper oxides.

The only nearby sign of previous mining activity lies about 3km north west of Navidad Hill where some barite veins were opened up by trenches presumably with the idea of selling barite as an industrial mineral to the petroleum industry. Sampling during the surface work showed these veins have very low values of silver, copper and lead. Verbal reports suggest the trenching was done about 20 years ago.

Effectively the exploration history of Navidad Project began on December 10, 2002 with the discovery of outcropping mineralization by one of the Company's geologists. Subsequent surface work comprised extensive geological mapping, rock sampling, soil sampling and geophysics including magnetic, induced polarization and gravity surveys.

REGIONAL AND LOCAL GEOLOGY

According to the preliminary map 4369-II at 1:250,000 scale of SEGEMAR, the national geological service of Argentina, the Navidad Project mineralization is mapped as part of the Upper Jurassic Canadon Asfalto Formation.

Province wide geological maps of Chubut by the same organization indicate that the Canadon Asfalto is restricted to the central part of Chubut. The type section of the formation is located along the Rio Chubut southwest of the project area between Paso Sapo and Paso de Indios.

Much of the remainder of the Navidad Project is underlain by the Lonco Trapial Formation of Lower Jurassic age and finally older, poorly age-defined basement granitic rocks of Paleozoic age.

The Canadon Asfalto Formation comprises fine sandstones, limestones and volcanics of continental and lacusterine environment. It appears significant regional variations in composition and depositional environment are present within the formation as currently defined. Both fossils and a K/Ar radiometric age of 173 +/-4 Ma indicate a middle to upper Jurassic age.

The Lonco Trapial Formation, including Tacquetren Formation and other equivalents, is more widely distributed in Chubut excluding the Andean portion. The formation is volcanic dominant and appears to be the first phase of infill of local grabens in the developing San Jorge Basin. Again, significant regional variability in composition and depositional facies is indicated, with compositions ranging from felsic to mafic.

Apparently one of the controlling features of the San Jorge Basin is the long-lived, major structure known as the Gastre Fault. This fault is a wide, northwest-trending zone of fracturing that appears to have controlled deposition of rock units and then dismembered them from the Jurassic through the present.

Faulting related to the Gastre Fault is present in the Navidad Project area, but the most striking structural elements in the area are a series of northwest trending folds.

DIAMOND DRILLING PROGRAM

Connors Argentina S. A. ("Connors") of Mendoza Argentina commenced drilling on November 26, 2003. Phase IIIa drilling was completed on March 7, 2005, Phase IIIb drilling is currently ongoing. To the end of the Phase IIIa drill program, 27,982m have been drilled in 174 holes. During the life of the project the average rate of drilling including moves and breakdowns has been 121.7 metres per day.

All but 149 metres of the drilling has recovered HQ diameter (61mm) core, with the remainder recovering NQ diameter core. The drill supplied by Connors Argentina is containerized and mounted on a tracked undercarriage capable of moving itself. Water for drilling was brought to the drilling sites by a water truck of 9,000 liters that was subcontracted by Connors. The water was trucked from several local sources under agreement with local surface land owners.

Down hole surveys of the holes were done using a Tropari and/or a Sperry Sun instrument. In general the orientation of holes has little deviation because of the relatively large diameter of the drill string and the relatively short lengths of the holes.

Surveyed coordinates and orientations of Navidad drillholes:

Diamond Drill Hole	Local E	Local N	Easting GK faja 2 Campo Inch	Northing GK faja 2 Campo Inch	Elevation (metres) HAE	Azimuth (wrt GK) CI north)	dip down from Vertical
NV03-01	50,000.6	10,005.0	2,514,819.5	5,304,458.8	1,219.5	210.0	-45.0
NV03-02	50,000.0	9,971.1	2,514,802.0	5,304,429.8	1,211.2	30.0	-45.0
NV03-03	51,160.5	9,660.1	2,515,651.6	5,303,580.3	1,178.4	210.0	-45.0
NV03-04	51,160.1	9,669.6	2,515,655.9	5,303,588.6	1,178.6	30.0	-45.0
NV03-05	51,160.1	9,802.1	2,515,722.2	5,303,703.3	1,176.6	30.0	-60.0
NV03-06	49,961.7	9,972.3	2,514,769.5	5,304,449.9	1,218.4	30.0	-45.0
NV03-07	49,919.7	9,965.9	2,514,729.9	5,304,465.4	1,222.2	30.0	-45.0
NV03-08	49,959.8	10,016.3	2,514,789.8	5,304,489.0	1,226.4	210.0	-45.0
NV03-09	49,919.9	10,027.4	2,514,760.8	5,304,518.6	1,231.4	210.0	-45.0
NV03-10	49,961.9	9,953.4	2,514,760.2	5,304,433.5	1,215.1	30.0	-45.0
NV03-11	49,625.2	10,040.0	2,514,511.9	5,304,676.8	1,209.2	120.0	-45.0
NV04-12	51,160.6	9,577.9	2,515,610.5	5,303,509.0	1,155.4	30.0	-65.0
NV04-13	50,876.5	10,015.0	2,515,583.1	5,304,029.5	1,179.4	30.0	-45.0
NV04-14	50,997.6	9,911.7	2,515,636.3	5,303,879.6	1,178.1	210.0	-70.0
NV04-15	51,159.8	9,910.5	2,515,776.1	5,303,797.4	1,167.0	30.0	-60.0
NV04-16	51,161.0	9,451.4	2,515,547.6	5,303,399.2	1,138.3	30.0	-55.0
NV04-17	50,998.8	9,614.4	2,515,488.6	5,303,621.4	1,156.7	30.0	-85.0
NV04-18	51,001.3	9,364.5	2,515,365.9	5,303,403.8	1,137.1	30.0	-55.0
NV04-19	51,001.9	9,826.2	2,515,597.2	5,303,803.4	1,181.7	210.0	-80.0
NV04-20	50,801.6	9,897.6	2,515,459.5	5,303,965.3	1,163.0	210.0	-70.0
NV04-21	50,997.6	9,948.5	2,515,654.7	5,303,911.4	1,174.2	30.0	-45.0
NV04-22	50,998.5	9,977.9	2,515,670.2	5,303,936.4	1,171.9	210.0	-75.0
NV04-23	51,000.7	9,713.6	2,515,540.0	5,303,706.4	1,177.3	210.0	-85.0
NV04-24	50,804.7	10,023.1	2,515,524.9	5,304,072.4	1,173.8	30.0	-50.0
NV04-25	51,204.1	9,014.3	2,515,366.4	5,302,999.1	1,140.0	210.0	-45.0
NV04-26	50,802.1	9,728.9	2,515,375.6	5,303,818.9	1,153.5	32.0	-75.0
NV04-27	50,100.7	9,719.0	2,514,763.2	5,304,161.1	1,164.0	30.0	-45.0

Diamond Drill Hole	Local E	Local N	Easting GK faja 2 Campo Inch	Northing GK faja 2 Campo Inch	Elevation (metres) HAE	Azimuth (wrt GK) CI north)	dip down from Vertical
NV04-28	51,164.5	9,865.2	2,515,757.6	5,303,755.8	1,170.6	30.0	-60.0
NV04-29	51,299.1	9,847.6	2,515,865.4	5,303,673.3	1,157.6	210.0	-80.0

NV04-30	51,300.4	9,765.7	2,515,825.5	5,303,601.7	1,159.8	210.0	-80.0
NV04-31	51,160.7	9,666.8	2,515,655.1	5,303,585.9	1,178.5	30.0	-80.0
NV04-32	50,598.0	10,088.9	2,515,378.9	5,304,232.8	1,154.7	30.0	-45.0
NV04-33	50,598.4	10,016.4	2,515,343.0	5,304,169.8	1,154.8	210.0	-80.0
NV04-34	50,180.9	9,955.5	2,514,950.9	5,304,325.8	1,180.0	30.0	-45.0
NV04-35	51,199.5	9,251.1	2,515,480.9	5,303,206.5	1,134.2	30.0	-80.0
NV04-36	50,898.2	9,988.0	2,515,588.3	5,303,995.3	1,176.5	210.0	-80.0
NV04-37	50,899.9	9,914.7	2,515,553.2	5,303,931.0	1,173.8	210.0	-80.0
NV04-38	50,897.2	9,819.7	2,515,503.3	5,303,850.0	1,164.4	30.0	-80.0
NV04-39	50,400.2	9,982.9	2,515,154.5	5,304,239.9	1,157.1	210.0	-80.0
NV04-40	50,399.8	10,098.9	2,515,212.2	5,304,340.5	1,155.9	30.0	-45.0
NV04-41	51,080.8	9,943.4	2,515,724.2	5,303,865.4	1,174.9	30.0	-45.0
NV04-42	51,080.4	9,938.8	2,515,721.5	5,303,861.6	1,174.5	210.0	-80.0
NV04-43	51,080.4	9,853.2	2,515,678.7	5,303,787.4	1,180.3	210.0	-75.0
NV04-44	51,079.3	9,750.3	2,515,626.3	5,303,698.9	1,188.1	210.0	-75.0
NV04-45	51,230.9	9,861.1	2,515,813.0	5,303,719.1	1,164.0	210.0	-80.0
NV04-46	51,232.3	9,760.2	2,515,763.8	5,303,630.9	1,168.6	210.0	-80.0
NV04-47	51,236.7	9,681.0	2,515,728.1	5,303,560.2	1,176.6	30.0	-75.0
NV04-48	51,302.3	9,980.9	2,515,934.8	5,303,787.1	1,147.2	30.0	-45.0
NV04-49	51,301.0	9,915.2	2,515,900.8	5,303,730.8	1,150.5	30.0	-80.0
NV04-50	51,159.9	9,954.9	2,515,798.5	5,303,835.8	1,165.7	30.0	-80.0
NV04-51	51,159.1	9,971.9	2,515,806.2	5,303,850.9	1,165.5	30.0	-45.0
NV04-52	50,896.0	9,948.4	2,515,566.7	5,303,962.1	1,173.4	30.0	-45.0
NV04-53	50,796.8	9,954.7	2,515,483.9	5,304,017.1	1,169.2	30.0	-50.0
NV04-54	49,920	9,935	2,514,715	5,304,438	1,215	30.0	-50.0
NV04-55	50,000	9,906	2,514,770	5,304,374	1,197	30.0	-45.0
NV04-56	50,943	10,001	2,515,634	5,303,984	1,178	30.0	-45.0
NV04-57	51,118	9,812	2,515,691	5,303,733	1,181	210.0	-80.0
NV04-58	51,898	9,703	2,516,311	5,303,249	1,157	30.0	-80.0
NV04-59	51,900	9,612	2,516,268	5,303,169	1,142	33.0	-80.0
NV04-60	51,800	9,668	2,516,209	5,303,267	1,145	30.0	-80.0
NV04-61	51,203	8,927	2,515,322	5,302,924	1,149	210.0	-45.0
NV04-62	51,095	8,867	2,515,198	5,302,926	1,154	210.0	-45.0
NV04-63	50,392	8,749	2,514,530	5,303,175	1,175	150.0	-45.0
NV04-64	50,374	8,692	2,514,487	5,303,135	1,188	31.0	-45.0
NV04-65	49,919	9,851	2,514,672	5,304,366	1,192	30.0	-45.0
NV04-66	50,100	9,917	2,514,861	5,304,333	1,184	29.0	-45.0
NV04-67	50,247	9,936	2,514,998	5,304,276	1,171	30.0	-45.0
NV04-68	50,351	10,084	2,515,162	5,304,353	1,164	30.0	-45.0
NV04-69	49,862	9,967	2,514,681	5,304,495	1,227	30.0	-45.0
NV04-70	49,809	10,009	2,514,656	5,304,558	1,229	29.0	-45.0
NV04-71	49,860	9,904	2,514,647	5,304,442	1,208	30.0	-45.0
NV04-72	49,802	9,928	2,514,609	5,304,492	1,210	30.0	-45.0
NV04-73	49,802	9,814	2,514,552	5,304,393	1,184	29.0	-45.0

Diamond Drill Hole	Local E	Local N	Easting GK faja 2 Campo Inch	Northing GK faja 2 Campo Inch	Elevation (metres) HAE	Azimuth (wrt GK) CI north)	dip down from Vertical

NV04-74	51,997	9,691	2,516,391	5,303,189	1,165	29.0	-80.0
NV04-75	52,198	9,674	2,516,557	5,303,073	1,163	29.0	-80.0
NV04-76	52,401	9,679	2,516,735	5,302,976	1,171	29.0	-80.0
NV04-77	50,400	9,053	2,514,689	5,303,435	1,151	211.0	-45.0
NV04-78	51,308	8,954	2,515,426	5,302,895	1,147	210.0	-45.0
NV04-79	51,100	8,929	2,515,233	5,302,977	1,146	210.0	-45.0
NV04-80	51,003	8,864	2,515,117	5,302,970	1,151	210.0	-45.0
NV04-81	50,405	8,802	2,514,568	5,303,215	1,166	150.0	-45.0
NV04-82	50,340	8,700	2,514,461	5,303,159	1,186	150.0	-45.0
NV04-83	49,760	10,004	2,514,611	5,304,578	1,221	29.0	-45.0
NV04-84	49,721	9,991	2,514,570	5,304,587	1,219	31.0	-45.0
NV04-85	49,660	10,001	2,514,522	5,304,626	1,213	30.0	-45.0
NV04-86	50,545	10,120	2,515,348	5,304,286	1,148	30.0	-45.0
NV04-87	50,651	10,052	2,515,407	5,304,175	1,160	30.0	-45.0
NV04-88	49,197	9,855	2,514,048	5,304,731	1,224	30.0	-80.0
NV04-89	49,760	9,813	2,514,515	5,304,413	1,184	30.0	-60.0
NV04-90	49,719	9,855	2,514,501	5,304,470	1,189	30.0	-45.0
NV04-91	52,345	9,652	2,516,673	5,302,980	1,165	80.0	-45.0
NV04-92	52,634	9,468	2,516,832	5,302,677	1,142	80.0	-65.0
NV04-93	51,604	9,576	2,515,994	5,303,285	1,134	30.0	-80.0
NV04-94	50,400	10,030	2,515,178	5,304,281	1,157	30.0	-45.0
NV04-95	50,250	9,894	2,514,980	5,304,238	1,167	30.0	-60.0
NV04-96	50,099	9,832	2,514,819	5,304,260	1,174	30.0	-45.0
NV04-97	49,920	9,801	2,514,647	5,304,322	1,181	30.0	-60.0
NV04-98	49,811	9,762	2,514,534	5,304,343	1,178	30.0	-60.0
NV04-99	49,661	9,838	2,514,442	5,304,484	1,188	30.0	-60.0
NV04-100	49,722	9,813	2,514,482	5,304,432	1,183	30.0	-60.0
NV04-101	49,660	9,756	2,514,400	5,304,413	1,182	30.0	-60.0
NV04-102	49,601	9,830	2,514,386	5,304,507	1,194	30.0	-60.0
NV04-103	49,658	9,940	2,514,490	5,304,574	1,204	30.0	-60.0
NV04-104	49,659	9,880	2,514,461	5,304,521	1,192	31.0	-60.0
NV04-105	50,300	10,112	2,515,132	5,304,402	1,176	30.0	-60.0
NV04-106	50,301	10,033	2,515,094	5,304,333	1,171	30.0	-60.0
NV04-107	50,475	10,123	2,515,289	5,304,323	1,148	30.0	-45.0
NV04-108	50,599	10,087	2,515,379	5,304,230	1,155	90.0	-45.0
NV04-109	49,921	10,044	2,514,770	5,304,532	1,231	210.0	-60.0
NV04-110	49,811	10,075	2,514,690	5,304,614	1,222	210.0	-45.0
NV04-111	49,809	10,009	2,514,655	5,304,558	1,229	210.0	-65.0
NV04-112	49,760	10,048	2,514,632	5,304,616	1,218	30.0	-45.0
NV04-113	49,721	10,038	2,514,593	5,304,627	1,213	30.0	-45.0
NV04-114	49,759	9,925	2,514,570	5,304,510	1,204	30.0	-60.0
NV04-115	49,719	9,924	2,514,536	5,304,530	1,204	29.0	-60.0
NV04-116	49,761	9,853	2,514,535	5,304,447	1,189	30.0	-60.0
NV04-117	49,700	9,885	2,514,500	5,304,505	1,196	120.0	-45.0
NV04-118	49,600	9,879	2,514,410	5,304,550	1,198	30.0	-60.0
NV04-119	49,600	9,934	2,514,437	5,304,598	1,201	30.0	-60.0

Diamond Drill			Easting GK faja 2	Northing GK faja 2	Elevation (metres)	Azimuth (wrt GK)	dip down from

Hole	Local E	Local N	Campo Inch	Campo Inch	HAE	CI north)	Vertical
NV04-120	49,859	9,814	2,514,602	5,304,364	1,184	30.0	-60.0
NV04-121	49,401	9,786	2,514,191	5,304,569	1,203	210.0	-70.0
NV04-122	49,324	9,834	2,514,148	5,304,649	1,211	30.0	-70.0
NV04-123	49,324	9,827	2,514,145	5,304,643	1,210	210.0	-70.0
NV04-124	49,199	9,905	2,514,075	5,304,773	1,227	30.0	-80.0
NV04-125	49,197	9,803	2,514,023	5,304,686	1,220	30.0	-80.0
NV04-126	49,248	9,789	2,514,060	5,304,648	1,215	28.0	-50.0
NV04-127	50,471	10,083	2,515,266	5,304,291	1,150	30.0	-60.0
NV04-128	50,448	10,122	2,515,266	5,304,336	1,150	30.0	-60.0
NV04-129	50,500	10,119	2,515,309	5,304,307	1,146	30.0	-60.0
NV04-130	50,500	10,116	2,515,308	5,304,305	1,146	30.0	-62.0
NV04-131	50,578	10,109	2,515,372	5,304,260	1,152	90.0	-60.0
NV04-132	49,720	9,756	2,514,452	5,304,384	1,179	31.0	-60.0
NV04-133	49,797	9,732	2,514,506	5,304,325	1,175	30.0	-60.0
NV05-134	49,253	9,921	2,514,130	5,304,760	1,222	30.0	-70.0
NV05-135	49,250	9,986	2,514,160	5,304,818	1,224	30.0	-70.0
NV05-136	49,246	10,093	2,514,210	5,304,913	1,228	30.0	-70.0
NV05-137	49,200	9,957	2,514,102	5,304,817	1,229	30.0	-80.0
NV05-138	49,250	9,982	2,514,158	5,304,814	1,224	210.0	-56.0
NV05-139	49,699	9,876	2,514,493	5,304,498	1,194	31.0	-70.0
NV05-140	49,699	9,842	2,514,476	5,304,469	1,189	30.0	-60.0
NV05-141	49,738	9,877	2,514,529	5,304,479	1,193	31.0	-60.0
NV05-142	49,738	9,851	2,514,516	5,304,457	1,189	30.0	-60.0
NV05-143	49,320	10,018	2,514,237	5,304,810	1,217	210.0	-55.0
NV05-144	49,402	9,952	2,514,275	5,304,712	1,210	210.0	-65.0
NV05-145	49,402	9,902	2,514,249	5,304,669	1,208	211.0	-65.0
NV05-146	49,499	9,837	2,514,301	5,304,564	1,199	30.0	-60.0
NV05-147	49,497	9,808	2,514,285	5,304,540	1,194	30.0	-70.0
NV05-148	49,150	9,871	2,514,016	5,304,768	1,229	30.0	-80.0
NV05-149	49,148	9,920	2,514,038	5,304,812	1,234	30.0	-80.0
NV05-150	49,101	9,843	2,513,960	5,304,768	1,230	30.0	-80.0
NV05-151	49,101	9,893	2,513,984	5,304,812	1,234	30.0	-80.0
NV05-152	49,100	9,944	2,514,010	5,304,856	1,239	30.0	-80.0
NV05-153	50,596	10,229	2,515,447	5,304,355	1,143	271.0	-45.0
NV05-154	50,602	10,231	2,515,453	5,304,354	1,143	30.0	-45.0
NV05-155	50,660	10,172	2,515,474	5,304,273	1,149	90.0	-45.0
NV05-156	50,562	10,152	2,515,379	5,304,305	1,149	90.0	-60.0
NV05-157	49,856	9,772	2,514,578	5,304,330	1,178	30.0	-60.0
NV05-158	49,758	9,775	2,514,494	5,304,381	1,180	30.0	-60.0
NV05-159	49,922	9,762	2,514,631	5,304,288	1,175	29.0	-60.0
NV05-160	50,000	9,836	2,514,735	5,304,313	1,182	30.0	-60.0
NV05-161	49,762	9,887	2,514,554	5,304,476	1,195	30.0	-60.0
NV05-162	49,360	10,015	2,514,269	5,304,788	1,214	210.0	-55.0
NV05-163	49,453	9,832	2,514,259	5,304,583	1,197	30.0	-70.0
NV05-164	49,548	9,819	2,514,335	5,304,524	1,194	30.0	-70.0
NV05-165	49,548	9,873	2,514,361	5,304,571	1,202	30.0	-70.0

Diamond Drill Hole	Local E	Local N	Easting GK faja 2 Campo Inch	Northing GK faja 2 Campo Inch	Elevation (metres) HAE	Azimuth (wrt GK) CI north)	dip down from Vertical
NV05-166	49,503	9,917	2,514,345	5,304,632	1,206	30.0	-65.0
NV05-167	49,100	9,945	2,514,010	5,304,857	1,239	210.0	-60.0
NV05-168	49,100	10,007	2,514,041	5,304,911	1,236	210.0	-60.0
NV05-169	49,048	9,887	2,513,936	5,304,833	1,234	30.0	-80.0
NV05-170	49,051	9,938	2,513,964	5,304,876	1,237	30.0	-80.0
NV05-171	49,053	9,978	2,513,985	5,304,909	1,238	210.0	-70.0
NV05-172	49,321	9,861	2,514,159	5,304,674	1,212	30.0	-60.0
NV05-173	49,285	9,972	2,514,184	5,304,788	1,221	210.0	-80.0
NV05-174	49,361	9,963	2,514,245	5,304,742	1,214	210.0	-55.0
						Total Metres Drilled	

Core designated for sampling is cut with an electric-powered table saw with a diamond tipped blade. The core was sawn in half and one half was sampled and the remainder was stored in the core box. In a few areas the core was broken or rubbley and could not be sawn. In such cases the recovered material was sampled by spoon and if necessary was split with a knife or chisel. Rarely, due to hard core or problems with the saw, core was split with a mechanical splitter.

Alex Stewart (Assayers) Argentina S.A. ("Alex Stewart") of Mendoza, Argentina was the primary lab for all drill core samples. All samples are weighed on receipt in the sample bag prior to drying and this weight is reported with the analytical data. Sample preparation comprised drying at 90(degree) C for up to 40 hours, followed by crushing of the entire sample to #10 mesh. Next the sample was split down to 1.5 kg with a riffle splitter for pulverization to 85% passing #200 mesh. Between each sample the crusher and the pulverizor were cleaned with barren quartz.

All drill core samples were submitted for 30 gram fire-assay for silver with gravimetric finish and also a fire assay for Au (with AAS finish). The lab is required to report all sample weights used in fire assays.

In addition, all samples were analyzed by Alex Stewart's ICP-ORE technique which uses a strong multi-acid attack on a sample size of 0.2 grams. The method has been optimized to handle a wide range or concentrations of base and other metals, but with some sacrifice in the higher than normal detection limits for typical ICP analyses. Elements included in the package are Ag, As, Bi, Ca, Cd, Co, Cu, Fe, Hg, Mg, Mn, Mo, Ni, P, Pb, S, Sb, Tl and Zn. Extensive testing was undertaken by the Company on the ICP-ORE technique that confirmed its suitability for the Navidad mineralization. That testing included a precision test on 30 samples as well as a blind duplicate pulp test on 32 samples both with satisfactory results. Furthermore, ICP-ORE was used in characterization of the in-house standards developed (see below) and was found to correlate well with methods used by other labs. In fact all of the ICP-ORE results for Cu and Pb lay within the two standard deviation limit and hence were used in the definition of the accepted values for the standards.

QUALITY CONTROL

A comprehensive quality control and quality assurance program for analyses of drill core was put in place well prior to the start of drilling. This program comprises controls including blind certified standards, blanks, core duplicates and a secondary laboratory. The primary laboratory for all drilling samples was Alex Stewart and the secondary lab was ALS-Chemex La Serena and/or Vancouver. In each set of 42 samples sent to the primary lab a blind high-grade, low-grade, blank and duplicate core sample were included in randomized positions.

In addition to the above, a systematic program of reanalysis of pulps by a second independent lab has been used throughout the program. Randomly pre-selected samples are sent from the primary laboratory and they include blanks and standards. Two samples from each set of 42 samples, or 4.8% percent of the pulps are therefore being checked. At the time of this writing results were available for 726 duplicates.

The purpose of this work is to confirm the reproducibility of the analytical method at a second lab.

Results of the control by the secondary lab and through the inclusion of blanks, standards, and duplicates confirm the high quality of the data generated in the drilling program.

CHAIN OF CUSTODY

Core is delivered to the core shack by the drill contractor or picked-up by the Company's employees and stored in the core shack in Gastre. The core shack is kept under lock and key when the Company's employees are not present.

Core cutting is supervised by the geologist logging core who ensures that the sequence of blanks, duplicates and standards is followed. Cut core is placed into clean new transparent plastic sample bags into which two pre-printed custom sample tickets are placed. The lab uses one of these for the pulp bag and one for the reject bag. A third sample ticket is stapled into the core tray along with the meterage represented by the sample. The fourth and final sample ticket remains in the sample tag book with the hole numbers and meterages filled in. Once samples have been cut and bagged the bags are double sealed with two zip-strips. The first ordinary zip strip will close the bag around the neck of the bag under as much tension as it will support. A second, custom printed zip-strip seal with the Company's name and the matching sample number to the sample ticket inside will be affixed to the bag above the zip-strip under tension. The numbered seal will pierce the bag above the neck of the bag where it is sealed by the first zip strip so as to make it impossible to slip the ordinary zip-strip over the neck of the back. The lab is required to notify the Company if the samples do not arrive with the Company seals intact. All seals are being stored by the assay lab to present as proof of use.

Sealed sample bags are placed in rice sacks in sequence for shipment to the lab. A record of all samples shipped is kept by the geologist sending the sample shipment. Samples are transported by a company contracted to transport samples directly from the core shack in Gastre to the assay laboratory in Mendoza (some 1,500km). They are not allowed to carry other cargo or make other stops.

GENERAL GEOLOGICAL UNDERSTANDING

Drilling of the Navidad Hill, Galena Hill, Calcite Hill and intervening areas has greatly increased the geological understanding of the main geological units and their relationships. Most of this information was gained by drilling along the Navidad Trend (Barite Hill to Calcite Hill), but advances have also been made at Esperanza and at the Argenta Trend.

Stratigraphy at the Navidad property is comprised of three primary sedimentary and volcanic units which vary in thickness and composition but can generally be traced across the property. The lowermost unit is comprised of epiclastic, volcaniclastic and volcanic rocks that are virtually always unmineralized and unaltered where they have been tested to date. This is overlain by a volcanic cycle comprising trachyandesitic volcanic rocks, generally with quartz eyes, that is altered and mineralized with silver, lead, and to a lesser degree copper. The trachyandesite sequence comprises massive flows, amygdaloidal flows, flow breccias and volcaniclastic breccias. This unit varies in stratigraphic thickness from a few metres to well over 200 metres. The trachyandesite is in turn overlain by pelitic mudstones and limestones of which the lowermost portion may be highly mineralized with silver, lead, and often zinc. On the southwestern portions of the property (Loma de la Plata and the Argenta trend) the upper unit is dominated by coarse grained, poorly sorted sandstones and conglomerates that are composed predominantly of granitic rock interpreted to be derived from the Paleozoic granites which form the regional basement rocks in the area.

The contact between the lower volcanic cycle and the latite cycle is of great interest due to the dramatic change between unaltered and unmineralized rocks below and high mineralized rocks above, particularly in the Galena Hill and Barite Hill areas. The upper part of the lower cycle is generally reddish as if affected by a lateritic weathering. On some sections such as 51,160E, the contact is quite planar whereas on others it is quite irregular, possible due to faulting or paleotopography. In some cases a dark grey, soft material with an unusual texture and structure of partings and slip surfaces is present below the latites on the contact. This is interpreted as a paleosol.

GALENA HILL DRILLING RESULTS

Results of the drilling at Galena Hill have been very positive. The amount and continuity and grade of the mineralization in the subsurface exceeded even the expectations that existed based on the surface work.

The geometry of the mineralization, a gently-dipping, exposed to shallowly-buried zone of significant thickness suggests potential for bulk mining. Hence in determining how to select the mineralized intercepts for tabulation and data manipulation is was decided to use a minimum of approximately 50 g/t silver