J-Pacific Gold Inc.
Annual Report 2003

To Our Shareholders

Dear Shareholder,

The year 2003 proved to be a yet another stellar year for gold investors. With the price of the yellow metal reaching fifteen-year highs, the gold sector was one of the best performing sectors for the year. However, we at *J-Pacific* remain convinced that the best is yet to come.

Our bullish stance has been substantiated by the dramatic increase in demand for physical gold throughout the world. Over the past year, increases in the gold price resulted primarily from growing worldwide demand, highlighted by the liberalization of the retail gold trade in China and India.

During the 1990's, the extended depression in the gold industry caused many gold producers to severely cut back or to eliminate their exploration budgets. Exploration is absolutely essential to provide new discoveries for future gold production. Without adequate exploration, the survival of the gold mining industry cannot be ensured.

Understanding this, *J-Pacific* continues to focus its attention on exploration opportunities, as we believe that the discovery of new gold deposits will provide our shareholders with the greatest rewards. As well, our 100% ownership of the fully permitted Blackdome Gold Mine provides *J-Pacific* an opportunity to participate in future gold production.

In 2004, the Company intends to aggressively pursue exploration activities in BC, Quebec and Nevada, while continuing to seek out interesting acquisition opportunities in mining friendly jurisdictions throughout North America.

Quite simply, our goal is to become a leading gold exploration company. Our approach is to acquire high potential exploration projects in mining friendly jurisdictions, to perform a directed evaluation to identify the prime targets, and to quickly drill-test these targets. We intend to retain a project only if the initial drill results are favourable. *J-Pacific* believes that success is rooted in disciplined risk-reduction techniques, spending exploration dollars effectively, testing targets quickly, and never "falling in love" with a project.

Sincerely,

Nicholas T. Ferris
President and CEO

Highlight's

J-Pacific Gold Inc. is a junior resource company focused on the exploration and development of gold properties in North America. Since the Company's inception in 1990, it has evaluated a number of precious metals prospects, has engaged in geological, geochemical and geophysical exploration and diamond drilling programs, and has been involved in small-scale gold production.

In March 2004, the Company announced that it had signed a letter of intent with the Company's controlling shareholder, Jipangu Inc. of Tokyo, Japan allowing Jipangu to earn a 50% interest in the Company's Golden Trend and HC properties in Nevada by spending US$4,500,000 on exploration activities.

In February 2004, the Company added to its portfolio of exploration projects by entering into an option to purchase the Montgolfier project located in Montgolfier and Orvilliers townships in the

Abitibi district of northwest Quebec. The Montgolfier Project is strategically located approximately 12 kilometres east of the Casa Berardi Mine block, where Aurizon Mines Ltd. has outlined a 1.5 million ounce gold resource and is currently rapidly advancing the project towards a development decision. Previous exploration on the property was conducted primarily between 1984 and 1991 where approximately 78 holes were drilled along the 25-kilometre strike length of the property. Widespread gold mineralization is indicated in that thirty-three of these holes had intersections ranging from 1.0 to 14.8g Au/t over 0.3 to 4.6 metres.

During 2003, the repurchase of Jipangu's 50% interest in the Blackdome operation was the Company's most significant transaction. Consideration to Jipangu included $600,000 cash and 1.5 million common shares of the Company for a total of $1,290,000. An independent valuation by Ross Glanville and Associates performed in October 2003 suggests a market value of $4.5 million for the entire Blackdome operation. The repurchase gives the Company greater flexibility in determining the future of the mine, mill and surrounding claims and in seeking out development financing and joint venture partners

In 2003 the Company completed an extensive surface exploration program at the Elizabeth project. Activities included trenching, rock and soil sampling and geological mapping. Several new areas of mineralization were discovered during the course of the program. The Company also completed a soil sampling and geological mapping survey at the Blackdome South project.

In 2002, the Company aggressively increased its asset base through the acquisition of a series of new exploration projects in British Columbia and Nevada by way of lease and earn-in agreements, and by staking.

In May 2002, the Company acquired the strategic high-grade Elizabeth Project in the Lillooet Mining District of British Columbia. During the remainder of 2002 and through 2003, the Company undertook an exploration program at Elizabeth that included 1,650 metres (5,413 feet) of diamond drilling, large-scale geochemical surveys, road building, trenching, and surface and underground rock sampling.

In June 2002, the Company began an aggressive expansion of its land position at the Blackdome Gold Mine, located near Clinton, British Columbia. This included creation of the Blackdome South Project by the staking of 341 units (8,525 hectares) contiguous to the south of the Blackdome Gold Mine. The entire land package held by the Company in the Blackdome camp now exceeds 16,400 hectares. Acquired in 1994, the Blackdome camp is a former high-grade gold producer known as the Blackdome Gold Mine. During 2001, the Blackdome project underwent an independent exploration-risk assessment review, which concluded that the mine area has significant potential to host additional ore bodies.

In the spring of 2002, the Company acquired three early-stage exploration projects located in the prolific goldfields of northeast Nevada. The HC, RC and Callaghan Projects were acquired from experienced explorationists and have defined drill-targets.

In 1997, the Company acquired its second major project, the Zenda Gold Mine in Kern County, southern California. Zenda is a planned open pit gold-silver heap leach project from which a recovery of 0.041 oz. gold per ton is expected, and which has an identified resource of approximately 1.6 million tons of ore.

Also in 1997, the Company acquired the Golden Trend property; an early-stage gold exploration project well located on Nevada's prolific Battle Mountain trend, approximately five kilometers south of Placer Dome's Cortez Hills and Pediment projects.

J-Pacific is a Tier 1 Company listed on the TSX Venture Exchange and trades under the symbol "JPN". The Company's shares also trade on the OTC Bulletin Board under the symbol "JPNJF". Its head office is in Vancouver, British Columbia.

The Company's directors and officers have extensive experience in exploration, marketing and finance.

Cautionary Statement

This 2003 Annual Report contains certain statements related to ore reserves, production, revenue, expenses, plans, development schedules and similar items that represent forward-looking statements. Such statements are based on assumptions and estimates related to future economic and market conditions. While management reviews the assumptions regularly, they involve risks and uncertainties that could cause actual results to differ materially from those contemplated in the forward-looking statements.

Selected Financial Information

The following selected financial information is prepared in accordance with Canadian Generally Accepted Accounting Principles. All amounts in the Management Discussion and Analysis are in Canadian dollars unless otherwise specified.

The following table is a summary of selected annual financial information concerning the Company for the last three completed financial years.

	2003 $	2002 $	2001 $
Revenue	-	-	-
Exploration and development expenses	400,055	588,274	49,212
Capitalized exploration costs	1,158,493	1,956,467	1,630,854
Mine, property, plant and equipment	2,173,811	794,827	762,346
General and administrative	418,667	496,503	419,217
Loss for the period	(2,212,014)	(945,866)	(475,638)
Working capital	968,327	155,663	(7,962)
Total assets	4,494,791	3,150,704	2,634,468
Long term liabilities	200,000	223,911	139,896
Capital Stock	14,661,070	12,009,870	10,749,270
Shares outstanding	40,228,660	33,494,325	29,154,326

The Company has paid no dividends.

Major trends in annual results

Major trends in the selected annual information are in mine, property, plant and equipment, long term liabilities, loss for the period, capitalized exploration costs and share capital.

In 2003, the Company repurchased Jipangu's 50% interest in Blackdome Mine. Prior to this, the joint venture was accounted for on a 50% proportionate consolidated basis. At the end of 2003, the Blackdome operation was accounted for as a wholly owned subsidiary. Long-term liabilities increase from $139,896 in 2001 to $223,911 in 2002 due to an increase of $84,015 in the shareholder loan from Jipangu to the Company. The shareholder loan was eliminated in 2003. The balance of long-term liabilities in 2001 and 2002 is a 50% proportionate consolidated value of $100,000 representing a provision for reclamation. In 2003, the full value of this provision is recognized as the Blackdome Mine financial results are fully consolidated. Loss for the period, increased in 2003 due to the Company early adopting CICA Handbook 3870, "Stock Based Compensation and Other Stock Based Payments". In 2003 the Company recognized $583,069 in stock based compensation. This amount is offset by the Company early adopting CICA released EIC - 146, "Flow-Through Shares", and recognizing as a credit to income the tax effect on the benefit of renounced expenses in the amount of $134,000. Lastly, the Company wrote off deferred costs of $1,198,029 for Zenda, an open pit project in California. Changes to California's Surface Mining and Reclamation Act in 2003 have cast doubt on the feasibility of open pit operations in the state. The Company is seeking to have the Zenda operation grandfathered. During 2002, the Company elected to write off its investment in the Alwin Copper Property.

Shares outstanding continue to increase as the Company equity finances an increasing portfolio of exploration properties. The Company maintained three (3) properties in 2001, nine (9) in 2002 and eight (8) in 2003. The Company raised financing in 2002 and 2003 through common share offerings and flow through financings. In 2002, the Company issued 2,210,000 common shares and 1,649,999 flow through shares. In 2003, the Company issued 4,075,000 common shares and 550,000 flow through shares. Also, warrants and options were exercised in 2002 and 2003. Lastly, the Company issued 1,500,000 shares as partial consideration for the repurchase of Jipangu's 50% interest in the Blackdome Mine.

The following table is a summary of selected quarterly financial information concerning the Company for the last eight completed quarters.

	Q4 2003 $	Q3 2003 $	Q2 2003 $	Q1 2003 $	Q4 2002 $	Q3 2002 $	Q2 2002 $	Q1 2002 $
Revenue	-	-	-	-	-	-	-	-
Exploration and development expenses	55,278	181,697	158,694	4,386	140,856	262,116	131,878	8,324
Capitalized exploration costs	1,158,493	2,296,858	2,115,161	1,960,863	1,956,467	1,892,970	1,771,056	1,639,178
Mine, property, plant and equipment	2,173,811	795,224	795,227	795,227	794,827	794,827	794,827	778,859
General and administrative	103,846	80,203	109,288	125,340	120,539	126,308	151,669	97,987
Loss for the period	1,792,337	111,304	152,866	155,507	503,895	131,290	201,507	109,174
Working capital	968,327	999,792	367,533	536,907	155,663	251,340	21,760	258,531
Total assets	4,494,791	4,270,690	3,431,269	3,442,446	3,150,704	3,170,500	2,794,722	2,885,412
Long term liabilities	200,000	128,081	205,284	219,763	223,911	173,574	103,006	136,939
Capital Stock	14,661,070	13,689,603	12,689,603	12,560,870	12,009,870	11,492,870	11,288,870	11,143,770
Shares outstanding	40,228,660	37,725,992	35,225,992	34,874,325	33,494,325	31,770,993	30,974,326	30,624,326

Major trends in quarterly results

Exploration and development occurs mainly during the spring, summer and fall. Mine, property, plant and equipment grew as a result of the Company's repurchase of Jipangu's share of the Blackdome Mine, and, as a result, is treated as a wholly owned subsidiary in 2003.

Loss for the period increased in the fourth quarter of each year. In 2003, the increased loss is due to costs associated with the formation of the Company's Advisory Committee in Q4 and early adoption of CICA Handbook Section 3870 which recognizes the full value of employee stock options. The full value of options granted to directors/employees was $341,053 and to contractors was $242,016. The Company expensed the value of all these options in Q4 of 2003. The remaining $55,000 increase in total costs in Q4 of 2003 is due mainly to regulatory filing fees and finder fees paid for the Q4 private placements and assessment reports. In 2003 the Company elected to write off deferred costs of $1,198,029 associated with Zenda, its California open pit project. Changes to California's Surface and Mining Reclamation Act in 2003 have cast doubt as to the feasibility of open pit mining in the state. The Company is seeking grandfather status for Zenda. The write off occurred in the fourth quarter after a review of 2003 exploration efforts, 2004 exploration plans, and industry reaction to these regulatory changes.

In Q4 of 2002 the Company recognized a $77,330 charge for options issued. The Company also wrote off its Alwin Copper Property ($262,611) and its investment in Eneco ($35,079), which represents the bulk of the change in loss from operations in Q4 of 2002 versus other quarters.

Results of Operations

Continuing from 2002, in 2003 the Company was able to focus its efforts on enhancing the value of existing properties and projects.

Blackdome Mine

In November 2003, the Company re-acquired Jipangu's 50% interest in the Blackdome joint venture for $600,000 cash and 1.5 million common shares of the Company. The Blackdome project is currently carried on the Company's balance sheet at a value of $2.17 million. To complete the re-purchase, the Company commissioned an independent valuation of the Blackdome project by Ross Glanville & Associates of Burnaby, BC, which determined a fair market value of $4.5 million for 100% ownership of the Blackdome project. The repurchase of Jipangu's interest in Blackdome provides the Company greater flexibility to determine the future of the mine, mill and surrounding staked claims and is consistent with the Company's objective of creating a land package surrounding a 200 ton a day mill.

Comparative figures for 2002 and 2001 need to be doubled before being compared to 2003 figures as 2002 and earlier states the Company's 50% interest only in the Blackdome joint venture. Care and maintenance costs increased year on year in 2003 to $137,710 from $114,772 in 2002 (adjusted for 100% interest) due mainly to increases in general insurance costs despite being claim free, the bulk purchase of propane for the 2003 season, the cost of the independent valuation, and higher fuel costs for an onsite generator. In total, care and maintenance costs include: caretaker's salary, fuel, propane, insurance, communications, disposal, property taxes and other government fees, provisions, repairs and maintenance of facilities, water testing, T2 preparation and filing, annual audit share and some miscellaneous items not specifically mentioned. Care and maintenance costs decreased in 2002 from 2001 due mainly to a shorter season. In 2002, the Company opened the Blackdome Camp in June while in 2001 the camp opened in March. The Company foresees no change in maintaining carrying costs of the Blackdome project within historical ranges. The Company continues to maintain a first class exploration and development camp at the Blackdome site. Additional financial details of the Blackdome project are included in Notes 5 and 6 of the consolidated financial statements for 2003.

Exploration and development

During 2003, the Company invested a total of $400,055 in exploration and development of its mineral properties, a reduction of $188,219 from the $588,274 invested in 2002 but significantly higher than the $49,212 invested in 2001. In 2003, exploration expenditures decreased as the Company focused its efforts solely on lower cost surface exploration programs on the Elizabeth property, and Blackdome South properties. The Company elected to write off deferred costs of $1,198,029 associated with Zenda. Changes to California's Surface and Mining Reclamation Act in 2003 have cast doubt in the industry over the feasibility of open pit operations in the state. The Company is seeking grandfather status for Zenda. During 2002 the Company added to its exploration portfolio as well as writing off its interest in the Alwin Copper Project and Eneco (an alternate fuel energy program). All exploration costs in 2001 were limited to maintaining properties without formal exploration activities being performed. The Company's exploration activities follow a strict risk-management approach that is aimed at minimizing risk and costs at each stage of project advancement. Additional details of exploration and development expenditures and properties are included in Note 6 of the consolidated financial statements for 2003 as well as discussed individually further in this report.

General and administrative expenses

	2003 $	2002 $	2001 $
Wages	140,069	105,643	142,178
Audit & Legal	16,907	89,045	105,400
Office	199,649	244,585	122,519
Rent	33,642	34,066	39,165
Travel	28,410	23,164	9,955
	418,677	496,503	419,217

Corporately, the Company maintains a lean operation and most services remain outsourced. General and administrative expenses totaled $418,677 in 2003, down from $496,503 in 2002 and down slightly from $419,217 in 2001. General and administrative expenses include wages, audit and legal costs, office expenses, rent, and travel. Wages increased as the Company's accounting personnel moved to full-time employment along with the added administration expenses associated with a growing exploration portfolio and other corporate activities such as marketing and share transactions. Significant savings of $72,138 were realized in 2003 over 2002 in audit and legal as the company internalized many standard legal and filing processes involving share transactions through the use of paralegal and in-house personnel.

	2003 $	2002 $	2001 $
Marketing	31,582	1,443	484
Bank charges	1,597	899	1,350
Interest expense	9,224	2,825	42
General office	61,664	81,509	49,227
Courier	4,045	5,262	7,372
Professional fees	59,584	128,182	39,553
Meals	11,091	7,476	4,097
Automobile	779	827	2,217
Telephone	13,964	14,285	12,782
Communications	5,732	1,733	1,959
Other	387	144	3,436
	199,649	244,585	122,519

General office expenses and professional fees are the largest expenses in general and administrative costs. Year on year, office expenses decreased $44,936 to $199,649 in 2003 over 2002. Office overhead expenses result from marketing activities, bank charges, interest expenses, general office supplies, courier, professional fees, meals, automobile, telephone and shareholder communication costs. There were significant year over year changes in marketing costs, professional fees and general office overheads. The Company pursued additional corporate marketing activities during 2003. Approximately $7,200 of marketing activity is included under General Office expenses in 2002 that would have been included under marketing had the Company's 2003 definition of accounts been the same year to year. Considering this, marketing expenses did increase over $22,900 in 2003 over 2002. These increases are due mainly to increased participation in trade shows (Cambridge, PDAC, Cordilleran and KEG) as well as the promotion of the Company's OTC Bulletin Board listing during the fall of 2003. Promotional activities included lunches and dinners hosted by the Company to which over 200 brokers, investors and other key industry participants attended, where the Company highlighted its new OTC Bulletin Board listing, exploration properties and related activities. These costs are included in Meals and represent the bulk of the increase in Meals in 2003 over 2002. Professional fees decreased in 2003 over 2002 due to decreased use of geoscientists and other professionals for non-property related corporate activities. Stock based compensation was nil in 2001, $77,330 in 2002 and $583,069 in 2003.

Share capital

Equity transactions during 2003 included four private placements, shares issued pursuant to property agreements and the exercising of options and warrants. In total, 6,734,335 shares were issued from treasury for proceeds of $2,785,200 in 2003 up from 4,339,999 shares for proceeds of $1,260,600 in 2002. During 2003, $726,400 is non-cash representing shares issued for properties leaving $2,058,800 in cash proceeds in 2003 up from $1,215,500 in 2002.

The average issue price in 2003 was $0.41 per share up from $0.29 in 2002 and up from $0.20 in 2001. Details of equity transactions are included in Note 10 of the consolidated financial statements.

A full summary of equity transactions is included in the following table.

	Shares	Shares issued for cash $	Shares issued pursuant to agreements $	Options $	Warrants $	Other $	Total Capital Stock $
Balance Dec 31 2000	**23,354,326**						**9,589,270**
Common shares	5,800,000	1,160,000					1,160,000
Subtotal for period	5,800,000	1,160,000					1,160,000
Balance Dec 31 2001	**29,154,326**						**10,749,270**
Common shares	2,210,000	616,500					616,500
Flow through shares	1,649,999	495,000					495,000
Options	270,000			54,000			54,000
Warrants	100,000				50,000		50,000
Property Agreements	110,000		45,100				45,100
Subtotal for period	4,339,999	1,111,500	45,100	54,000	50,000		1,260,600
Balance Dec 31 2002	**33,494,325**						**12,009,870**
Common shares	4,075,000	1,630,000					1,630,000
Flow through shares	550,000	220,000					220,000
Options	50,000			10,000			10,000
Warrants	169,335				65,467		65,467
Flow through warrants	250,000				133,333		133,333
Property agreements	140,000		36,400				36,400
Repurchase agreement	1,500,000		690,000				690,000
Future income tax recovery on issue of flow through shares						(134,000)	(134,000)
Subtotal for period	6,734,335	1,850,000	726,400	10,000	198,800	(134,000)	2,651,200
Balance Dec 31 2003	**40,228,660**	**4,121,500**	**771,500**	**64,000**	**248,800**	**(134,000)**	**14,661,070**

The Company has no source of revenue from operations and its ability to conduct its operations, including the acquisition, exploration and development of mineral properties, is primarily based on its ability to raise funds form equity sources. Investor interest in gold exploration is dependent on the price of gold.

Liquidity

Cash from operations was ($606,207) in 2003, ($530,200) in 2002 and ($472,130) in 2001. Using 2003 for forward looking purposes, the Company anticipates that $50,000 per month is required to continue operations. Typically, monthly requirements are higher in the summer and lower in the winter and spring due to the seasonal operation of the Blackdome Mine camp.

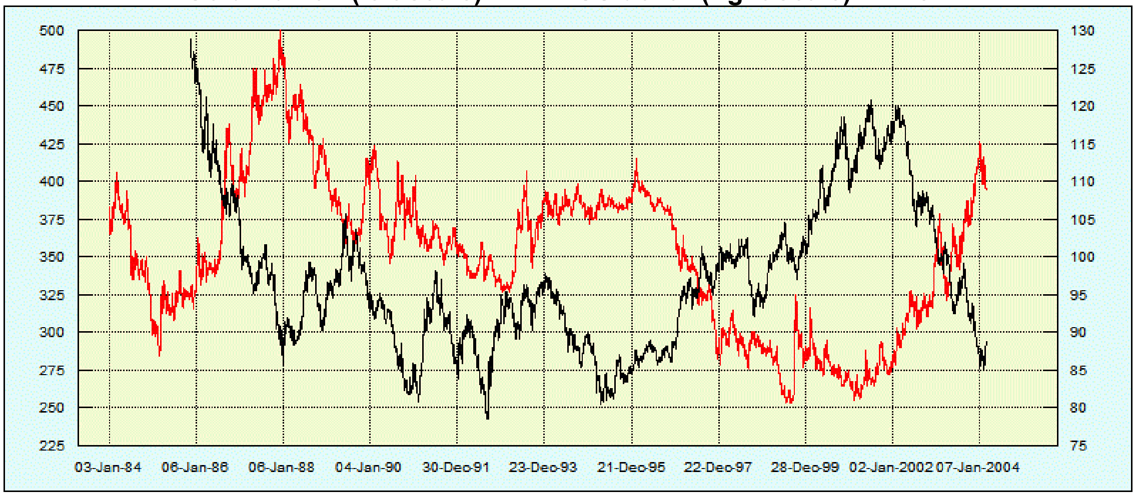
Exploration is typically conducted on a seasonal basis as well.

Equity financing, joint ventures and option agreements are the methods upon which the Company finances exploration and operations. Market conditions have a strong impact on these sources of financing.

Effect of exchange rates on operations

The Company conducts business in the United States. In addition, gold is priced principally in US dollars. Major changes in exchange rates can impact the cost of conducting business in the United States as well as the relative profitability and feasibility of exploration projects. The following charts compare the performance of the US dollar to the price of gold over the last 20 years.

Gold Bullion (left scale) RED – US dollar (right scale) BLACK



Ratio of Gold Bullion to US dollar Index

(Charts courtesy of Goldsheet at http://www.goldsheetlinks.com/dollar.htm.)

Past performance is not necessarily indicative of future performance. However, the Company feels a strong inverse relationship exists between the price of gold and the US dollar, which serves to mitigate exchange rate risk.

Financial instruments

The Company's excess cash is held in savings accounts, banker acceptance notes, GIC's and Rsticks. The primary considerations for cash investments are safety and accessibility. All investments of excess cash have been placed through the Bank of Montreal, the Company's banker.

Critical accounting policies

Flow-Through Shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Share capital is reduced and the future income tax liability is increased by the estimated cost of the renounced tax deductions.

In December 2003, CICA released EIC - 146, Flow-Through Shares, to require that the draw downs of future income tax liabilities resulting from the timing differences on exploration expenditures renounced to investors be credited to income. The Company has chosen to early adopt the changes effective January 1, 2003, using the prospective application method.

As a result, in 2003 the Company is recognizing a tax recovery on renounced expenses in the amount of $134,000. Had the Company chosen to not early adopt this standard the recognized amount would have been nil.

Stock based compensation

Effective January 1, 2002, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends a fair value based method of accounting for compensation costs. The new section also permits the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earning per share as if the fair value method had been adopted. From January 1, 2002 to December 31, 2002, the Company has elected to adopt the intrinsic value-based method for employee awards.

In November 2003, the CICA amended the CICA Handbook Section 3870 to require the fair value-based method be applied to awards granted to employees, which previously had not been accounted for at fair value. The changes to section 3870 are applicable for years beginning on or after January 1, 2004; however, the Company has chosen to early adopt the changes effective January 1, 2003, using the prospective application transitional provision. Therefore, effective January 1, 2003, all options awarded by the Company are recorded in the financial statements of the Company.

As a result, in 2003 the Company is recognizing $583,069 in stock based compensation expense, $319,971 more than had it not early adopted the November 2003 amendment..

Commitments

The Company has the following lease and option commitments over the next five years.

The Company acquired four-wheel drive vehicles by way of leasing for travel to and from its exploration properties. Premises rent remains constant in 2004/05 as in 2003. The Company signed a two-year lease for office space expiring August 31, 2005.

	Property Agreements		**Office**	**Vehicles**
	US$	**$**	**$**	**$**
2004	45,000	15,000	35,997	19,607
2005	70,000	15,000	23,998	19,607
2006	95,000	15,000	-	19,607
2007	95,000	15,000	-	15,399
2008 +	95,000	15,000	-	-
	400,000	75,000	59,995	74,220

The Company has $200,000 in long-term liabilities representing a provision for reclamation for the Blackdome Mine property. This liability is unfunded and not secured by any reclamation deposit. A letter of credit on deposit with the Royal Bank of Canada in the amount of $100,000 guarantees the Company's reclamation provision with the Province of British Columbia for the Blackdome Mine property.

The Company has no other long-term debt commitments, capital lease obligations, purchase obligations or off-balance sheet transactions.

Risks There are certain risks associated with the Company's business.

Exploration and development

All of the properties in which the Company has an interest are in the exploration stage, and are without a known body of commercial ore. Development of the Company's mineral properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of bodies of ore. The long-term profitability of the Company's operation will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

- Substantial expenditures are required to establish reserves through drilling, to identify metallurgical processes to extract the metal from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

- The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as the proximity and capacity of milling facilities, the state of the metal markets, the availability of processing equipment, and governmental regulations, including regulations relating to royalties, allowable production, and the importing and exporting of metals.

Cash Flow

As the Company's properties are currently being assessed by exploration, the Company has no source of operating cash flow. There is no assurance that additional funding will be available to allow the Company to further develop properties.

Operating risks and hazards

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. An operation in which the Company has a direct interest will be subject to all the hazards and risks normally resulting from exploration, development and production of precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. Although the Company currently maintains general liability insurance, the nature of these risks is such that liabilities might exceed policy limits. The liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Calculation of reserves and metal recovery

There is a degree of uncertainty attributable to the calculation of ore reserves and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, quantity of reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on metal prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there is no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuating prices

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of gold and silver or interest related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of precious metals, and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted.

Environmental factors

All phases of the Company's operations are subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner, which will have stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies, their officers, directors, and employees. There is no assurance that changes in environmental regulations, if any, will not adversely affect the Company's operations.

Competition and agreements with other parties

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business can adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

Title to assets

The Company is satisfied that evidence of title to mining claims is adequate and acceptable by prevailing industry standards. However, there is no guarantee that a party will not challenge or impugn such title.

Related Party Transactions

The Company had no related party transactions in 2003. During 2002, $90,999 was paid to officers of the Company, David Shaddrick, former Chief Consulting Geologist and Ralph Braun, Chief Financial Officer, or their related firms. These funds were for payment of exploration consulting services, claim staking, and equipment rental costs for exploration and development work performed during the year.

Subsequent Events

Capital stock transactions

Subsequent to December 31, 2003, the Company completed a private placement for the issuance of 1,400,000 units at $0.55 for proceeds of $770,000 to the company. Each unit consisted of one common share and one share purchase warrant. One share warrant entitles the holder to acquire one common share of the company at a price of $0.75 on or before January 14, 2006.

On February 13, 2004, the Company extended for an additional three-year period 100,000 stock options due to expire March 13, 2004.

Between January 19, 2004 and March 24, 2004, the Company issued 1,398,332 shares pursuant to the exercising of warrants for proceeds of $536,833.

Exploration and development - Canada

On February 12, 2004, the Company entered into an option to purchase 100% of 112 staked claims and 32 map designated cells (totalling 3,552 hectares) in Montgolfier and Orvilliers Townships, Quebec. The agreement with Ressources D. Villeneuve Inc. ("RDV") also includes 16 additional adjacent mining claims staked by the Company. After regulatory approval was received on February 17, 2004, the Company made a payment of $40,000 and issued 50,000 shares to RDV.

Exploration and development – United States

On March 2, 2004, the Company announced that it had signed a letter of intent with Jipangu ("Jipangu") Inc. of Tokyo, Japan allowing Jipangu to earn a 50% interest in the Company's Golden Trend and HC properties in Nevada. The letter of intent is subject to the completion of a definitive option agreement, the satisfactory completion of a due diligence review by Jipangu, and the receipt of the required regulatory approvals. Jipangu is a private Japanese company focused on investments in the gold sector and is the Company's largest shareholder, owning approximately 34.7% of the Company's outstanding common shares.

Jipangu can earn a 50% interest in the projects by funding exploration over a four year period in the aggregate amount of US $2,750,000 in the case of the Golden Trend Project, and US $1,750,000 in the case of the HC Project. Jipangu will make cash payments of US $150,000 upon execution of the definitive option agreement, US $150,000 on the first anniversary thereof and payments of US $200,000 on succeeding anniversary dates until the option is exercised. Jipangu is responsible for annual claim maintenance fees and advance royalty payments.

Upon exercise of the option on either of the properties, the companies will form a joint venture with the Company as the operator. Jipangu will have the right thereafter to earn an additional 15% interest in each property by completing an independent feasibility study and by obtaining financing to bring the property into commercial production.

Summary of Properties and Projects

Canada	United States
Blackdome Gold Mine	Golden Trend Project
Blackdome South Project	Callaghan Project
Elizabeth Project	HC Project
Truax Project	RC Project
Montgolfier *(new for 2004)*	Zenda Gold Mine

Blackdome Gold Mine
Clinton, British Columbia

The Blackdome Gold Mine is located approximately 250 kilometres north of Vancouver, 70 kilometres west northwest of the town of Clinton. The mine is at an elevation of about 2,000 meters, near the summit of Blackdome Mountain. Vehicle access from Clinton or Williams Lake includes crossing the Fraser River near Churn Creek, and traveling an additional 30 kilometres of gravel road, which provides access to all parts of the property.

Overview

The Blackdome property is held 100% by No. 75 Corporate Ventures Ltd., which in turn is wholly owned by the Company. The property consists of 17 mineral claims totalling 258 units, 10 crown granted mineral claims totalling 169 hectares, and two mining leases totalling 988.33 hectares. The Blackdome property has an "Inferred Mineral Resource" (CIMM 2000 definitions) of 124,120 tonnes averaging 12.8 grams of gold per tonne (0.37 oz Au/ton) and 33.7 grams of silver per tonne (0.98 oz Ag/ton) for an in situ total of 50,834 ounces of gold and 134,386 ounces of silver.

Blackdome has several exploration targets that have been well documented within the areas of underground development, as well as farther from these areas. In 2001, the Company commissioned SRK Consulting to complete a geological model, resource estimate and preliminary exploration-risk assessment of the Blackdome project. SRK concluded that Blackdome has significant potential of hosting entirely new economic ore bodies.

The Company views the property as a long-term asset. Additional gold resources must be proven before the Company would proceed to an independent feasibility study, as a precursor to any future production. In March 2002, the Company completed a drilling and gold analysis program of the tailings facility at the Blackdome Mine. Geoquest Consulting Ltd. of Vernon, BC, carried out the work; fifty-one holes were completed and 266 samples were taken. ALS Chemex of North Vancouver carried out the assay work. The samples returned a calculated average grade of approximately 1.89 grams of gold per tonne. The Company estimates that there is in excess of 335,000 tonnes of tailings in the facility.

History

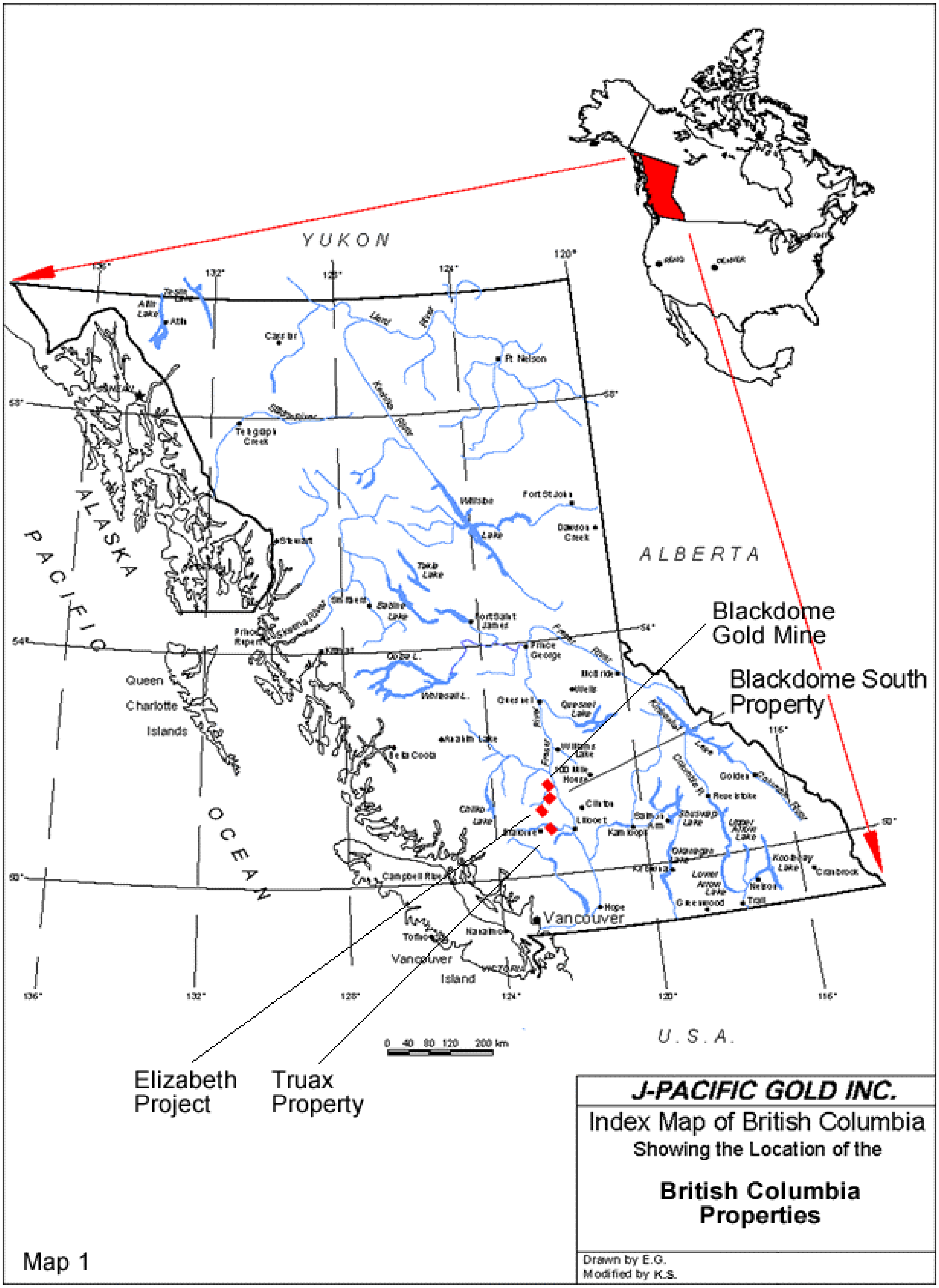
In the early 1930's, placer gold mining in the Fraser River canyon at locations such as Big Bar, Crow's Bar, French Bar and High Bar led to a placer gold discovery on Poison Mountain. This resulted in a staking rush that saw a large area claimed, including most of the creeks near Blackdome Mountain. Considerable sluicing was done on Fairless Creek, which drains the west slope of Black Dome Mountain.

After an extended period of exploration, Blackdome Mining Ltd. brought the outlined gold deposit into production in 1986. The proven and probable reserves totalled 119,557 tonnes grading 20.9 grams gold per tonne (0.61 oz Au/ton) and 124.6 grams silver per tonne (3.63 oz Ag/ton). The initial 140 tonnes per day rate of production was increased to 200 tonnes per day. The mine shut down in January 1991. During its five-year life, a total of 7,000,000 grams of gold (225,000 ounces) and 17,000,000 grams of silver (547,000 ounces) were recovered from 338,000 tonnes (373,000 tons) of ore.

After the Company purchased the asset in 1995, a small amount of exploration drilling was completed adjacent to the existing workings and a decision was made to bring the mine back into production. Between November 1998 and May 1999, the mine produced 203,631 grams of gold (6,547 ounces) and 538,090 grams of silver (17,300 ounces) from 21,286 tonnes of ore. Ninety percent of Blackdome's total historical gold and silver production came from approximately one kilometre of the mineralized No. 1 and 2 Veins system, between the 1870 and 1990-meter elevations. The mine was closed in May 1999 due to the prevailing low price of gold.

Exploration program to date

During 2003, the Company continued to build a land base around the Blackdome Mine with the staking of new ground at the Blackdome South and Elizabeth projects as well as resume exploration activities designed to expand the current drill inferred resource. Also, the Company began to study methods of extracting gold from the tailings and is reviewing vat leaching and concentrator milling technologies. The Company has not proceeded further with any plans for a given method of extraction.


YUKON
ALBERTA
ALASKA
PACIFIC
OCEAN
U.S.A.
Queen Charlotte Islands
Vancouver Island
Vancouver
Ft Nelson
Prince George
Blackdome Gold Mine
Blackdome South Property
Elizabeth Project
Truax Property
0 40 80 120 200 km
J-PACIFIC GOLD INC.
Index Map of British Columbia
Showing the Location of the
British Columbia Properties
Drawn by E.G.
Modified by K.S.
Map 1

Blackdome Gold Mine
Clinton, British Columbia
(continued)

Future plans

The Company plans to continue exploration and development activities designed to expand the current "drill-inferred" resource, and will continue work on its geological model and protective land base around the Blackdome Mine facility.

Capitalized costs

	2003 $	2002 $	2001 $
Property costs	5,450	2,725	2,725
Mill	1,862,982	639,812	639,812
Plant and equipment	197,798	98,899	98,899
Development costs	107,581	53,391	20,910
	2,173,811	794,827	762,346
	(wholly owned subsidiary)	(50% proportionate consolidation)	(50% proportionate consolidation)

During 2003, the Company repurchased Jipangu's 50% interest in the Blackdome Mine for $600,000 cash and 1,500,000 common shares of the Company. The excess valuation of the purchase price over book value has been applied to value of the mill.

Blackdome South
Clinton Mining Division British Columbia

The Blackdome South Project is a "grass-roots" exploration project acquired by staking in the spring of 2002. This large land package consists of 8,525 hectares contiguous with the south boundary of the Blackdome Gold Mine property, in the Clinton Mining District of south west British Columbia.

Exploration program to date

During 2002, the Company commissioned extensive geologic reconnaissance and data compilation covering much of the Blackdome South property. This work verified the existence of a geologic setting similar to that at the Blackdome Mine, and identified one area of immediate interest based on previous geologic mapping and geochemical sampling.

During 2003, the Company progressed with mapping and sampling within the area of initial interest identified 2002. The mapping succeeded in identifying a major north-northwesterly trending fault, which may be a feeder structure for mineralization at depth. Also, the location of the Hungry Valley Fault, a major terrane bounding suture was defined. A total of 503 soil geochemical samples were collected which identified two areas with anomalous concentrations of copper, mercury and barium. These areas are associated with known structures identified by the geologic mapping. The Company achieved its objective of identifying areas of interest.

Future plans

The Company plans to continue development of targets within the initial area of interest with more detailed mapping and sampling of coincident structures and anomalous geochemistry. This will be followed by trenching and drilling where warranted. Reconnaissance level mapping and grid-based geochemistry and drilling will be expanded to other areas of the property.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	148,143	44,063	104,080	-
Roads	8,276	8,276	-	-
Assaying	9,365	6,743	2,622	-
Other	9,708	9,708	-	-
	175,492	68,790	106,702	-

Other charges include equipment rental, field gear, and maps.

Elizabeth Project
Lillooet Mining Division British Columbia

The Elizabeth Project is an early stage exploration project located in southwest British Columbia, in the Lillooet Mining District, approximately 30 kilometres northeast of the town of Goldbridge and the mining town of Bralorne. The 2,200-hectare property is situated along a tributary of the Yalakom River in steep, glaciated terrain between 2,100 and 2,500 metres in elevation.

Overview

The originally named Elizabeth Property, which consists of four crown granted mineral claims was optioned from the vendors in May 2002. At the same time, four surrounding mineral claims know as the “Blue Claims” were optioned. The Company subsequently staked twelve additional mineral claims, and collectively refers to this land package as the Elizabeth Project.

Access is by road off the Yalakom River logging road. The 76 kilometres from Lillooet to the property can usually be driven in two hours. The property has good infrastructure with several roads accessing the old workings and the areas proposed for exploration, and a well maintained camp to accommodate exploration crews.

Given its proximity and easily upgradeable access to our permitted milling facility at the Blackdome Gold Mine, the Elizabeth Project is a strategic acquisition that complements our existing land position. The Company believes that the Elizabeth Project has the potential for early production following successful exploration. The high grades identified in several veins, combined with the existing infrastructure on the property, make the Elizabeth Project an attractive exploration target that can be rapidly advanced.

History

The Elizabeth claims date back to the 1930’s with the discovery of gold bearing quartz veins along Blue Creek. In 1939, Mr. William White and Mr. Tom Illidge staked the Elizabeth No. 1-4 claims to cover the discovery area. Shortly after, Bralorne Gold Mines Ltd. optioned the property and acquired additional claims. Over the next nine years Bralorne constructed access infrastructure, built a camp and conducted surface and underground exploration. Between 1947 and 1949 ten surface and underground diamond drill holes totalling 790 metres were completed. High-grade gold mineralization was encountered in surface trenches and in drill holes. By 1949, Bralorne completed a 670 metre long crosscut from which several drifts were driven along the B and C Veins. Assay data for this work has not been located. Exploration on the property revealed at least six veins. On the adjacent Yalakom claim, the No.9 vein was also explored.

From 1956 to 1958, Bethlehem Copper drove an adit 180 metres above the elevation of the Bralorne workings, from which a 95 metre long drift explored the West (No.1) Vein. An 8 tonne bulk sample of West Vein material yielded 156 grams gold, 156 grams silver and minor lead and zinc. The property remained dormant until 1980 when Prism Resources conducted sampling and data compilation.

In 1990, Blackdome Mining Corporation conducted the most recent work, which consisted of road upgrading, rehabilitation of the upper and lower portals, and surveying and detailed surface and underground sampling of the West Vein. High-grade gold mineralization was delineated along the West Vein both on surface and in the upper adit. A program of diamond drilling was proposed, but Blackdome did not continue its program and the property was returned to the vendors.

Exploration program to date

In the fall of 2002, the Company commissioned an extensive mapping, sampling and drilling program on the Elizabeth project. In detail, the work included grid based geological mapping, the collection of 440 surface and underground rock samples and the drilling of sixteen diamond drill holes totalling 1,642 meters. This work confirmed the presence of high grade gold values in known quartz veins, demonstrated the continuity of the structures with host veins, and identified several new areas with potential for economic gold mineralization.

During 2003 the Company continued with mapping, trenching and geochemical sampling.

The program included trenching and detailed rock sampling along the strike of a newly discovered gold-bearing vein system, and within the Southwest gold geochemical anomaly (herein “Southwest Anomaly”), in association with an extension of the road system, which improved access to the area. Additional rock and soil sampling, and mapping was carried out along all new roads and spurs, and on the extension of the grids in the Southwest Anomaly area and in the No. 9 Vein area. As a result of this work, drill sites were prepared for testing of prospective gold zones. Property-wide geologic mapping, to assess the potential for additional favourable mineralized environments, was augmented by expanded stream sediment sampling coverage and through the production of detailed topographic maps.

During road building in June of 2003, several quartz veins were exposed along four road cuts approximately 400 metres southwest of the area drilled in 2002. Along one road, four separate veins were uncovered over a 55 metre length. The veins range in width from a few centimetres to 2.75 metres. These veins are considered new discoveries, as there is no evidence of previous work in the area.

A total of 35 rock and 8 soil samples were taken. The 2002 work suggested that a “nugget effect” can be expected in the area. As such, high sample valued were re-tested by the screen metallics method. The significant results tabulated below demonstrate a strong “nugget effect” in a number of samples:

Sample No.	Type	Area or length (metres/feet)	Fire Assay (g Au/t)	Fire Assay (oz Au/t)	Metallics Assay (g Au/t)	Metallics Assay (oz Au/t)
E03-006	Grab of vein float	1x1 / 3.2x3.2	194.33	5.67	14.64	0.43
E03-011	Chip sample across vein	0.32 / 1.05	3.36	0.10	0.07	0.01
E03-014	Chip sample across vein	0.09 to 0.18/ 0.30 to 0.60	0.28	0.01	0.69	0.02
E03-016	Vein/footwall chip sample	2.00 / 6.56	0.47	0.01	0.57	0.02
E03-017	Vein/footwall chip sample	0.40 / 1.30	0.70	0.02	0.48	0.01
E03-022	Vein/wallrock ~ 120m west of E03-029	0.25 / 0.82	28.52	0.83	33.91	0.99
E03-024	Chip sample across vein	0.60 / 1.97	1.34	0.04	1.05	0.03
E03-026	Chip sample across vein	0.40 / 1.31	12.04	0.35	2.09	0.06
E03-027	Vein/footwall chip sample	1.00 / 3.28	1.15	0.03	2.61	0.08
E03-028	Chip sample across vein	0.50 / 1.64	110.93	3.24	53.58	1.56
E03-029	Chip sample across vein	0.75 / 2.46	13.78	0.40	49.39	1.44
E03-029A	Chip sample across 0.25m (8.33ft) of E03-029 footwall	0.25 / 0.82	8.33	0.24	5.54	0.16
E03-036	Chip sample across large vein	2.75 / 9.02	0.33	0.01	0.48	0.01

In 2002, a small geochemical grid revealed highly anomalous gold in soils and rocks in this setting (herein “No. 9 zone”). During this year’s program, the new roads that were built allowed additional soil and rock sampling, and a 300 metre (985 feet) strike length of the No. 9 zone near the listwanite-feldspar porphyry contact was mapped and sampled.

Highly anomalous gold in soil samples (up to 2 g Au/t or 0.06 oz Au/t) was discovered over a 150 metre (490 feet) length of a newly constructed road located just east of the contact between a granitic intrusion and the listwanite zone. During this program a 0.6 metre (2 feet) quartz vein was discovered approximately 0.75 kilometres (0.5 miles) to the south along this contact zone. This vein is approximately 300 metres (985 feet) southwest of the No. 9 Vein and is probably a separate, parallel structure.

A total of 18 rock and soil samples were taken in the No.9 area, all with anomalous gold content. The more important results are tabulated in the next table:

Sample No.	Type	Area or length (metres/feet)	Fire Assay (g Au/t)	Fire Assay (oz Au/t)	Metallics Assay (g Au/t)	Metallics Assay (oz Au/t)
NA-02R	Chip sample of altered granite	2.00 / 6.60	0.43	0.01	N/A	N/A
NA-05R	Chip sample of altered granite	6.00 / 19.70	0.16	0.00	N/A	N/A
NA-06R	Chip sample of altered granite	2.65 / 8.70	0.28	0.01	N/A	N/A
NA-07R	Chip sample of altered granite	4.25 / 13.9	0.36	0.01	N/A	N/A
NA-08R	Chip sample of stockwork	3.05 / 10.00	0.17	0.01	N/A	N/A
E03-005	Chip sample across vein 750m SW of above samples	0.60 / 2.00	0.83	0.02	1.78	0.05
NA 1+ 25	Soil sample	N/A	1.59	0.05	N/A	N/A
NA 1+ 50	Soil sample	N/A	0.73	0.02	N/A	N/A
NA 2+ 25	Soil sample	N/A	1.33	0.04	N/A	N/A
NA 2+ 50	Soil sample	N/A	0.49	0.01	N/A	N/A
NA 2+ 75	Soil sample	N/A	2.00	0.06	N/A	N/A

West Vein

Past drilling, and surface and underground exploration indicates that the West Vein extends for at least 260 metres (850 feet). Phase 2, 2003 work exposed the vein over a length of 20 metres (65 feet) from which coarse gold was found in several samples. From the six samples collected, values ranged to over 100 g Au/t (>3 oz Au/t) from 1.97 g Au/t (0.06 oz Au/t), across 0.20 to 1.15 metres (0.66 to 3.77 feet). The results of the six samples are tabulated as follows:

Sample No.	Sample Type and Description	Length (metres/feet)	Gold (g Au/t)	Gold (oz Au/t)	Metallics Assay (g Au/t)	Metallics Gold Assay (oz Au/t)
WV-01*	West Vein	0.65 / 2.13	>100	>2.92	134.43	3.92
WV-02	West Vein 5m N of WV-01	0.50 / 1.64	50.04	1.46	26.54	0.77
WV-03	Serpentinite and quartz 5m N of 02	1.15 / 3.77	1.97	0.06	N/A	N/A
WV-04	West Vein 5m N of 03	0.30 / 0.98	70.89	2.07	72.61	2.12
WV-05*	West Vein 2.5m N of 04	0.30 / 0.98	>100	>2.92	111.71	3.26
WV-06	West Vein 2.5m N of 05	0.20 / 0.66	6.75	0.20	8.82	0.26

Main Vein

The Main Vein, which had been intermittently traced by past work for approximately 260 metres (850) feet, was trenched and sampled in detail along a 20 metre (65 foot) length to determine the vein width and gold content. In the eight samples taken, the zone of moderate to steeply dipping, parallel veins ranged from 1.25 to 4 metres (4 to 13 feet) in width and graded from over 30 g to 0.2 Au/t (>1oz to <0.03 Au/t). Results of five of these samples follow:

Sample No.	Sample Type and Description	Length (metres/feet)	Gold (g Au/t)	Gold (oz Au/t)	Metallics Gold Assay (g Au/t)	Metallics Gold Assay (oz Au/t)
MV-01B	Main Vein hanging wall	0.55 / 1.80	3.59	0.10	N/A	N/A
MV-01C	Series of parallel veins - Main Vein	3.20 / 10.50	34.73	1.01	31.29	0.91
MV-01D	Main Vein footwall	0.55 / 1.80	2.04	0.06	N/A	N/A
MV-03	Main Vein 10 m N of MV-01B, C, D	1.25 / 4.10	38.69	1.13	45.57	1.33
MV-05	Main Vein 10m N of MV-03	1.80 / 5.91	25.20	0.74	10.40	0.30

Southwest Vein

During the 2003 Phase 1 program, exploration of a strong gold-in-soil anomaly and visible gold bearing quartz rubble resulted in the discovery of a new zone of quartz veins approximately 400 metres (1,300 feet) southwest of the West and Main Veins area. This zone, which is located well beyond the historically explored area, has been traced northeasterly for approximately 150 metres (490 feet), and thus bodes well for additional new discoveries. The veins range from a few centimeters to 2.75 metres (9 feet) in width, and contain from background (0.01 g Au/t) to 194.33 g Au/t (5.67 oz Au/t) (previously reported). Coarse gold has been found in a number of locations. The vein zone is open in both directions along strike, and down dip.

In the 1940's, underground drilling intersected a 2.15 metre (7 feet) wide quartz vein, which is at a distance of 400 metres (1,300 feet) approximately on strike of, and 275 metres (900 feet) lower than the Southwest Vein Zone. The significance of the relationship of these two occurrences is not yet known.

Twenty-five rock and 156 soil samples were collected during Phase 2 exploration. Rock values ranged from over 26 g Au/t (0.76 oz Au/t) to background, with the most significant reported as follows:

Sample No.	Sample Type and Description	Length (metres/feet)	Gold (g Au/t)	Gold (oz Au/t)	Silver (g Ag/t)	Silver (oz Ag/t)
SA-TR-02	Grab of quartz vein at 4.5m in pit	N/A	26.14	0.76	2.4	0.07
WGE-001	Grab of quartz float	N/A	8.86	0.26	4.3	0.13
WGE-003	Grab of quartz float	N/A	1.78	0.05	2.2	0.06
WGE-006	Grab of quartz float	N/A	3.72	0.11	89.3	2.61

No. 9 Vein area

The Company's exploration was also focused on the newly discovered No. 9 Area, located approximately 700 metres (2,300 feet) northeast of the Main and West Vein area. Soil sampling delineated a strong geochemical anomaly containing gold, arsenic, copper and molybdenum extending over a 450 metre (1,475 feet) length. Seven of the soil samples contained in excess of 1g Au/t (0.03 oz Au/t), and six of the subsequent rock samples assayed greater than 1g Au/t (0.03 oz Au/t), with many of the anomalous samples associated with a zone 15 to 30 metres (50 to 100 feet) wide, of altered feldspar porphyry and listwanite. West of the listwanite area, a granitic intrusion with characteristic porphyry copper alteration was discovered to contain copper and molybdenum mineralization ranging up to 6,547 ppm and 350 ppm respectively.

Sampling 0.75 kilometres (0.47 miles) to the south southwest revealed a 170 metre (560 feet) long anomalous gold-in-soil zone also associated with the listwanite contact.

The significance of this mineralization, and anomalous gold, silver, lead, copper, mercury, bismuth, antimony, tellurium and selenium will be assessed, as will be the discovery of native gold in the quartz veining hosted by the feldspar porphyry.

Fifty-three rock and 135 soil samples were collected during Phase 2 exploration. Rock values ranged from over 10 g Au/t (0.3 oz Au/t) to background, with the most significant reported as follows:

Sample No.	Sample Type and Description	Length (metres/feet)	Gold (g Au/t)	Gold (oz Au/t)	Silver (g Ag/t)	Silver (oz Ag/t)	Copper (ppm)
D-019	Grab of rusty quartz float	N/A	0.38	0.01	290.2	8.47	1,458
E-005	Chip across vein 750m to SSW of D019	0.60 / 1.97	0.83	0.02	117.1	3.42	<100
NBR-009	Altered, weakly veined porphyry	1.60 / 5.25	2.78	0.08	1.9	0.06	177
NBR-010	Adjacent to NBR-009	2.30 / 7.55	1.21	0.04	1.3	0.04	214
NBR-015	Altered porphyry and silicified zone	1.00 / 3.28	1.42	0.04	2.3	0.07	<100
RMR-0002 *	Grab of intrusion hosted quartz vein	2x2 / 6x6 area	14.91	0.44	1.5	0.04	<100
RMR-0003	Grab of intrusion hosted quartz vein	1x1 / 3x3 area	13.78	0.40	3.4	0.10	<100
RMR-0004	Grab of intrusion hosted quartz vein	1x2 / 3x6 area	2.64	0.08	58.0	1.69	575
RMR-0009	Grab of intrusive float	1x1 / 3x3 area	<0.1	<0.01	4.8	0.14	6,547
2+00N; 1+25W	Soil Sample	N/A	6.98	0.20	2.3	0.07	189
0+50N; 1+50W	Soil Sample	N/A	4.36	0.13	2.0	0.06	1,439

The discoveries in the No. 9 Area are developing into exciting exploration targets well removed from the historically explored areas of the property. This area, as does the Southwest Vein Zone, represents an excellent opportunity for new gold discoveries.

QA/QC protocols

Geoquest Consulting of Vernon, BC carried out the 2003 exploration programs, with Mr. W. Gruenwald, P. Geo, a qualified person, directly supervising the work.

Acme Analytical Labs of Vancouver, B.C. carried out all the 2003 analytical work for the project. QA/QC protocols included secure sample storage, handling and shipping, and the use of sample standards, blanks and checks.

Future plans

During 2004, the Company plans to complete surface work, including trenching in identified areas, and drill test several prospective gold targets.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	200,090	94,234	105,856	-
Camp	10,323	10,323	-	-
Roads & Trenching	44,231	44,231	-	-
Drilling	117,434	-	117,434	-
Assaying	31,299	13,943	17,356	-
Royalty Payments	5,000	5,000	-	-
Option Payments	37,800	25,800	12,000	-
Government	90	90	-	-
Acquisition	28,700	-	28,700	-
Other	6,491	6,491	-	-
	481,458	200,112	281,346	-

Other costs include equipment rental, field gear and printing and map charges.

Truax Claims
Lillooet Mining Division British Columbia

The Company staked a total of 94 contiguous mineral claim units in the historic Bridge River Mining Camp in the Lillooet mining division of British Columbia. Because the Company staked and holds a 100% interest in the claims, it is bound by no work commitment schedule or other contractually required payments.

Exploration program to date

The Company is pleased with the 2002 regional geology work performed on Truax in 2002 but has chosen at this time to focus resources on Elizabeth and Blackdome South for the coming exploration season. No formal exploration was done during 2003.

Future plans

No exploration is planned in 2004 for the Truax claims. The Company is actively exploring the neighbouring Elizabeth property and following the general exploration activities being conducted by other companies in the area of Truax claims.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	25,394	2,042	23,352	-
	25,394	2,042	23,352	-

Although no exploration was planned for 2003, the $2,042 in deferred geological costs are final costs associated with the completion of the 2002 work.

Montgolfier
Montgolfier and Orvilliers Townships, Quebec

Subsequent to December 31, 2003, the Company entered into an option to purchase 100% of 112 staked claims and 32 map designated cells (totalling 3,552 hectares) in Montgolfier and Orvilliers Townships, Quebec. The agreement with Ressources D. Villeneuve Inc. (“RDV”) will also include 16 additional adjacent mining claims staked by the Company. Upon regulatory approval, the Company made a payment of $40,000 and issued 50,000 common shares to

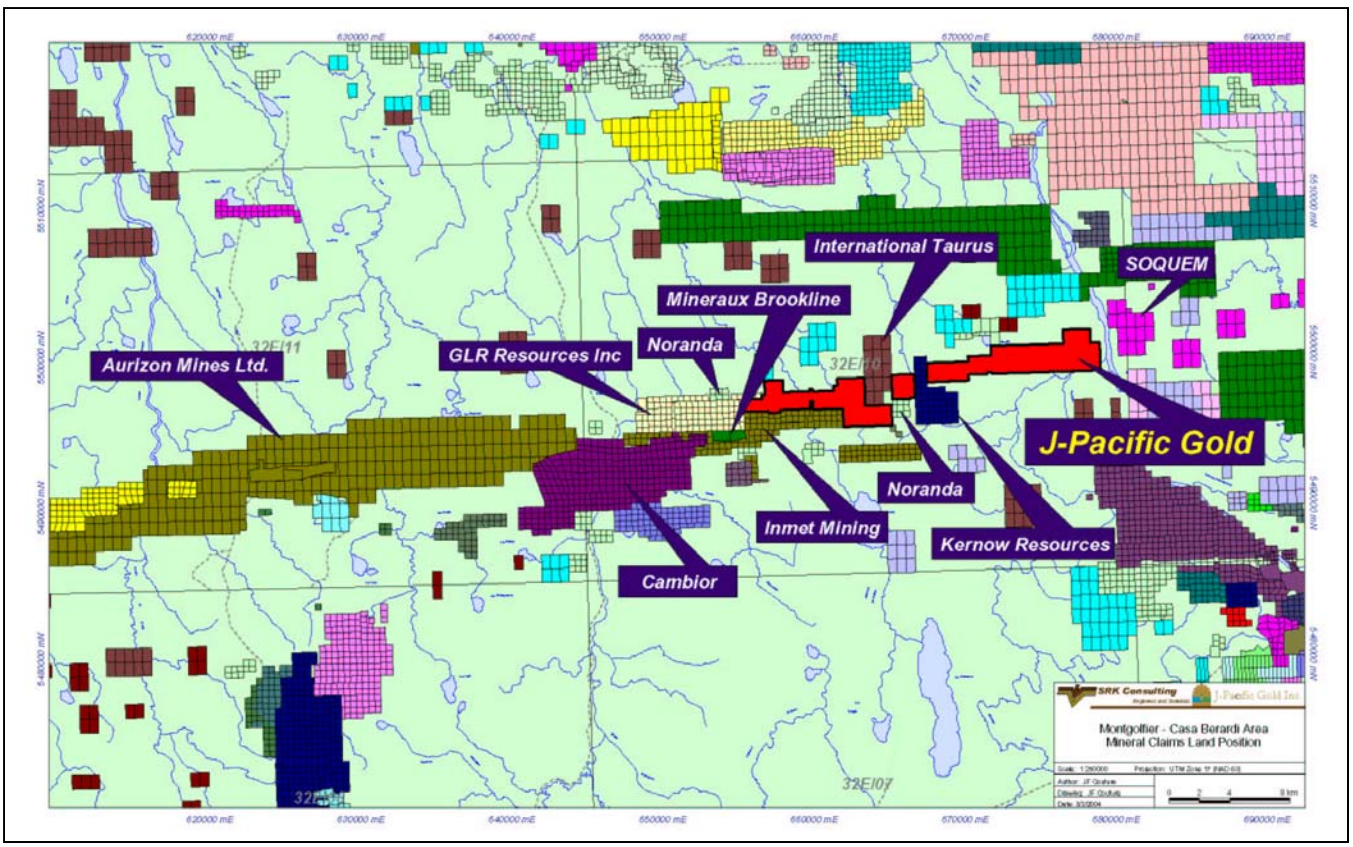
RDV. To maintain the agreement, the Company is to make additional cash payments of $40,000 by the first and second anniversaries, and $100,000 by the third anniversary of the agreement. RDV retains a two percent Net Smelter Royalty, of which one and one half percent is purchasable by the Company for $1,500,000.

The Montgolfier Project is located in northwest Quebec approximately 12 kilometres east of the Casa Berardi Mine block, where Aurizon Mines Ltd. has outlined a 1.5 million ounce gold resource and is currently rapidly advancing the project towards a development decision. The mining town of Matagami is located 85 kilometres to the east. This new holding straddles the Casa Berardi deformation zone over a strike length of approximately 25 kilometres. It is underlain by stratigraphy considered similar to that, which produced 690,000 ounces of gold at the Casa Berardi Mine.

Previous exploration on the property was conducted between 1984 and 1991 predominantly by three groups: Boulder Mountain Resources, Teck Exploration/Golden Hope Resources, and Placer Dome/Golden Shield Resources. Government of Quebec assessment file records indicate that approximately 78 holes were drilled between 1985 and 1991 along the 25-kilometre strike length of the property, with very little exploration having been conducted since. Thirty-three of these holes intersected gold mineralization ranging from 1.0 to 14.8g Au/t over 0.3 to 4.6 metres.

Future plans

During 2004, the Company plans to review and compile historical work data and carry out limited additional field studies to define and prioritize targets for an initial drilling campaign tentatively scheduled for the fall/winter of 2004.



Golden Trend
Lander County, Nevada

Golden Trend is a promising early-stage exploration property located in northern Nevada in the heart of the third largest gold producing region in the world. It lies within the highly prolific Battle Mountain-Eureka Trend in Eureka County, approximately 300 miles northeast of Reno.

The Pipeline, Cortez, Horse Canyon and Buckhorn gold mines are all within a few miles of the Golden Trend property, and Placer Dome's newest discoveries, the Pediment and Cortez Hills deposits, are only five miles to the north.

Overview

In August 1996, an initial group of 80 claims was optioned from Rubicon Resources Inc. of Sparks, Nevada. An additional 10 claims were staked by Rubicon in 1998 and added to the option agreement. These 90 claims are subject to a 3% net smelter royalty, of which 2% is purchasable. Under the option agreement, the Company pays the annual Bureau of Land Management and county fees, and makes annual advanced royalty payments to Rubicon. The Company staked an additional 21 claims, enlarging the property to 111 lode mining claims. The option agreement and all the claims are in good standing. In 2002, the Company exercised its option to purchase the original 90 claims subject to the 3% NSR royalty.

The property is on the prolific Battle Mountain-Eureka Trend of northern Nevada. The Trend is defined by a northwest-southeast alignment of operating mines and undeveloped gold deposits with Placer Dome Mines Inc. being the major operator on the Trend.

The deposits of the Trend are generally sediment hosted, and are referred to as "Carlin" type. The host Palaeozoic carbonate rocks are mineralized where they have been cut by high angle faults which acted as conduits for the gold-bearing hydrothermal fluids. Recent dramatic discoveries of high grade gold deposits in these "feeders" and associated structures have significantly expanded the potential of these environments.

The Battle Mountain-Eureka Trend appears to be controlled by early, deep-seated structures such as the Cortez Fault, which have been reactivated and offset by basin and range tectonism. The host carbonate rock sequence has been locally uplifted by these structures and exposed in windows through the plane of the regionally extensive Roberts Mountains Thrust Fault. These "lower plate" rocks, which are the main gold bearing units, are overlain by a primarily clastic sequence referred to as "upper plate" rocks.

Alteration associated with these sediment-hosted deposits is subtle but definitive. The rocks are variously silicified, decarbonatized, bleached and commonly argillized. Gold, arsenic, and, to a lesser extent, antimony and mercury are excellent geochemical indicators.

The Golden Trend property is cut along its entire western side by the Cortez Fault and associated structures, and is interpreted to be bounded on the east by the northern Nevada Rift, creating an uplifted block of stratigraphy that brings the lower plate rocks closer to the surface. Roberts Mountain Thrust lower plate rocks are exposed within a mile of the north side of the claim group, and are projected under shallow cover under much of the property.

History

There is no record of work prior to the 1980's, but there is evidence on the ground of significant trenching and shallow shaft sinking, which is apparently related to extensive barite mineralization on parts of the property. Several drill holes have been identified on the property, but there is no information on depth or rock types encountered. It is assumed that this work was completed in the 1950's and 1960's. In the early 1980's, Noranda Exploration located a large claim group, which included the Company's entire current land holding. Noranda completed airborne geophysical surveys, limited geological mapping and sampling. A number of shallow reverse circulation drill holes were completed but none encountered mineralization or geochemically anomalous rocks. All the Noranda holes are beyond the upthrown block that is the current focus of the Company's efforts. Rubicon Resources Inc. acquired the property in 1993. Under an option agreement with Rubicon, Rocket Resources Ltd. of Vancouver B.C. completed grid based geophysics, geochemistry and geologic mapping.

The property was optioned to the Company in 1997. Exploration by the Company in 1998 and 1999 identified significant coincident gold and arsenic soil geochemical values correlated with high angle structures. Geochemically anomalous gold and arsenic in rock, and occasionally anomalous copper values, have been identified in various geologic settings. To follow-up on this preliminary geologic, geochemical, and geophysical work, a small program of nine shallow reverse circulation holes was undertaken on this sizable 2,220-acre property. Analyses from the drilling produced values in excess of 3,000 ppm arsenic and 100 ppb gold. An area of silicification was identified, which may be associated with a mineralized porphyritic intrusive system. The strongly altered intrusive and the gold-arsenic mineralization appears to be spatially related to a splay off the Cortez Fault, itself a prominent structural feature in major gold deposits nearby.

Exploration program to date

The Company previously reported that its main objective for Golden Trend was to secure financing for a comprehensive exploration program. The Company recently announced it has entered negations with Jipangu Inc., its largest shareholder, which can earn a 50% interest in the project by funding exploration over a four year period in the aggregate amount of US $2,750,000. During 2003 and in preparation for a 2004 exploration program, the Company completed an exercise of data assembly and interpretation.

Future Plans

In 2004, the Company plans an aggressive exploration program, which is to include geological modeling, geophysical surveying and drilling, and which is tentatively scheduled to commence in the summer of 2004.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	42,247	4,099	38,148	35,307
Recording Fees	113,946	17,476	96,470	79,037
Royalty Payments	117,712	14,295	103,417	87,713
	273,905	35,870	238,035	202,057

Deferred costs for 2003 include the limited planning, mapping and data assembly of $4,099, maintenance costs for the property with BLM payments and county payments of $17,476, and royalty payments of $14,295.

Callaghan
Lander County, Nevada

The Callaghan Project is an early-stage exploration property located southeast of Mount Callaghan in Lander County, Nevada, approximately 20 miles northeast of Austin, the county seat, and approximately 280 miles northeast of Reno.

Overview

In April 2002, the Company entered into a lease agreement with Mr. and Mrs. Joseph Kizis of Reno, Nevada with an option to purchase ten unpatented mining claims. The Company subsequently staked an additional 42 unpatented mining claims. Collectively these claims are referred to as the Callaghan Project.

The Callaghan property is underlain by siliceous upper plate rocks of the Vinini Formation and a sequence of lower plate Cambrian, Ordovician and Silurian age rocks which host gold deposits elsewhere in northern Nevada. Geochemical anomalies, including gold, arsenic and mercury, and hydrothermal alteration characteristic of gold deposits in this region have been identified on the property. Previous drilling and geologic mapping have identified a structural and stratigraphic setting amenable to the development of significant ore deposits.

History

The Callaghan Project covers several areas of prior work, including significant localized drilling and trenching. Little data is available for work prior to 1988. The earliest known work on the property was carried out in the 1930's and consisted of sinking a 60 foot deep shaft at the Rast Mine. A minor placer gold occurrence one half mile southeast of the Rast mine was also prospected in the 1930's. In 1969, Cache Creek Exploration Company of Reno explored the area around the Rast mine. Exploration programs followed this work on portions of the current property holding by Hanna Mining, Dome Exploration, and Houston Oil and Minerals. No data are available from any of these programs. From 1988 to1990, Kerr McGee completed geologic mapping, soil and rock chip sampling and drilled ten reverse circulation holes. In 1993 and 1994, FMC conducted an extensive soil and sagebrush sampling program and drilled nine reverse circulation holes. Placer Dome leased the property in 1995 and 1996, and conducted an extensive airborne magnetometer survey over the project area. Storimin Resources leased the property in 1997, but did no significant work on the property before returning the property in May 1998. Kennecott leased the property later in 1998, drilled 6 widely spaced holes in the region, and returned the property in December 1998.

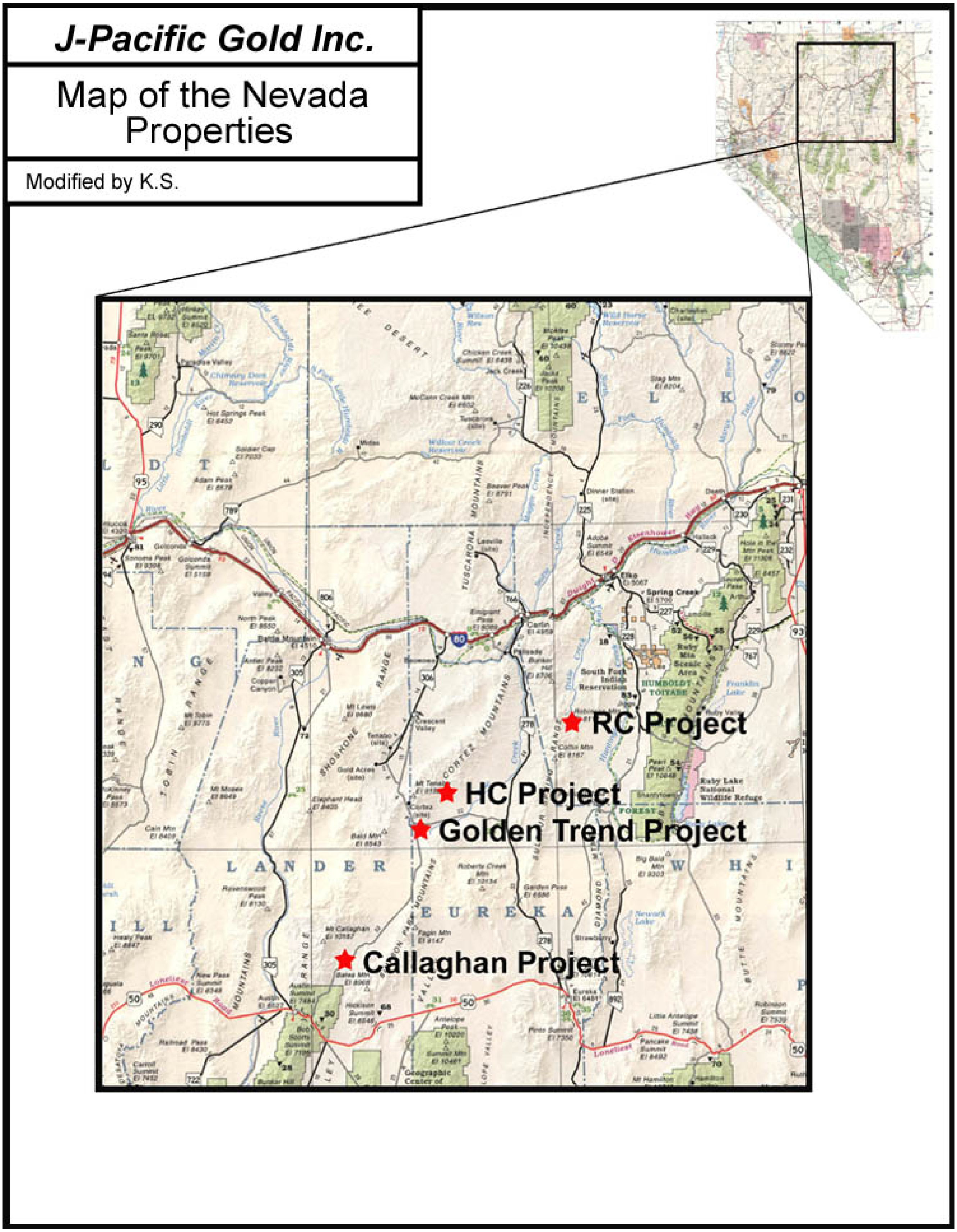
This work has documented geochemical anomalies in an under-explored structural and stratigraphic setting, which is permissive for the occurrence of structurally controlled replacement gold deposits.

Exploration program to date

The majority of the 2003 work at Callaghan was focused on identifying drill targets on this large property. The work consisted of data assembly, interpretation and limited mapping.

Future Plans

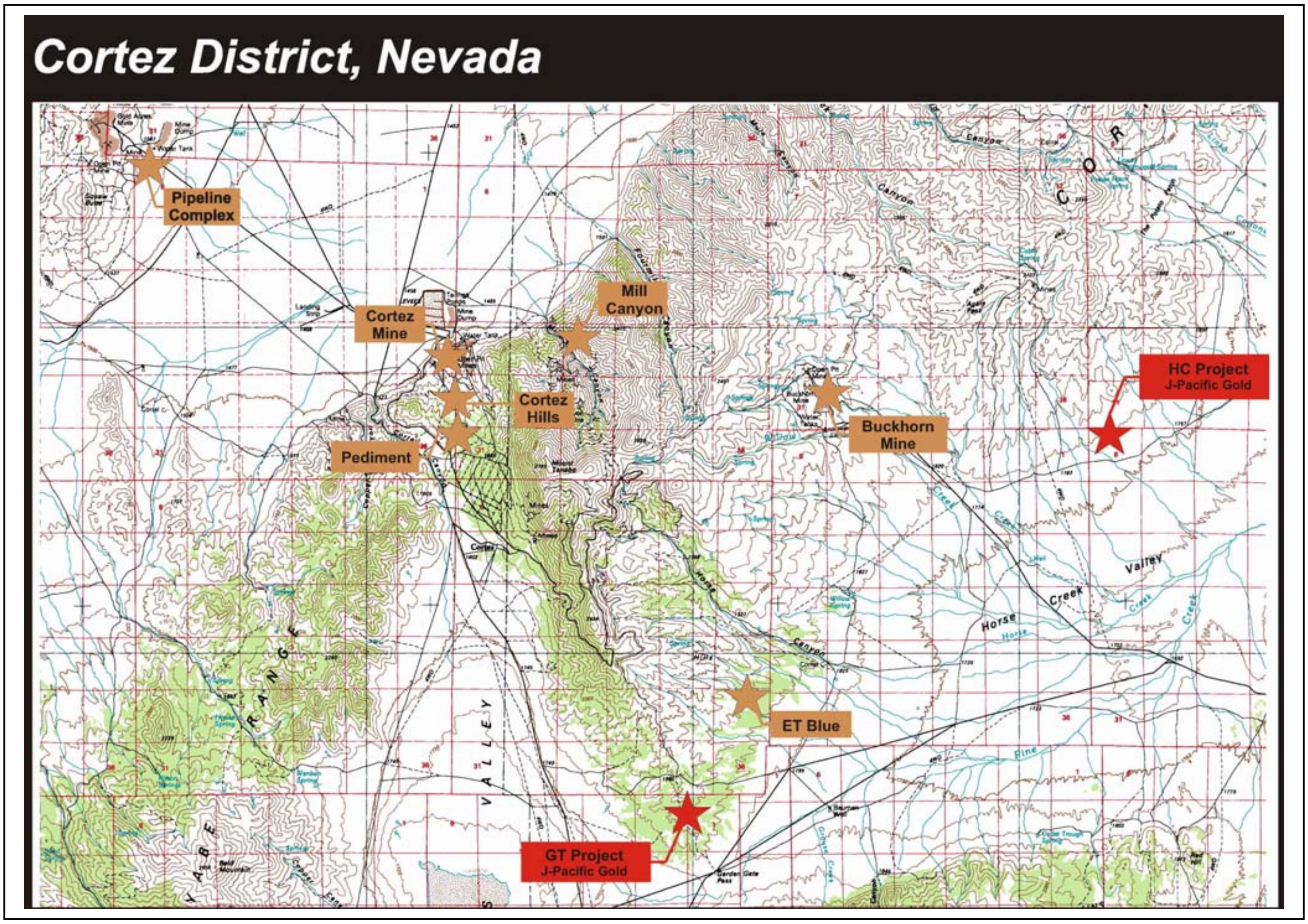
The property is essentially drill ready, with several targets currently identified and additional targets expected from limited synthesis and interpretation of the existing data. The Company plans to carry out limited geologic mapping and geochemical sampling, and the drilling of at least four reverse circulation drill holes, which are tentatively scheduled to commence in the summer of 2004.



J-Pacific Gold Inc.

Map of the Nevada Properties

Modified by K.S.



Callaghan
Lander County, Nevada (continued)

<u>Deferred costs</u>

	2003 $	2003 Activity $	2002 $	2001 $
Geology	8,557	4,000	4,557	-
Recording Fees	32,152	9,452	22,700	-
Royalty Payments	15,244	7,271	7,973	-
	55,953	20,723	35,230	-

Deferred costs in 2003 included limited geological work of $4,000, maintenance costs for the property with BLM payments and county payments of $9,452, and royalty payments of $7,271.

HC
Eureka County, Nevada

The HC Project is an early-stage exploration property located in Eureka County, approximately 60 miles northwest of the town of Eureka, the county seat, and approximately 300 miles northeast of Reno. The HC Project lies within the prolific Battle Mountain-Eureka Gold Trend as described above. The Pipeline, Cortez, Horse Canyon and Buckhorn gold mines are all within a few miles of the HC Project, and it is roughly five miles east of the Company's Golden Trend project.

Overview

In June of 2002, the Company entered into a lease agreement with KM Exploration LLC of Elko, Nevada, which contains an option to purchase a 100% interest in twenty unpatented mining claims. The Company subsequently staked an additional thirty unpatented mining claims. Collectively these claims are referred to as the HC Project.

The property is located southeast of the Buckhorn and Horse Canyon Mines on the Battle Mountain-Eureka Gold Trend. The geological setting is similar to that of the Rain District on the southern Carlin Trend (4.5 million ounces gold).

The claims are underlain by a sequence of Devonian and Mississippian carbonate and clastic rocks. The Paleozoic rocks are cut by a high angle normal fault, which is interpreted to bring the contact between the Devonian Devil's Gate limestone and the Mississippian Chainman Formations to within a few hundred feet of the surface. This contact and the associated parts of the high-angle fault are a regionally permissive host for gold deposits. Geochemical anomalies and hydrothermal alteration characteristic of the “Rain Type” deposits have been identified and indicate the presence of a mineral system underlying the property.

History

There is little evidence of significant past exploration work on the property. A number of drill holes have been identified on the ground but none could have tested the target of this program.

Exploration program to date

The Company previously reported that its main objective with HC property was to secure financing for a comprehensive exploration program. The Company recently announced it has entered negations with Jipangu Inc., its largest shareholder, which can earn a 50% interest in the projects by funding exploration over a four year period in the aggregate amount of US $1,750,000. During 2003, the Company began the planning process for the commencement of exploration activities for 2004.

Future Plans

In 2004, the Company plans an aggressive exploration program that is to include geological modeling, geophysical surveying and a drilling program, which is tentatively scheduled to commence in the summer of 2004.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	8,040	1,622	6,418	-
Recording Fees	24,660	7,873	16,787	-
Royalty Payments	22,318	14,543	7,775	-
Option Payments	7,987	7,987	-	-
Acquisition	8,215	-	8,215	-
	71,220	32,025	39,195	-

RC
Elko County, Nevada

The RC Project is an early-stage exploration property located at the south end of the highly prolific Carlin Gold Trend in Elko County, Nevada, approximately 30 miles south of Carlin.

Overview

In June of 2002, the Company entered into a lease agreement with KM Exploration LLC of Elko, Nevada that contains an option to purchase a 100% interest in twenty unpatented mining claims. The Company subsequently staked an additional forty-one unpatented mining claims. Collectively these claims are referred to as the RC Project.

The property is within the southern extremity of the Carlin Trend, south of the Rain District. The geological setting of the property is nearly identical to that of the deposits in the Rain District.

A sequence of Devonian and Mississippian age carbonate and clastic rocks, as well as minor Tertiary volcanic rocks underlie the claims. The Paleozoic rocks are cut by at least two sets of high angle faults. The north-south trending high angle faults bring the contact between the Devonian Devil's Gate limestone and the Mississippian Chainman Formations, which is a regionally permissive host for gold deposits, to within drilling distance of the surface. Geochemical anomalies and hydrothermal alteration characteristic of “Rain Type” deposits have been identified, and indicate the presence of a mineralizing system underlying the property.

History

There is little evidence of major exploration programs on the property, and the property vendor completed only limited reconnaissance mapping and sampling. In the vicinity, several major companies, including Phelps Dodge and MK Gold have completed drill programs, but no holes have tested the property’s prime target.

Exploration program to date

The Company previously reported its main objective with RC was to secure financing for a comprehensive exploration program.

Future Plans

In 2004, the Company plans to carry out limited geologic mapping and geochemical sampling. The Company will continue to seek financing to pursue an exploration drill program for the RC Project.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	7,633	1,236	6,397	-
Recording Fees	28,918	9,609	19,309	-
Royalty Payments	22,318	14,543	7,775	-
Option Payments	7,987	7,987	-	-
Acquisition	8,215	-	8,215	-
	75,071	33,375	41,696	-

Zenda
Kern County, California

The Zenda Project is located in Kern County, southern California, approximately 30 miles southeast of the city of Bakersfield and 10 miles due north of the town of Tehachapi.

Overview

The Zenda project is a small tonnage, largely permitted, potential heap leach operation with 1,403,000 tons outlined at a grade of 0.042 ounces of gold per ton and 0.575 ounces of silver per ton. With a higher gold price, the Company would propose to mine the ore body at rate of 2,400 tons per day, five days per week.

The resource is located on the top of a mountain and has a low stripping ratio (0.36:1). A significant portion of the waste would be used in the construction of an embankment dam, which would contain the valley fill heap leach pad. The gold recovery would be in a conventional carbon stripping circuit.

Overburden at the deposit provides potential upside for the project as sampling by the Company has confirmed that it contains indicated gold grades ranging between 0.01 and 0.03 ounces per ton. This grade range is not economic on its own; however, recovery of this gold could improve the return on capital should gold prices continue to rise.

History

The Zenda project was originally conceived and explored by Shell Mining Co. Ownership in the project was transferred to Equinox Resources Ltd. of Vancouver, British Columbia in the mid 1980's. In 1989, Equinox commissioned a full engineering plan by Vector Engineering of Grass Valley, California for the construction of a valley fill leach pad, an appropriately sized embankment dam for containment, a gold recovery plant, and ancillary facilities. Concurrently, a mine plan was commissioned from Pincock Allen & Holt of Lakewood, Colorado.

With these reports and the metallurgical studies of McClelland Laboratories of Reno, Nevada, Equinox prepared a feasibility study and commissioned Pincock Allen & Holt to perform an audit on its study. Based on these studies the property was permitted and readied for production. However, Equinox made a decision not to commence production because of the prevailing low gold price.

Hecla Mining Co. acquired the property as part of its 1994 takeover of Equinox Resources Ltd. Subsequently, Hecla decided to sell the property, as its resource size did not meet Hecla's production criteria.

Saga Exploration Co., a private Nevada corporation, gained control of the project in late 1995. Saga undertook a detailed review of the property work and completed an updated economic study in 1996. Early in 1997, Saga entered into a purchase agreement with the Company whereby ownership of Equinox was transferred to the Company, however it is intended that Saga will be the project developer and operator of the mine.

In 2002, the Company commissioned SRK Consulting to complete a 43-101 compliant Technical Report on the Zenda Gold Mine.

Exploration program to date

For the last few years the Company has maintained Zenda while observing the changing regulatory environment in California. The Company reported in 2002 it intended to commission an independent third-party economic review in 2003 as a prelude to a bankable feasibility study. This was not commissioned due to changes in California mining laws in 2003. The changes to California's Surface and Mining Reclamation Act have cast doubt in the industry over the feasibility of an open pit mining operation in California. Industry reaction to these amendments has been to write down investments in open pit operations. Application of these amendments by regulators suggest equally that open pit operations are not favoured by California but a company may possibly proceed by posting a reclamation bond among other contingencies. The Company is seeking grandfather status for Zenda. No opinion is available at this time as to the likelihood of successfully grandfathering Zenda.

Future Plans

In 2004, the Company is seeking confirmation from the State of California that the mining permits issued in 1997 remain in force and awaits its ruling. The Company a small heap leach operation should be allowed as it was permitted prior to the recent changes in the mining laws and hence not be subject to the new mining laws retroactively. However, in light of uncertainty caused by these amendments, the Company has determined that it is appropriate to write-down the acquisition and related deferred exploration expenditures. Notwithstanding, the Company does not intend to abandon this property and will continue to record mineral acquisition costs. Should the operation be grandfathered, the Company still intends to commission an updated feasibility study as a prelude to production.

Deferred costs

	2003 $	2003 Activity $	2002 $	2001 $
Geology	342,490	-	342,490	326,941
Assaying	24	-	24	24
Recording Fees	67,904	3,781	64,123	55,248
Royalty Payments	435,773	-	435,773	435,773
Property Costs	277,433	-	277,433	277,433
Plant, Equipment and Other Assets	53,904	-	53,904	53,904
Government	3,338	3,338	-	-
Other	17,163	-	17,163	17,163
	1,198,029	7,119	1,190,910	1,166,486
Write off of exploration and development costs	(1,198,029)		-	-
	-		1,190,910	1,166,486

Deferred costs in 2003 were limited to maintaining the property. These costs included BLM fees, property taxes and other state taxes. The Company will continue to maintain the property pending resolution of efforts to grandfather the operation in light of changes to California's Surface and Mining Reclamation Act in 2003. These costs will be expenses as incurred during 2004.

Approved by the Board of Directors of J-Pacific Gold Inc.

"N. Ferris" *"D. Adam"*

J-Pacific Gold Inc.

Consolidated Financial Statements
December 31, 2003 and 2002

MORGAN & COMPANY
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
J-Pacific Gold Inc.

We have audited the consolidated balance sheets of J-Pacific Gold Inc. as at December 31, 2003 and 2002 and the consolidated statements of loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied, except for the prospective change in the method of accounting for stock-based compensation and flow-through shares as explained in the Summary of Significant Accounting Policies, on a consistent basis.

Vancouver, Canada

March 2, 2004

Morgan & Company
Chartered Accountants

Tel: (604) 687-5841
Fax: (604) 687-0075
www.morgan-cas.com

MEMBER OF
ACPA INTERNATIONAL

P.O. Box 10007 Pacific Centre
Suite 1488 - 700 West Georgia Street
Vancouver, B.C. V7Y 1A1

J-Pacific Gold Inc.
Consolidated Balance Sheets
As at December 31, 2003 and 2002
(expressed in Canadian dollars unless otherwise stated)

	2003 $	2002 $
Assets		
Current assets		
Cash	**996,179**	235,734
Accounts receivable	**7,803**	25,340
Prepaid expenses	**10,731**	7,732
	1,014,713	268,806
Deposits (note 3)	**124,500**	114,500
Mine property, plant and equipment (note 5)	**2,173,811**	794,827
Exploration and development properties (note 6)	**1,158,493**	1,956,467
Other capital assets (note 7)	**23,274**	16,104
	4,494,791	3,150,704
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**46,386**	113,143
Provision for reclamation costs	**200,000**	100,000
Shareholder loans (note 8)	**-**	123,911
	246,386	337,054
Shareholders' Equity		
Capital stock (note 10)	**14,661,070**	12,009,870
Shares subscribed to but not issued	**412,500**	-
Contributed surplus	**660,399**	77,330
Deficit	**(11,485,564)**	(9,273,550)
	4,248,405	2,813,650
	4,494,791	3,150,704

Going concern and nature of operations (note 1)

Approved by the Board of Directors

"Nick Ferris" Director "D'Arcy Adam" Director

J-Pacific Gold Inc.
Consolidated Statements of Loss and Deficit
For the years ended December 31, 2003 and 2002

(expressed in Canadian dollars unless otherwise stated)

	2003 $	2002 $
Expense		
Amortization	**10,873**	7,256
Government, transfer agent and stock exchange fees	**55,749**	21,226
General and administrative	**418,677**	496,503
Stock based compensation	**583,069**	77,330
Write-off of exploration and development properties	**1,198,029**	262,661
Write-off of other deferred costs	**-**	35,079
Care and maintenance	**87,121**	57,386
	2,353,518	957,441
Loss from operations	**(2,353,518)**	(957,441)
Other income (expenses)		
Foreign exchange loss	**(1,119)**	(3,055)
Interest income	**8,623**	1,641
Other income	**-**	12,989
Loss before income taxes	**(2,346,014)**	(945,866)
Future income tax recovery	**134,000**	-
Loss for the year	**(2,212,014)**	(945,866)
Deficit – Beginning of year	**(9,273,550)**	(8,327,684)
Deficit – End of year	**(11,485,564)**	(9,273,550)
Basic and diluted loss per share	**(0.06)**	(0.03)
Weighted average number of common shares outstanding	**35,964,696**	31,171,513

J-Pacific Gold Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2003 and 2002

(expressed in Canadian dollars unless otherwise stated)

	2003 $	2002 $
Cash flows from (used in) operating activities		
Loss for the year	**(2,212,014)**	(945,866)
Items not affecting cash		
Amortization	**10,873**	7,256
Stock based compensation	**583,069**	77,330
Future income tax recovery	**(134,000)**	-
Write-off of exploration and development properties	**1,198,029**	262,661
Write-off of other deferred costs	**-**	35,079
Change in non-cash working capital items		
Accounts receivable	**18,055**	(20,733)
Prepaid expenses	**(2,999)**	13,916
Accounts payable and accrued liabilities	**(67,220)**	40,157
	(606,207)	(530,200)
Cash flows from (used in) financing activities		
Proceeds from the issue of common shares	**2,058,800**	1,215,500
Shares subscribed to but not yet issued	**412,500**	-
Increase in shareholder loan	**5,663**	170,755
Repayment of shareholder loan	**(129,574)**	(86,741)
	2,347,389	1,299,514
Cash flows from (used in) investing activities		
Mine property, plant and equipment	**(400)**	(32,481)
Exploration and development properties	**(363,655)**	(543,174)
Repurchase of joint venture	**(600,000)**	-
Cash acquired on repurchase of joint venture	**1,361**	-
Purchase of other capital assets	**(18,043)**	(1,157)
	(980,737)	(572,349)
Increase in cash	**760,445**	196,965
Cash – Beginning of year	**235,734**	38,769
Cash – End of year	**996,179**	235,734

Supplementary cash flow information (note 15)

1 Going concern and nature of operations

J-Pacific Gold Inc. (the "Company") has a working capital surplus of $968,327 at the end of the year. Additional financing is required to sustain the company at the current rate of expenditure and to meet its spending commitments to keep the Blackdome Mine and its exploration and development projects in good standing.

In the event that continued financial support or additional financing is not available, there would be doubt about the company's ability to continue as a going concern.

These consolidated financial statements are prepared on a going concern basis, which implies that the company will continue realizing its assets and discharging its liabilities in the normal course of business. Accordingly, they do not give effect to any of the adjustments that would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements.

The company is in the process of exploring its mineral properties and investigating other possible property acquisitions and is considered to be an exploration stage company. The recoverability of the amounts shown for exploration and development properties is dependent on the existence of economically recoverable reserves, the ability of the company to obtain necessary financing to complete this development, and future profitable production. The amounts shown as exploration and development properties represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Although the company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

2 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements include the accounts of J-Pacific Gold Inc. and it's direct and indirect subsidiaries, Equinox Resources (Calif.) Inc., Golden Trend Resources Inc., Auric Resources Inc. and No. 75 Corporate Ventures Inc.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Mine property, plant and equipment

Mine property, plant and equipment are recorded at cost. The cost of the mine property includes acquisition, exploration and development costs, and the results of operations and attributed general and administrative support costs incurred prior to the commencement of commercial production. When carrying values exceed the estimated net recoverable amount, the carrying values are written down to the estimated net recoverable amount.

Depletion of mine property, plant and equipment costs is provided using the unit-of-production method based on estimated proven and probable ore reserves.

Depreciation of the tailings pond, computer equipment and vehicles included in the mine property, plant and equipment balance is provided using the declining-balance method.

Exploration and development costs

The company defers exploration expenditures directly related to specific mineral properties until such time as the extent of mineralization has been determined and the mineral properties are either developed or the company's mineral rights are allowed to lapse. Deferred costs are amortized over the useful life of the ore body following commencement of commercial production or written off if the property is sold or abandoned.

Management's estimate of recoverable proven and probable reserves is subject to risks and uncertainties of change affecting the recoverability of the company's investment in mineral properties. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur in the near term that could adversely affect management's estimate of the recoverability of mineral properties and deferred costs and the need for asset impairment write-downs.

Other capital assets

Other capital assets are comprised of computer equipment, office equipment and leasehold improvements. Depreciation is provided on the straight line method as stated in note 7 over the estimated useful lives of the assets.

Stock based compensation

Effective January 1, 2002, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends a fair value based method of accounting for compensation costs. The new section also permits the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earning per share as if the fair value method had been adopted. From January 1, 2002 to December 31, 2002, the Company has elected to adopt the intrinsic value-based method for employee awards.

In November 2003, the CICA amended the CICA Handbook Section 3870 to require the fair value-based method be applied to awards granted to employees, which previously had not been accounted for at fair value. The changes to section 3870 are applicable for years beginning on or after January 1, 2004; however, the Company has chosen to early adopt the changes effective January 1, 2003, using the prospective application transitional provision. Therefore, effective January 1, 2003, all options awarded by the Company are recorded in the financial statements of the Company.

Any consideration paid by the option holders to purchase shares is credited to share capital.

Reclamation costs

A provision for estimated future decommissioning and reclamation costs is accrued on a units-of-production basis. Costs incurred during production are charged to operations in the period incurred.

Loss per share

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the year. Diluted loss per share is calculated using the treasury stock method. No shares were added to the weighted average number of common shares outstanding during the years ended December 31, 2003 and 2002 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive.

Foreign currency translation

The operations of the company's foreign subsidiaries are translated into Canadian dollars using the temporal method as follows: monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date; other assets and liabilities at the applicable historical exchange rates; and revenues and expenses at the average rate of exchange for the year, except for non-monetary expenses which are at the rates used for the translation of the related assets. Gains and losses on translation are included in the consolidated statement of loss and deficit.

Income taxes

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. These standards also require that the future income tax liabilities or assets are measured using tax rates and laws expected to apply in the periods that the temporary differences are expected to reverse.

Flow-Through Shares

Resource expenditures deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Share capital is reduced and the future income tax liability is increased by the estimated cost of the renounced tax deductions.

In December 2003, CICA released EIC - 146, Flow-Through Shares, to require that the draw downs of future income tax liabilities resulting from the timing differences on exploration expenditures renounced to investors be credited to income. The Company has chosen to early adopt the changes effective January 1, 2003, using the prospective application method.

3 Deposits

Deposits represent an amount receivable of $100,000 (2002 - $100,000) and bonds of $24,500 (2002 - $14,500) relating to reclamation permits issued on various mineral properties held by the company. An irrevocable letter of credit on deposit with a Canadian chartered bank has been issued as collateral for the amount receivable.

(expressed in Canadian dollars unless otherwise stated)

4 Acquisition of subsidiary

Effective November 20, 2003, the Company acquired the remaining 50% of the issued and outstanding common shares of No. 75 Corporate Ventures Inc. ("No. 75") for consideration of $600,000 cash and the issuance of 1,500,000 common shares of the Company. These consolidated financial statement include 100% of the accounts of No. 75 at December 31, 2003.

The acquisition has been accounted for using the purchase method and is summarized as follows:

	$
Current assets (including cash of $1,361)	1,879
Deposits	10,000
Mine, property, plant and equipment	1,378,584
	1,390,463
Current liabilities	(463)
Long-term liabilities	(100,000)
	1,290,000
Consideration given at fair value	
Cash	600,000
Issue of common shares	690,000
	1,290,000

5 Mine property, plant and equipment

	2003	2002
	$	**$**
Property costs	5,450	2,725
Mill	1,862,982	639,812
Plant and mining equipment	197,798	98,899
Development costs	107,581	53,391
	2,173,811	794,827

The December 31, 2002 consolidated financial statements include the company's interest in the corporate joint venture as follows:

	2002
	$
Current assets	709
Long-term assets	804,827
Current liabilities	-
Long-term liabilities	100,000
Expenses	57,386
Cash flows from operating activities	(54,935)
Cash flows from financing activities	86,901
Cash flows for investing activities	(32,481)

(expressed in Canadian dollars unless otherwise stated)

6 Exploration and development properties

Costs incurred by the company for acquisition and exploration of mineral properties are shown below:

2003

	Acquisition $	Deferred exploration $	Costs written off during the year	Assets sold $	Total $
Zenda (a)	422,999	1,058,915	(1,198,029)	(283,885)	-
Golden Trend (b)	66,039	207,866	-	-	273,905
Callaghan (c)	-	55,953	-	-	55,953
RC (d)	8,516	66,555	-	-	75,071
HC (e)	8,516	62,704	-	-	71,220
Elizabeth (f)	40,700	440,758	-	-	481,458
Blackdome South (g)	-	175,492	-	-	175,492
Truax (h)	-	25,394	-	-	25,394
	546,770	2,093,637	(1,198,029)	(283,885)	1,158,493

2002

	Acquisition $	Deferred exploration $	Costs written off during the year	Assets sold $	Total $
Zenda (a)	422,999	1,051,796	-	(283,885)	1,190,910
Alwin	75,000	187,661	(262,661)	-	-
Golden Trend (b)	66,039	171,996	-	-	238,035
Callaghan (c)	-	35,230	-	-	35,230
RC (d)	8,516	33,181	-	-	41,697
HC (e)	8,516	30,679	-	-	39,195
Elizabeth (f)	40,700	240,646	-	-	281,346
Blackdome South (g)	-	106,702	-	-	106,702
Truax (h)	-	23,352	-	-	23,352
	621,770	1,881,243	(262,661)	(283,885)	1,956,467

a) Zenda

The Company has a 100% interest in the Zenda Gold Mine located near Bakersfield, California. The agreement requires the Company to issue to the vendors a maximum of 2,050,000 common shares, of which 1,000,000 common shares have been issued. Under the terms of the agreement, the vendors are the operator and, upon the raising of financing by the Company, are required to construct the facility. The vendors can earn up to an additional 550,000 shares dependant upon completing the facility at various cost levels compared to the approved capital cost budget. The final 500,000 shares will be issued when the Company recovers its pre-production expenses.

The vendors retain a 25% net profits interest after capital payback to the Company and a 5% net smelter royalty (NSR) is payable to underlying interests. To date, $435,773 (2002 - $435,773) of royalties have been prepaid against this obligation, and are included in deferred exploration costs.

During 2003, California amended its Surface Mining and Reclamation Act ("SMARA"). In light of uncertainty caused by these amendments, the Company has determined that it is appropriate to write-down the acquisition and related deferred exploration expenditures. The Company, however, does not intend to abandon this property and will continue to record mineral acquisition costs.

(expressed in Canadian dollars unless otherwise stated)

b) Golden Trend Property

Golden Trend consists of 111 unpatented mining claims in Eureka County, Nevada. Of the 111 claims, 90 are subject to a 3% NSR of which 2% may be purchased. The Company must pay US $10,000 each year as an advance royalty on the NSR. The company has issued 100,000 common shares against the property. To date, $117,712 (2002 - $103,417) of royalties have been prepaid against this obligation, and are included in deferred exploration costs.

c) Callaghan

Callaghan consists of a lease agreement with an option to purchase the ten unpatented claims of the Callaghan property in Lander County, Nevada. The claims are subject to a 3% NSR (net of federal and state royalties) of which 2% can be purchased. To date, CDN$15,244 (2002 - $7,973) of royalties have been prepaid against this obligation. The Company has an option to purchase 100% of the property for US$20,000 after total expenditures of US$500,000. The agreement includes 50 unpatented mining claims staked by the Company adjacent to the original ten. The agreement grants all mineral and mining rights to the property for a ten-year term, which is renewable for additional ten-year terms.

Royalty Schedule		
Year		**US $**
2002	1	5,000
2003	2	5,000
2004	3	5,000
2005	4	20,000
2006+	5+	25,000

d) RC

On May 23, 2002, the Company entered into a lease agreement with an option to purchase the twenty unpatented claims of the RC Project, an early stage gold exploration project located in Elko County, Nevada. The agreement with KM Exploration LLC, a Nevada corporation ("KM") of Elko, Nevada includes forty-one unpatented mining claims staked by the Company adjacent to the original twenty. The agreement grants all mineral and mining rights to the property for a ten-year term, which is renewable for additional ten-year terms. To date, CDN$22,318 (2002 - $7,775) of royalties have been prepaid against this obligation. Following the cumulative expenditure of US$500,000, the Company has an option to purchase 100% of the property, subject to royalty payments, for US$20,000. A three percent Net Smelter Royalty interest is retained by KM, of which two percentage points are purchasable by the Company for US$1,000,000 per percentage point. The AMR payments are deductible from any production royalties that might be payable to KM, as are any federal and state royalties.

Royalty Schedule			
Year		**US $**	**Shares**
2002	1	8,470	20,000
2003	2	10,000	30,000
2004	3	15,000	-
2005	4	20,000	-
2006+	5+	30,000	-

(expressed in Canadian dollars unless otherwise stated)

e) HC

Royalty Schedule			
Year		US $	Shares
2002	1	8,470	20,000
2003	2	10,000	30,000
2004	3	15,000	-
2005	4	20,000	-
2006+	5+	30,000	-

On May 23, 2002, the Company entered into a lease agreement with an option to purchase the twenty unpatented claims of the HC Project, an early stage gold exploration project located in Eureka County, Nevada. The agreement with KM Exploration LLC, a Nevada corporation ("KM") of Elko, Nevada includes thirty unpatented mining claims staked by the Company adjacent to the original twenty. The agreement grants all mineral and mining rights to the property for a ten-year term, which is renewable for additional ten-year terms. Following the cumulative expenditure of US$500,000, the Company has an option to purchase 100% of the property, subject to royalty payments, for US$20,000. A three percent Net Smelter Royalty interest is retained by KM, of which two percentage points are purchasable by the Company for US$1,000,000 per percentage point. The AMR payments are deductible from any production royalties that might be payable to KM, as are any federal and state royalties.

f) Elizabeth

On May 23, 2002, the Company entered into option to purchase agreements for the four crown granted mineral claims known as the "Elizabeth Property" and for surrounding mineral claims known as the "Blue Claims" in the Lillooet Mining District, British Columbia, Canada. In October 2002, the Company staked an additional 24 mineral claims. Collectively, the claims are referred to as the "Elizabeth Project." The property is an early-stage exploration project, located roughly 35 kilometres northeast of the former gold mining town of Bralorne and 30 kilometres south of the Blackdome Gold Mine.

<u>Crown Grants</u>

Royalty Schedule			
Year		CDN $	Shares
2002	1	10,000	50,000
2003	2	5,000	50,000
2004	3	10,000	-
2005	4	10,000	-
2006+	5+	10,000	-

The Company made a payment of $10,000 upon signing the agreement and issued 50,000 common shares. The Company is to issue 50,000 shares to exercise the option and 50,000 common shares upon the commencement of production. The agreement includes a $500,000 exploration work commitment wherein $200,000 is to be completed by December 31, 2003, $150,000 by December 31, 2004, and $150,000 by December 31, 2005. Mr. White and Mr. Illidge retain a four percent NSR interest, of which two percentage points are purchasable by the Company for $1,000,000 per percentage point.

<u>Blue Claims</u>

Royalty Schedule			
Year		CDN $	Shares
2002	1	2,000	20,000
2003	2	5,000	30,000
2004	3	5,000	-
2005	4	5,000	-
2006+	5+	5,000	-

The Company made a payment of $2,000 upon signing the agreement and issued 20,000 common shares. To exercise the option, the Company must issue 50,000 shares. The agreement includes a $500,000 exploration work commitment wherein $50,000 is to be completed by December 31, 2003, $150,000 by December 31, 2004, $150,000 by December 31, 2005 and $150,000 by December 31, 2006. Mr. Illidge retains a three percent NSR, of which two percentage points are purchasable by the Company for $1,000,000 per percentage point.

(expressed in Canadian dollars unless otherwise stated)

In addition to the above terms, to complete the exercise of both option agreements, the Company must complete a feasibility study prepared by an independent mining engineer.

g) Blackdome South

During 2002, the Company staked a total of 341 mineral claim units contiguous to the south of the Blackdome Gold Mine project in the Clinton mining division of British Columbia. These claims have been named the "Blackdome South" project and are held 100% by the Company.

h) Truax

In 2002, the Company staked a total of 94 mineral claim units contiguous in the historic Bridge River Mining Camp in the Lillooet mining division of British Columbia. These claims are 100 % held by the Company

7 Other capital assets

				2003
	Amortization period	**Cost $**	**Accumulated amortization $**	**Net $**
Computer hardware	3 years	48,961	38,907	10,054
Office equipment	7 years	25,361	20,888	4,473
Leasehold improvements	7 years	16,350	13,858	2,492
Vehicle	2 years	7,116	861	6,255
		97,788	74,514	23,274

				2002
	Amortization rate	**Cost $**	**Accumulated amortization $**	**Net $**
Computer hardware	3 years	38,318	30,919	7,399
Office equipment	7 years	25,361	19,771	5,590
Leasehold improvements	7 years	16,350	13,235	3,115
		80,029	63,925	16,104

8 Shareholder loans

During the year ended December 31, 2003, shareholder loans in the amount of $5,663 (2002 - $123,911) were made to the company from Jipangu. Loans for $70,000 and $60,000 bear interest at a rate of 7.0% per annum accruing a total of $5,663 (2002 - $2,323) during 2003. The balance of the loan amount is non-interest bearing. The loans are unsecured and have no fixed repayment terms. During the year, the shareholder loan was reduced by $78,327 representing cash repayments and $45,584 representing Jipangu's 50% interest in the Blackdome operation to September 30, 2003.

(expressed in Canadian dollars unless otherwise stated)

9 Commitments

Effective August 31, 2003, the company entered into an amended lease agreement for office space for a two year period expiring August 31, 2005. The company has also committed to certain operating leases and loan payments for the acquisition of vehicles. The future minimum lease payments required under these agreements are:

	Office $	Vehicles $
2004	35,997	19,607
2005	23,998	19,607
2006	-	19,607
2007	-	15,399

10 Capital stock

Authorized: 100,000,000 common shares without par value. Issued and outstanding:

	Number of shares	Amount $
Balance – December 31, 2001	29,154,326	10,749,270
Shares issued for cash	2,210,000	616,500
Shares issued for cash – flow through	1,649,999	495,000
Options exercised	270,000	54,000
Warrants exercised	100,000	50,000
Shares issued for properties	110,000	45,100
Balance – December 31, 2002	33,494,325	12,009,870
Shares issued for cash	4,075,000	1,630,000
Shares issued for cash – flow through	550,000	220,000
Options exercised	50,000	10,000
Warrants exercised	169,335	65,467
Warrants exercised – flow through	250,000	133,333
Shares issued pursuant to property agreements	140,000	36,400
Shares issued in repurchase of joint venture interest	1,500,000	690,000
Tax benefit on flow through shares	-	(134,000)
Balance – December 31, 2003	40,228,660	14,661,070

a) During the year ended December 31, 2003:

I) On January 22, 5,000 options were exercised for proceeds of $1,000.

II) On January 24, and January 31, 2003, private placements were completed in the amounts of $400,000 (1,000,000 shares) and $150,000 (375,000 shares) respectively. Each share is accompanied by a single warrant priced at $0.60 with a two-year expiry date.

III) On April 15, 20,000 options were exercised for proceeds of $4,000.

IV) On May 16, 140,000 shares were issued in accordance with property agreements at a price of $0.26 per share: 60,000 shares for HC and RC and 80,000 shares for Elizabeth.

V) On June 18, 25,000 options were exercised for proceeds of $5,000.

VI) On June 26, 166,667 shares were issued on the exercise of flow through warrants for proceeds of $83,333.

VII) On September 23, a private placement was completed in the amount of $1,000,000 (2,500,000 shares). Each share is accompanied by a single warrant priced at $0.60 with a two-year expiry date.

VIII) On October 31, a private placement was completed in the amount of $300,000 (750,000 shares). The placement consisted of 550,000 flow through shares for proceeds of $220,000 and 200,000 non-flow through shares for proceeds of $80,000. Each share is accompanied by a single warrant priced at $0.60 with a two-year expiry date. Warrants associated with the flow through shares are considered flow through warrants if exercised within 6 months of the placement date.

IX) On November 19, 1,500,000 shares were issued as partial consideration for the repurchase of the 50% interest in the Blackdome Mine.

X) On November 21, 39,335 shares were issued on the exercise of warrants for proceeds of $13,801.

XI) On November 24, 30,000 shares were issued on the exercise of warrants for proceeds of $15,000.

XII) On November 27, 33,333 shares were issued on the exercise of warrants for proceeds of $16,666.

XIII) On December 29, 66,667 shares were issued on the exercise of warrants for proceeds of $20,000.

XIV) On December 31, 83,333 shares were issued on the exercise of flow through warrants for proceeds of $50,000.

b) During the year ended December 31, 2002:

I) On February 21 and March 27, 2002, private placements were completed in the amounts of $160,000 (800,000 shares) and $234,500 (670,000 shares) respectively. Both private placements came with warrants at a price of $0.30 and $0.50 respectively with a two-year expiry date.

II) During the month of April 2002, employees, a former director, and contractors exercised a total of 250,000 options for proceeds of $50,000.

III) On June 21, Jipangu Inc. exercised 100,000 warrants obtained in the March 27, 2002 private placement for proceeds of $50,000.

IV) On May 23 the company entered into an agreement to acquire mineral rights. As part of the acquisition of these rights, 110,000 shares were issued from treasury with a market value of $45,100. Regulatory approval for these shares was received July 19, 2002.

V) On September 4, a contractor exercised 20,000 options for proceeds of $4,000.

VI) On September 30, the Company completed a private placement in the amount of $200,000.10 (666,667 flow-through shares). The private placement came with warrants priced between $0.30 and $0.50 with a two-year expiry date.

VII) On October 11, the Company completed a private placement in the amount of $411,999.60 (1,373,332 shares of which 633,332 where flow through shares). The private placement came with warrants priced between $0.30 and $0.50 with a two-year expiry date.

VIII) On October 30, the Company completed a private placement in the amount of $105,000 (350,000 flow-through shares).

(expressed in Canadian dollars unless otherwise stated)

11 Stock options and warrants outstanding

The company has no formalized stock option plan. The following table summarizes information about the options at December 31, 2003 and 2002 and the changes for the years then ended

	Number of shares	2003 Weighted average exercise price $	Number of shares	2002 Weighted average exercise price $
Options outstanding -				
Beginning of year	2,155,000	0.25	1,825,000	0.20
Granted	1,550,000	0.62	600,000	0.37
Exercised	(50,000)	0.20	(270,000)	0.20
Expired	(180,000)	0.33	-	-
Options outstanding - End of year	3,475,000	0.41	2,155,000	0.25

The following table summarizes information about stock options outstanding and exercisable at December 31, 2003:

Exercise price $	Options Outstanding	Weighted average remaining contracted life (years)	Weighted average exercise price $
0.20	1,550,000	2.90	0.20
0.28	150,000	3.10	0.28
0.30	250,000	4.41	0.30
0.50	625,000	1.86	0.50
0.70	700,000	4.04	0.70
1.00	200,000	2.75	1.00
	3,475,000	2.58	0.41

Stock based compensation

Stock-based compensation required by CICA Handbook Section 3870 related to options granted increased the following expenses in the financial statements of the Company in 2003 and 2002:

	2003 $	2002 $
Consulting	263,098	77,330
Employees and directors	319,971	-
	583,069	77,330

These amounts have also been recorded as contributed surplus on the balance sheet.

In fiscal 2002, the Company has elected to adopt the intrinsic value-based method for employee awards according to the CICA Handbook Section 3870. Based on the computed option values and the number of options issued to employees and directors, had the Company recognized compensation expense, the following would have been its effect on the Company's loss for the year and loss per share:

(expressed in Canadian dollars unless otherwise stated)

	2002 **$**
Loss for the year (as reported)	(945,866)
Pro-forma	(1,000,319)
Basic loss per share (as reported)	(0.03)
Pro-forma	(0.03)

The fair value of each option granted to employees and directors has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2003	**2002**
Expected dividend yield	0%	0%
Expected volatility	144%	157%
Risk-free interest rate	2.50% to 3.20%	3.20%
Expected life	4.75 to 4.97 years	4.10 years

The weighted average fair value of options granted as of December 31, 2003 is $0.38 and as of December 31, 2002 is $0.18.

Share purchase warrants

	Number of warrants	**2003 Weighted average exercise price $**	**Number of warrants**	**2002 Weighted average exercise price $**
Warrants outstanding - Beginning of year	3,640,166	0.44	-	-
Granted	4,925,000	0.60	3,740,166	0.45
Exercised	(419,335)	0.47	(100,000)	0.50
Expired	-	-	-	-
Warrants outstanding - End of year	8,145,831	0.54	3,640,166	0.44

The following table summarizes information about warrants outstanding and exercisable at December 31, 2003:

Exercise price $	**Warrants outstanding**	**Weighted average remaining contracted life (years)**	**Weighted average exercise price $**
0.30	934,165	0.23	0.30
0.50	2,369,999	0.64	0.50
0.60	4,841,667	1.44	0.60
	8,145,831	1.55	0.54

(expressed in Canadian dollars unless otherwise stated)

12 Related party transactions

During the year ended December 31, 2003 there were no related party transactions. During the year ended December 31, 2002, fees totaling $90,999 were paid to officers of the company of which $15,603 is included in accounts payable at December 31, 2002.

13 Income taxes

Future income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets as of December 31, 2003 and 2002 are as follows:

	2003	**2002**
	$	**$**
Tax loss carry forwards	1,736,000	1,827,600
Resource deductions	1,900,000	-
Capital assets	41,000	-
Flow through shares	(134,000)	(198,000)
Valuation allowance	(3,677,000)	(1,827,600)
Net future income tax asset	(134,000)	(198,000)
Recognition of previously unrecorded future income tax assets	134,000	198,000
	-	-

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2003	**2002**
	$	**$**
Loss for the year	(2,212,014)	(945,866)
Statutory income tax rate	38%	40%
Expected income tax (recovery)	(841,000)	(378,000)
Amortization in excess of capital cost allowance	4,000	3,000
Stock based compensation	221,000	31,000
Effect on change in tax rate	87,000	-
Tax benefits not recognized	(395,000)	344,000
	(134,000)	-

The company has non-capital loss carry forwards of approximately $4,569,000 that may be available for tax purposes. The potential benefit of these losses has not been recognized as a future income tax benefit, as currently these amounts are less than likely to be realized. The losses expire as follows:

	$
2004	710,000
2005	771,000
2006	920,000
2007	372,000
2008	572,000
2009	670,000
2010	554,000
	4,569,000

(expressed in Canadian dollars unless otherwise stated)

The company also has certain tax pools that may be available for tax purposes. The Company has $109,000 in un-depreciated capital cost and $5,003,000 in Canadian exploration and development expenses. The Company has chosen not to recognize a future tax asset in relation to these amounts. In connection with the issuance of flow through shares, the Company has renounced, to the shareholders, the tax benefits associated with $353,333 in Canadian exploration expenditures incurred.

14 Segmented financial information

The company operates in two segments: the care and maintenance of the Blackdome Mine in Canada and the exploration and development of gold properties in Canada and the USA.

	Blackdome Mine $	Exploration in Canada $	Exploration in USA $	Corporate office $	Total $
December 31, 2003					
Loss for the year	87,121	-	1,198,029	926,864	2,212,014
Total assets	2,302,966	706,843	478,369	1,006,613	4,494,791
Capital assets	2,180,067	682,343	476,150	17,018	3,355,578
Capital expenditures	800	270,943	129,112	1,308,043	1,708,898
Amortization	1,144	-	-	9,729	10,873
December 31, 2002					
Loss for the year	44,224	262,661	11,951	627,030	945,866
Total assets	905,536	415,900	1,552,576	276,692	3,150,704
Capital assets	794,827	411,400	1,545,067	16,104	2,767,398
Capital expenditures	32,481	411,750	176,524	1,157	621,912
Amortization	-	-	-	7,256	7,256

15 Supplementary cash flow information

During the years ended December 31, 2003 and 2002, the company conducted non-cash investing and financing activities as follows:

	2003 $	2002 $
Non-cash financing and investing activities		
Shares issued in repurchase of joint venture interest	690,000	-
Shares issued for property	36,400	45,100

Interest paid during the years ended December 31, 2003 and 2002 was as follows:

	2003 $	2002 $
Interest paid	9,638	2,825

16. Subsequent events

a) Subsequent to December 31, 2003, the Company completed a private placement for the issuance of 1,400,000 units at $0.55 for proceeds of $770,000 to the company. Each unit consists of one common share and one share purchase warrant. One share warrant entitles the holder to acquire one common share of the company at a price of $0.75 on or before January 14, 2006.

b) On February 12, 2004, the Company entered into an option to purchase 100% of 112 staked claims and 32 map designated cells (totaling 3,552 hectares) in Montgolfier and Orvilliers Townships, Quebec. The agreement with Ressources D. Villeneuve Inc. ("RDV") will also include 16 additional adjacent mining claims staked by J-Pacific. Upon regulatory approval, the Company will make a payment of $40,000 and issue 50,000 shares to RDV. Regulatory approval was received on February 17, 2004.

c) On February 13, 2004 the Company extended for an additional three-year period 100,000 stock options due to expire March 13, 2004.

d) Between January 19, 2004 and February 18, 2004 the Company issued 828,332 shares pursuant to the exercising of warrants for proceeds of $251,833.

e) On March 2, 2004, the Company announced that it had signed a letter of intent with Jipangu Inc. of Tokyo, Japan allowing Jipangu to earn a 50% interest in J-Pacific's Golden Trend and HC properties in Nevada. The letter of intent is subject to the completion of a definitive option agreement, the satisfactory completion of Jipangu's due diligence, and the receipt of the required regulatory approvals. Jipangu is a private Japanese company focused on investments in the gold sector and is J-Pacific's largest shareholder, owning approximately 34.7% of J-Pacific's outstanding common shares.

   Jipangu can earn a 50% interest in the projects by funding exploration over a four year period in the aggregate amount of US $2,750,000 in the case of the Golden Trend Project, and US $1,750,000 in the case of the HC Project. Jipangu will make cash payments of US $150,000 upon execution of the definitive option agreement, US $150,000 on the first anniversary thereof and payments of US $200,000 on succeeding anniversary dates until the option is exercised. Jipangu is responsible for annual claim maintenance fees and advance royalty payments.

   Upon exercise of the option on either of the properties, the companies will form a joint venture with J-Pacific as the operator. Jipangu will have the right thereafter to earn an additional 15% interest in each property by completing an independent feasibility study and by financing the property into commercial production.

Corporate Data

J-Pacific Gold Inc. is a public company trading on the TSX Venture Exchange. The company is involved in mineral exploration and mine development in North America.

Head Office

Suite 1440 – 1166 Alberni Street
Vancouver, B.C. V6E 3Z3
Telephone: (604) 684-6677
Fax: (604) 684-6678
Toll free for Investor Relations: 1-888-236-5200
Email: ir@jpgold.com
Web site: www.jpgold.com

Directors

D'Arcy Adam, Langley, British Columbia
Driffield Cameron, Burlington, Ontario
Nicholas T. Ferris, Vancouver, British Columbia
John H. Mesrobian, Williamsburg, Virginia
Kazuo Shuto, Tokyo, Japan
Manabu Kameda, Tokyo, Japan

Officers

Nicholas T. Ferris, President and Chief Executive Officer
Ralph Braun, Chief Financial Officer
Cheri Pedersen, DuMoulin Black, Secretary

Registrar and Transfer Agent

Pacific Corporate Trust Company

Banker

Bank of Montreal

Legal Counsel

DuMoulin Black, Vancouver, British Columbia

Stock Exchange

TSX Venture Exchange (TSX)
Symbol: JPN

OTCBB
Symbol: JPNJF