

**QUARTERLY AND YEAR END REPORT**  
FORM 51-901F

British Columbia Securities Commission

<b>ISSUER DETAILS</b>			
NAME OF ISSUER	TELEPHONE NO.	FOR QUARTER ENDED	DATE OF REPORT (YY-MM-DD)
<b>SOUTHERN RIO RESOURCES LTD.</b>	604.687.3959	November 30, 2002	03-01-13
ISSUER'S ADDRESS		CITY, PROVINCE	POSTAL CODE
1410 – 650 West Georgia Street		Vancouver, British Columbia	V6B 4N8
CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.	
Lindsay R. Bottomer	President	604.687.3959	
CONTACT E-MAIL ADDRESS	WEBSITE ADDRESS		
<a href="mailto:info@southernrio.com">info@southernrio.com</a>	<a href="http://www.southernrio.com">www.southernrio.com</a>		

**CERTIFICATE**

Two of the three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
<i>"Lindsay R. Bottomer"</i>	Lindsay R. Bottomer	03-01-21
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
<i>"Randy C. Turner"</i>	Randy C. Turner	03-01-21

# QUARTERLY AND YEAR END REPORT

FORM 51-901F

Southern Rio Resources Ltd. - November 30, 2002

## SCHEDULE B - Supplementary Information

**1. Analysis of expenses and deferred costs for the current fiscal year to date:**

Refer to Schedule A Financial Statements – Statement of Operations and Deficit for details of expenses and Statement of Deferred Exploration Costs for expenditures made on property investigation, exploration and development during this period.

**2. Related Party Transactions:**

Refer to Note 6 of Schedule A - Consolidated Financial Statements.

**3. For the quarter under review:**

a) Summary of securities issued during the quarter:

Date of Issue	Type of Security	Type of Issue	Price Per Share	No. of Shares	Proceeds	Type of Consideration	Commission
Sep 18	Common Shares	Property Payment	\$0.15	49,500	\$7,425	Nil	Nil
Oct 23	Common Shares	Private Placement	\$0.17	700,000	\$119,000	Cash	\$9,000

b) Summary of options granted during the quarter: **Nil**

**4. As at the end of the quarter:**

a) Refer to Note 7 of Schedule A - Consolidated Financial Statements for a summary of authorized capital

b) Refer to Note 8 of Schedule A - Consolidated Financial Statements for a summary of outstanding options, warrants and convertible securities

c) Shares in Escrow: **163,500**

**5. List of Officers and Directors as at the date this report was signed and filed:**

*Officers*

Lindsay R. Bottomer, President  
Randy C. Turner, CFO  
Graham Scott, Secretary

*Directors*

Lindsay R. Bottomer  
Randy C. Turner  
Simon Ridgway  
John A. McDonald  
Wayne G. Beach

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**SCHEDULE C - Management Discussion**

**Discussion of Operations and Financial Condition:**

For the nine month period ended November 30, 2002, the Company had a net loss of \$189,630 or \$0.01 per share compared with the loss of \$250,627 or \$0.01 per share for the corresponding period in the previous year. The Company has a working capital deficit of \$159,302 compared with a deficit of \$142,353 at February 28, 2002.

The Company incurred deferred exploration expenditures of \$392,698 during this period compared with \$337,696 during the same period in 2001.

The Company had general and administrative expenses of \$191,843 as at November 30, 2002 compared to \$254,767 during the same period in 2001.

There were no investor relations activities undertaken by the Company during the quarter, nor were there any investor relations arrangement or contracts entered into during the quarter.

**President's Message:**

The third quarter was another active one for the Company with diamond drilling on the 3Ts gold-silver project in central British Columbia, and geological field work on the Minnitaki gold project in northwestern Ontario, the Dani polymetallic property in northwestern British Columbia and the Duke copper-gold property in southern British Columbia.

The diamond drilling on the 3Ts project consisted of four holes totaling 361 metres on the Tam property and an additional seven holes totaling 952 metres on the adjacent Tsacha property. The Tam drilling intersected very significant silver-gold values over estimated true widths of up to 14 metres in three holes spaced at 50 metre intervals on the Ted Vein to the south of previous drilling. The zone remains open along strike and at depth, with demonstrated potential for local bonanza grades in both silver and gold. Hole TT-11 for example returned a 3 metre intersection grading 3.28 grams/tonne gold and 1117.6 grams/tonne silver within a wider mineralized interval grading 1.35 grams/tonne gold and 341.3 grams/tonne silver over 11.35 metres. Other significant intervals include 26.9 metres grading 1.29 grams/tonne gold and 237.2 grams/tonne silver in hole TT-10, and 22.5 metres grading 2.17 grams/tonne gold and 35.9 grams/tonne silver in hole TT-13. Further drilling on the Ted Vein is planned during the upcoming winter season.

On the adjoining Tsacha property, four of the seven holes tested the projected northern extension of the Tommy Vein, between 200 and 400 metres north of the last intersections from previous drilling. All holes encountered quartz vein intervals at the projected target positions, with anomalous silver and/or gold values. This work has expanded the known strike length of the Tommy Vein from approximately 600 metres to over one kilometre, and demonstrated that the system is much larger than previously known, which adds to the potential for further discoveries both along strike to the north and at depth.

In the central portion of the Tommy Vein, one hole was drilled within the resource area and returned a 7.9 metre intersection grading 4.5 grams/tonne gold and 28.5 grams/tonne silver. A second hole drilled outside of the currently defined resource area intersected 4.1 metres of vein material within which was a 3 metre interval grading 0.61 grams/tonne gold and 7.3 grams/tonne silver. One additional hole was sited to test the southern extension of the Larry Vein, located east of and parallel to the Tommy Vein. This hole did not return any significant values.

Drilling data from previous drilling and trenching completed by Teck Cominco Limited, Stewart Wallis, P. Geo

and Eric Fier, CPG completed a resource estimate and independent technical report on behalf of the Company for the Tommy Vein. This report conforms to the requirements of National Instrument 43-101. Using a 4 grams/tonne gold grade cut-off, the Tommy Vein as currently defined is estimated to contain an Inferred Resource of 470,700 tonnes at a grade of 7.40 grams/tonne gold and 65.22 grams/tonne silver, or 112,000 contained ounces of gold and 987,000 contained ounces of silver. The estimation of the resources stated above has been prepared according to accepted industry standards and using accepted practices. The classification as an Inferred Mineral Resource meets the definitions as stated in National Instrument 43-101.

On the Minnitaki property in northwestern Ontario, assays were received from the final two holes drilled in August. Hole Tak-02-7 confirmed the presence of significant near-surface gold values in the newly discovered Western Zone, returning an intersection of 12.05 metres grading 2.68 grams/tonne gold. The Western Zone mineralization consists of a quartz vein stockwork hosted in silicified, variably pyritic quartz-feldspar porphyry hostrocks, which correlates with a strong resistivity geophysical feature. The zone is open along strike to the west and appears to have a shallow dip. The Company is very encouraged by the discovery of the Western Zone, and plans follow-up work in the summer of 2003 to better define the extent and grade of the mineralization.

In early September, Equity Engineering Ltd. carried out a short reconnaissance field program on the newly-acquired Dani property south of Kitimat, British Columbia. This work established that the schist zone which hosts the polymetallic sulphide showing can be traced for over 2 kilometres along strike. To cover the extensions of the schist unit, a further four claim units (for a total of eight) were staked. In addition, 36 rock and silt samples were collected for geochemical analysis. A report on this work is in preparation.

Also in September, a short program of reconnaissance mapping and sampling was carried out over the Duke copper-gold property near Merritt in southern British Columbia.

#### **Financings, Principal Purposes and Milestones:**

There were no material differences in the actual use of proceeds from the previous disclosure by the Company.

#### **Risks:**

The success of the Company's business is subject to a number of factors including but not limited to those risks normally encountered in the mining industry such as operating hazards, exploration uncertainty, increasing environmental regulation, competition with Companies having greater resources, lack of operating cash flow, and foreign currency fluctuations.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares. None of the Company's properties are in production. Consequently, the Company's net income is not a meaningful indicator of its performance or potential.

#### **Cautionary Statements:**

Statements and/or financial forecasts which are unaudited and not historical are to be regarded as forward-looking statements which are subject to risks and uncertainties that cause actual results to differ materially. Such risks and uncertainties include risks related to the Company's business including but not limited to: general economic conditions, limited operating history, continued industry and public acceptance, regulatory compliance, potential liability claims, further capital requirements and uncertainty of obtaining additional required funding, and dependence on key personnel as well as general market and economic conditions and therefore actual results may differ materially. These forward-looking statements should not be reprinted, reiterated nor considered an inducement for investment.

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<i>"Lindsay R. Bottomer"</i>	Lindsay R. Bottomer	03-01-21
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
<i>"Randy C. Turner"</i>	Randy C. Turner	02-01-21

# **Southern Rio Resources Ltd.**

Consolidated Financial Statements  
(Unaudited)

as at November 30, 2002

## **NOTICE TO READER**

The Consolidated Balance Sheets of Southern Rio Resources Ltd. as at November 30, 2002 and the Consolidated Statement of Operations and Deficit and the Consolidated Changes in Financial Position for the nine month period then ended have been compiled by Management. They have not been audited, reviewed or otherwise verified as to the accuracy or completeness of information. Readers are cautioned that these statements may not be appropriate for their purposes.

**SOUTHERN RIO RESOURCES LTD.**  
**Consolidated Balance Sheets**

**ASSETS**

	<b>November 30</b>	<b>February 28</b>
	<b>2002</b>	<b>2002</b>
<b>Current Assets</b>		
Cash	47,289	23,713
Accounts receivable	74,947	62,898
Marketable securities	10,000	10,000
Prepaid expenses	3,000	2,000
	<u>135,236</u>	<u>98,611</u>
<b>Capital Assets (Note 3)</b>	11,376	11,376
<b>Mineral properties (Note 4)</b>	104,474	43,600
<b>Deferred exploration (Note 5)</b>	392,698	22,861
	<u>643,783</u>	<u>176,448</u>

**LIABILITIES**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	133,503	79,929
Due to related parties (Note 6)	161,035	161,035
	<u>294,538</u>	<u>240,964</u>

**SHAREHOLDERS' EQUITY**

<b>Share capital (Note 7)</b>	8,819,018	8,215,626
Cumulative translation adjustment	2,048	2,048
<b>Earnings (deficit)</b>	(8,471,820)	(8,282,190)
	<u>349,246</u>	<u>(64,516)</u>
	<u>643,783</u>	<u>176,448</u>

On behalf of the Board:

“Lindsay R. Bottomer”  
Lindsay R. Bottomer, Director

“Randy C. Turner”  
Randy C. Turner, Director

**SOUTHERN RIO RESOURCES LTD.**  
**Consolidated Statement of Operations and Deficit**

	<b>Three Month Period Ended November 30 2002</b>	<b>Three Month Period Ended November 30 2001</b>	<b>Nine Month Period Ended November 30 2002</b>	<b>Nine Month Period Ended November 30 2001</b>
<b>Expenses</b>				
Bank charges and interest	113	138	522	843
Amortization	-	309	-	597
Advertising & media services	2,511	2,606	9,065	7,567
Courier and postage	22	488	1,742	3,195
Consulting and corporate services	9,000	11,040	31,500	30,540
Insurance	-	-	1,770	3,884
Legal, audit and accounting	-	6,776	31,763	76,092
Management fees	15,400	20,038	63,050	25,638
Office and miscellaneous expenses	1,658	1,139	918	7,427
Printing	1,368	140	1,667	4,354
Regulatory & transfer agent fees	3,666	2,585	18,064	15,236
Rent	4,500	4,500	13,500	13,000
Telephone	966	463	1,649	2,066
Travel	1,800	1,430	7,909	2,546
Wages and benefits	3,163	16,956	8,724	61,782
	<u>44,167</u>	<u>68,608</u>	<u>191,843</u>	<u>254,767</u>
<b>Interest Income</b>	<u>1,545</u>	<u>755</u>	<u>2,213</u>	<u>4,140</u>
<b>Net loss for the period</b>	42,622	67,853	189,630	250,627
<b>Deficit, beginning of the period</b>	<u>8,429,198</u>	<u>6,435,682</u>	<u>8,282,190</u>	<u>6,252,908</u>
<b>Deficit, end of the period</b>	<u><u>8,471,820</u></u>	<u><u>6,503,535</u></u>	<u><u>8,471,820</u></u>	<u><u>6,503,535</u></u>
<b>Loss per share:</b>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
<b>Weighted average number of common shares outstanding</b>	26,266,890	21,966,514	23,848,056	20,556,514

Unaudited - prepared by management  
The accompanying notes are an integral part of these financial statements.

**SOUTHERN RIO RESOURCES LTD.**  
**Consolidated Statement of Changes in Financial Position**

	<b>Three Month Period Ended November 30 2002</b>	<b>Three Month Period Ended November 30 2001</b>	<b>Nine Month Period Ended November 30 2002</b>	<b>Nine Month Period Ended November 30 2001</b>
<b>Cash provided by (used in)</b>				
<b>Operating Activities</b>				
Loss for the period	(42,622)	(67,853)	(189,630)	(250,627)
Amortization		309		597
Changes in non-cash working capital items				
(Increase) decrease in pre-paid expenses	-	348	(1,000)	(5,687)
(Increase) decrease in accounts receivable	(1,205)	1,716	(12,049)	30,881
Increase (decrease) in accounts payable	(72,209)	(2,799)	53,574	67,249
	(116,036)	(68,279)	(149,105)	(157,587)
<b>Financing Activities</b>				
Cumulative translation adjustment	-	92,931	-	199,133
Issue of shares	119,000	-	569,467	493,800
Related party transactions	-	-	-	(123,680)
	119,000	92,931	569,467	569,253
<b>Investing Activities</b>				
(Acquisition) disposition of capital assets	-	(309)	-	(6,106)
(Acquisition) disposition of mineral properties	(22,925)	-	(60,874)	(42,598)
Issue of shares for property	7,425	-	33,925	20,000
Recovered exploration expenditures	47,604	-	199,346	
(Deferred) exploration expenditures	(264,722)	(113,201)	(569,183)	(337,696)
	(232,618)	(113,510)	(396,786)	(366,400)
<b>Increase (decrease) in cash</b>	(229,654)	(88,858)	23,576	45,266
<b>Cash, beginning of the period</b>	276,943	184,407	23,713	50,283
<b>Cash, end of the period</b>	47,289	95,549	47,289	95,549

Unaudited - prepared by management  
The accompanying notes are an integral part of these financial statements.

## SOUTHERN RIO RESOURCES LTD.

Notes to the Consolidated Financial Statements - November 30, 2002

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is considered to be in the exploration stage with respect to its interests in mineral properties.

The recoverability of the amounts comprising mineral properties and deferred exploration costs are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	For the period ended November 30, 2002	For the year ended February 28, 2002
Deficit	\$(8,471,820)	\$(8,282,190)
Working capital (deficiency)	(159,302)	(142,353)

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant area requiring the use of management estimates relates to the determination of impairment of mineral properties. Actual results could differ from those estimates.

#### Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Golden Pavilion Resources Ltd., a British Columbia corporation and Minera Southern Rio S.A., a Chilean corporation.

#### Financial instruments

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

## **SOUTHERN RIO RESOURCES LTD.**

**Notes to the Consolidated Financial Statements - November 30, 2002**

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Marketable securities**

Marketable securities are recorded at the lower of cost or market value. The market value of marketable securities at November 30, 2002 is \$21,000.

#### **Capital assets and amortization**

Capital assets are recorded at cost less accumulated amortization. Amortization is being provided for using the straight-line method over five years.

#### **Mineral properties**

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the basis of units produced in relation to the estimated reserves of the related property following commencement of production, or written off if the mineral interests are sold or abandoned.

#### **Deferred exploration costs**

The Company defers expenditures directly attributable to the exploration and development of mineral properties, pending a decision as to the commercial viability of a property. If reserves are developed, the deferred costs will be amortized to operations when production is commenced on the property. Such amortization will be computed on the basis of units produced in relation to the estimated reserves. All deferred costs relating to the project will be expensed in the year of abandonment or sale.

#### **Values**

The amounts shown for mineral properties and for deferred exploration costs represent costs to date, and do not necessarily represent present or future values, as they are entirely dependent upon the economic recovery of current and future reserves.

#### **Cost of maintaining mineral properties**

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

#### **Environmental protection and reclamation costs**

The Company's policy relating to environmental protection and land reclamation programs is to charge to income during the year any costs incurred in environmental protection and land reclamation. At this time the Company does not foresee the necessity to make any material expenditures in this area.

## SOUTHERN RIO RESOURCES LTD.

Notes to the Consolidated Financial Statements - November 30, 2002

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currency translation

The Company's foreign operation is operationally self-sustaining and is translated into Canadian dollars using the current rate method. Under this method assets and liabilities are translated at the rate of exchange at the balance sheet date and revenues and expenses are translated at the rates which approximate those on the date of the transactions. Exchange gains or losses on translation are included as a component of shareholders' equity.

#### Income taxes

Future income taxes are recorded for using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

#### Stock-based compensation

The Company grants stock options as described in Note 8. No compensation expense is recognized when stock options are granted or extended. Any consideration received on exercise of stock options is credited to capital stock.

#### Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Loss per share is calculated using the weighted-average number of shares outstanding during the year.

#### Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 3. CAPITAL ASSETS

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$17,560	\$6,184	\$11,376	\$37,319	\$17,809	\$19,510

## SOUTHERN RIO RESOURCES LTD.

Notes to the Consolidated Financial Statements - November 30, 2002

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### 4. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

The Company holds interests in various mineral claims as follows:

	2002	2001
<b>Santo Tomas Property, Chile</b>		
An option to acquire a 100% interest. The Company paid US\$25,000 and issued 50,000 common shares at an agreed value of \$10,500.		
In fiscal 2001, the Company subsequently granted an option whereby the optionee could earn up to a 55% interest in the property by paying US\$125,000, of which \$76,290 was paid resulting in a gain of \$28,488. Accordingly, as at February 28, 2001, the mineral property was recorded at a nominal value of \$1.		
As consideration of committing to incur exploration expenditures, the optionee may also be granted up to 4,000,000 share purchase warrants to acquire additional common shares of the Company, of which 2,000,000 warrants were issued in fiscal 2001 and are currently outstanding.		
During the past year, the Company abandoned all claims and accordingly mineral properties of \$1 and the remaining related deferred exploration costs of \$113,117 were written-off to operations.	-	1
<b>Patagonia property, Chile and Argentina</b>		
A 100% interest, subject to a 4% net smelter returns royalty. In fiscal 2001, the Company sold a portion of the property resulting in a gain on sale of land of \$43,541. The Company also abandoned certain claims and accordingly mineral properties of \$748,702 and deferred exploration costs of \$837,231 were written-off to operations.		
During the past year, the Company abandoned all remaining claims and accordingly mineral properties of \$748,703 and related deferred exploration costs of \$842,490 were written-off to operations.	-	748,703
<b>Tam property, British Columbia, Canada</b>		
A 100% interest, subject to a 1% net smelter return royalty.	7,330	-

- continued -

**SOUTHERN RIO RESOURCES LTD.**

Notes to the Consolidated Financial Statements - November 30, 2002

**4. MINERAL PROPERTIES (continued)****Minnitaki property, Ontario, Canada**

A 90% interest. The property is subject to a sliding scale net smelter return royalty ranging from 1.5% to 3%. 45,000 -

**Duke property, British Columbia, Canada**

An option to acquire a 100% interest in certain claims. In order to acquire its interest, the Company must pay \$5,400 and issue 50,000 common shares. To date, the Company has paid \$5,400. The property is subject to a 1% net smelter return royalty. 5,400 -

**Taken property, British Columbia, Canada**

An option to acquire a 100% interest in the Taken Property claims located in British Columbia, Canada. To exercise its option, the Company is required to incur an aggregate of \$250,000 in exploration expenditures and issue 200,000 common shares over a four year period. To date, the Company has issued 40,000 shares at an agreed value of \$4,000. The property is subject to a sliding scale net smelter royalty ranging from 2 to 4%. 4,000 -

**Tsacha property, British Columbia, Canada**

An option to acquire a 100% interest in the Tsacha Property claims located in British Columbia, Canada. To exercise its option, the Company is required to incur an aggregate of \$1,200,000 in exploration expenditures and issue 400,000 common shares over a three year period, of which 100,000 common shares must be issued by the first year. The property is subject to varying net smelter return royalties, one half of which may be purchased back at any time for \$2,000,000. 16,630 -

**Bond & Johnson property, Ontario, Canada**

An option to acquire a 100% interest in the Bond & Johnson Property claims located in Ontario, Canada. To exercise its option, the Company is required to pay \$10,000 and issue 100,000 common shares over a one year period. The property is subject to a 2.5% net smelter royalty, 1.5% of which may be purchased back at any time for \$1,500,000. 12,500 -

**Dani property, British Columbia, Canada**

An option to acquire a 100% interest in the Dani Property claims located in British Columbia, Canada. To exercise its option, the Company is required to pay \$30,000 and issue 198,000 common shares over a three year period. To date, the Company has paid \$3,000 and issued 49,500 at an agreed value of \$7,425. The property is subject to a 2.5% net smelter royalty, 1.3% of which may be purchased back at any time for \$1,000,000. Commencing on the fourth anniversary, the property will also be subject to an annual advance royalty of \$12,000, half of which may be paid in common shares issued at a deemed price of \$0.15 per share. 10,425 -

**Sam property, British Columbia, Canada**

A 100% interest. 3,189 -

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\$104,474 \$748,704

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**SOUTHERN RIO RESOURCES LTD.****Notes to the Consolidated Financial Statements - November 30, 2002****5. DEFERRED EXPLORATION COSTS**

	Tam Property	Minnitaki Property	Duke Property	Taken Property	Tsacha Property	Other	Total
Balance, beginning of year	\$8,791	\$5,306	\$2,198	\$ -	\$ -	\$6,566	\$22,861
Geology	11,626	359	8,770	2,860	55,731	35,622	114,968
Geophysics - Air	480			479	479		1,439
Geophysics - Ground	10,157			7,187	29,418		46,762
Field Sampling				180	270	655	1,105
Drilling	44,276	182,647			108,655	7,020	342,598
Land Retention	2,104				1,604		3,708
Land Use/Permitting					149		149
Data Management	626			626	1,340		2,593
Environmental Data Evaluation	12,457			11,640	31,134	631	55,862
Total deferred costs for the period	81,726	183,006	8,770	22,972	228,781	43,928	569,183
Less: Costs Recoverable		(188,312)				(11,034)	(199,346)
Balance, end of period	90,517	0	10,968	22,972	228,781	39,461	392,698

**6. RELATED PARTY TRANSACTIONS**

During the year, the Company entered into the following transactions with related parties:

- a) Paid or accrued \$31,500 (2001 - \$30,540) for administration fees to a company controlled by a director.
- b) Paid or accrued \$13,500 (2001 - \$13,000) for rent to a company controlled by a director.
- c) Paid or accrued \$9,875 (2001 - \$73,060) for professional services to a law firm in which an officer of the Company is a partner.
- d) Paid or accrued \$63,050 (2001 - \$25,637) for management fees to a company controlled by a director.

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

Amounts due to related parties are non-interest bearing and have no specific terms of repayment.

The fair value of the amounts due to related parties are not determinable as they have no fixed terms of repayment.

## SOUTHERN RIO RESOURCES LTD.

Notes to the Consolidated Financial Statements - November 30, 2002

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### 7. CAPITAL STOCK

	Number of Shares	Amount
Authorized 50,000,000 common shares without par value		
Issued		
As at February 28, 2002	22,076,514	\$8,215,626
Cost to issue shares	-	(\$15,000)
For warrants exercised	78,584	\$15,717
For options exercised	700,000	\$105,000
For cash – private placement	1,825,000	\$353,750
For mineral property option(s)	<u>190,000</u>	<u>\$26,500</u>
As at August 31, 2002	24,870,098	\$8,701,593
Cost to issue shares		(\$9,000)
For cash - private placement	700,000	\$119,000
For mineral property option(s)	<u>49,500</u>	<u>\$7,425</u>
As at November 30, 2002	25,619,598	\$8,819,018

Included in capital stock are 163,500 common shares currently held in escrow, their release being subject to regulatory approval.

### 8. STOCK OPTIONS AND WARRANTS

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 3,500,000 common shares. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. Options can be granted for a maximum term of 5 years.

The following incentive stock options were outstanding at November 30, 2002:

Number of Shares	Exercise Price	Expiry Date
200,000	\$ 0.15	November 24, 2003
400,000	0.15	June 16, 2005
450,000	0.15	June 4, 2006
50,000	0.15	February 28, 2007
1,100,000	0.20	May 15, 2007

## SOUTHERN RIO RESOURCES LTD.

### Notes to the Consolidated Financial Statements - November 30, 2002

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#### Warrants

As at November 30, 2002, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,781,416	0.20	May 24, 2003
512,500	0.20	April 24, 2003
120,000	0.30	July 25, 2003
70,000	0.21	October 23, 2003

#### 9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the period ended November 30, 2002 include:

- a) The issuance of 40,000 common shares, with an agreed value of \$4,000, as consideration towards the acquisition of the Taken Property in British Columbia (Note 4).
- b) The issuance of 100,000 common shares, with an agreed value of \$15,000, as consideration towards the acquisition of the Tsacha Property in British Columbia (Note 4.)
- c) The issuance of 50,000 common shares, with an agreed value of \$7,500 as consideration towards the acquisition of the Bond & Johnson Property in Ontario (Note 4).
- d) The issuance of 49,500 common shares, with an agreed value of \$7,425 as consideration towards the acquisition of the Dani Property in Ontario (Note 4).

#### 11. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2002:

- a) Announced a proposed brokered private placement with Canaccord Capital Corporation (the "Agent") of up to 2,666,667 Units at a price of \$0.15 per Unit to raise gross proceeds of \$400,000. Each Unit consists of one common share plus one non-transferable share purchase Warrant. Each Warrant will entitle the holder to purchase one additional common share of the Company for a period of 24 months from the date of closing of the transaction at a price of \$0.20 per share if exercised during the first year and at a price of \$0.25 thereafter. The Agent will be paid a cash fee equal to 8% of gross proceeds, an administration fee, and will receive agent's warrants equal to 20% of the number of Units sold.
- b) Completed a non-brokered private placement of up to 1,750,000 flow-through units at a price of \$0.17 per unit for gross proceeds of \$297,500. Each unit will consist of one flow-through share and one non-flow-through share purchase warrant. Each warrant will entitle the holder to purchase one additional common share for a period of 12 months at a price of \$0.21 per share, and for a subsequent 12 months at a price of \$0.25 per share. Golden Capital Securities Ltd. was paid a 7.5% cash finder's fee and issued 262,500 warrants exercisable on the same terms as above in connection with this transaction.