INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2003 AND 2002

Management’s Responsibility for Financial Statements

Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company included in this report. The consolidated financial statements have been prepared in accordance to generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgments of management.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants appointed by the shareholders. Their report outlines the scope of their examination and expresses an opinion on the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of three directors, two of whom are not members of management. The Committee meets with the independent auditors to discuss the results of their audit and audit report prior to submitting the consolidated financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Company’s consolidated financial statements.

[SIGNED]

Mark R. Frederick
Director

[SIGNED]

James J. Moore
President & CEO

PricewaterhouseCoopers LLP
Chartered Accountants
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March 12, 2004

Auditors' Report

To the Directors of
Inter-Citic Minerals Inc.
(formerly Inter-Citic Mineral Technologies Inc.)

We have audited the consolidated balance sheets of **Inter-Citic Minerals Inc.** (formerly Inter-Citic Mineral Technologies Inc.) as at November 30, 2003 and 2002 and the consolidated statements of operations 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 November 30, 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.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
(All figures in Canadian dollars)

As at	November 30, 2003	November 30, 2002 (Restated)
ASSETS		
Current		
Cash and cash equivalents	$ 1,179,270	$ 1,564,858
Accounts receivable	-	77,434
Other receivables	64,279	184,598
Inventories	-	744,727
Prepaid expenses	1,789	28,290
	1,245,338	**2,599,907**
Deposits	60,000	60,000
Investments **(Note 3)**	35,224	48,781
Investment in associated company **(Note 4)**	1	1
Resource properties (**Note 5, 14**)	269,068	-
Property, plant and equipment, net **(Note 6)**	15,032	4,109,019
	$ 1,624,663	**$ 6,817,708**
LIABILITIES		
Current		
Bank advances **(Note 7)**	$ 471,600	$ 567,900
Accounts payable and accrued liabilities	666,956	402,657
Customer deposits	-	190,536
Due to related party **(Note 8)**	-	55,701
Convertible debenture **(Note 9)**	-	1,995,101
	1,138,556	**3,211,895**
Non-controlling interest	-	461,272
COMMITMENTS (Note 5, Note 10)		
SHAREHOLDERS' EQUITY		
Share capital **(Note 11)**	20,991,876	16,577,337
Share purchase warrants **(Note 11)**	1,456,836	612,706
Equity portion of convertible debenture **(Note 9)**	-	213,105
Contributed surplus **(Note 11)**	459,822	30,623
Deficit	(22,422,427)	(14,289,230)
	486,107	**3,144,541**
	$ 1,624,663	**$ 6,817,708**

Note 1 - Going Concern Assumption

Note 15 - Subsequent Events

Approved by the Board of Directors:

[SIGNED]	[SIGNED]
Mark R. Frederick	**James J. Moore**
Director	*Director*

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(All figures in Canadian dollars)

	For the year ended November 30, 2003	For the year ended November 30, 2002 (Restated)
Sales	$ 422,191	$ 89,436
Operating costs	635,622	127,730
	(213,431)	**(38,294)**
Depreciation and amortization	371,467	297,984
Selling, general and administrative expenses:		
Travel and accommodation	360,219	268,486
Salaries and benefits	319,925	336,933
Management fees	299,902	294,416
Office and rent	248,775	251,436
Consulting	185,088	117,969
Professional fees	179,188	119,970
Business development	129,900	-
Inventory provision	109,105	746,694
Corporate relations	85,005	136,201
Bad debts	58,892	83,120
Other expenses	31,081	33,302
	2,378,547	2,686,511
Loss before the undernoted	**(2,591,978)**	**(2,724,805)**
Gain on sale of investments	3,435	11,464
Equity in net loss of associated company **(Note 4)**	-	(46,586)
Unrealized loss in marketable securities **(Note 3)**	(1,340)	-
Foreign exchange gain (loss)	(29,264)	122,648
Interest and other expense, net	(317,143)	(229,699)
Stock-based compensation **(Note 11)**	(429,199)	(15,623)
Write-down of Rare Earth Division assets **(Note 12)**	(3,824,786)	-
Loss before income taxes and non-controlling interest	**(7,190,275)**	**(2,882,601)**
Income taxes **(Note 13)**	-	-
Loss before non-controlling interest	**(7,190,275)**	**(2,882,601)**
Non-controlling interest	461,272	219,013
Net loss	**(6,729,003)**	**(2,663,588)**
Inducement relating to conversion of convertible debenture **(Note 9)**	(1,404,194)	-
Deficit, beginning of year	(14,289,230)	(11,625,642)
Deficit, end of year	**$ (22,422,427)**	**$ (14,289,230)**
Net loss per share - basic and diluted	**$ (0.23)**	**$ (0.09)**
Weighted average common shares outstanding	**28,824,705**	**27,378,248**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All figures in Canadian dollars)

	For the year ended November 30, 2003	For the year ended November 30, 2002 (Restated)
CASH PROVIDED BY (USED IN)		
Operating activities		
Loss for the period	$ (6,729,003)	$ (2,663,588)
Items not involving cash		
Depreciation and amortization	371,467	297,984
Equity in net loss of associated company **(Note 4)**	-	46,586
Unrealized loss in marketable securities **(Note 3)**	1,340	-
Foreign exchange	29,264	(122,648)
Accrued interest on convertible debenture **(Note 9)**	168,269	208,206
Stock-based compensation **(Note 11)**	429,199	15,623
Write-down of Rare Earth Division assets **(Note 12)**	3,824,786	-
Non-controlling interest	(461,272)	(219,013)
	(2,365,950)	**(2,436,850)**
Changes in non-cash working capital balances	957,779	(452,273)
	(1,408,171)	**(2,889,123)**
Financing activities		
Bank advances **(Note 7)**	(96,300)	112,181
Proceeds of convertible debenture **(Note 9)**	-	2,000,000
Non-controlling interest	-	286,010
Issuance of shares and warrants **(Note 11)**	1,478,000	3,054,000
	1,381,700	**5,452,191**
Investing activities		
Sales of marketable securities **(Note 3)**	12,217	(11,646)
Resource properties **(Note 5)**	(269,068)	-
Property, plant and equipment **(Note 6)**	(102,266)	(1,114,067)
	(359,117)	**(1,125,713)**
Increase/(decrease) in cash for the year	**(385,588)**	**1,437,355**
Cash and cash equivalents, beginning of year	1,564,858	127,503
Cash and cash equivalents, end of year	**$ 1,179,270**	**$ 1,564,858**
Supplemental Information:		
Income taxes paid during the year	$ -	$ -
Interest paid during the year	$ 163,088	$ 37,102

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002

1. Going Concern Assumption

Inter-Citic Mineral Technologies Inc. (the "Company"), is a development stage mineral exploration company focused exclusively in the People's Republic of China (the "PRC" or "China").

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles assuming a going concern. The ability of the Company to continue as a going concern will be dependent upon the ability of the Company to raise additional financing and carry out its business plan.

As at November 30, 2003, the Company reported a loss of $6,729,003 and an accumulated deficit of $22,422,427 ($2,663,588 and $14,289,230 as at November 30, 2002, respectively). This condition casts significant doubt as to the ability of the Company to continue in business and meet its obligations as they come due.

During 2003 the Company was successful in completing two joint venture contracts for two gold-hosted exploration stage resource properties in China for further development. Further to these acquisitions, and as a result of continuing unfavourable market conditions, during 2003 management wrote-off the assets of the Rare Earth Division to the estimated net recoverable and realizable amounts, resulting in a charge of $3,824,786 to property, plant and equipment **(Note 12)**.

Management is considering various alternatives, including a number of initiatives to raise capital in 2004 **(Note 15)**. It is not possible to determine with certainty the success or adequacy of these initiatives.

The Company’s continuance as a going concern is dependent on obtaining adequate resources through external funding or profitable operations. In the event that such resources are not secured, the assets may not be realized or liabilities discharged at their carrying amounts, and these differences could be material.

2. Summary of Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

(a) Inter-Citic Holdings Ltd. (100% owned), a company incorporated in the Cayman Islands
(b) Techmat Inc. (100% owned), a company incorporated in the Republic of Mauritius
(c) TechMat (USA) Corporation (100% owned), a company incorporated in Nevada, USA
(d) United Worldwide Ltd. (100% owned), a company incorporated in the British Virgin Islands
(e) Bay Roberts Resources Ltd. (98% owned), a company incorporated in British Columbia
(f) Yangzhong Zhonghai Techmat Co., Ltd. (80% owned), a company incorporated in the People's Republic of China
(g) Honor Link (HK) Ltd. (51% owned), a company incorporated in Hong Kong

All material inter-company transactions and balances have been eliminated.

Use of Estimates

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements. Actual results could differ from those estimates.

Foreign Currency Translation

All of the Company's balances and transactions are translated into the Company's measurement currency, the Canadian dollar, as follows. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet dates. Non-monetary assets and liabilities are translated at rates prevailing at the respective transaction dates. Revenues and expenses are translated at average rates prevailing during the year, except for expenses related to assets and liabilities, which are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of operations and deficit.

Revenue Recognition

Revenue is recognized when title to shipments passes to third party purchasers.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash, term deposits and other interest bearing instruments with original maturity dates of less than 90 days.

Investments

Investments are recorded at cost less a write-down for any other than temporary decline in value.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and other receivables, investments, bank advances and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Inventories

Inventories are carried at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis for raw materials and average cost for work-in-process and finished goods.

Resource Properties

Costs associated with acquisition, direct exploration and development of resource properties are capitalized pending commencement of production, at which time they will be amortized. If capitalized expenditures on individual resource properties exceed the estimated net realizable value, the properties are written down to the estimated value. Costs relating to properties abandoned are written-off when the decision to abandon is made.

The Company is in the process of exploring its property interests. Amounts reflected in the financial statements reflect cost to date and may not represent future value to the Company. No mineral reserves have been determined to exist on these properties. Therefore the recoverability of the amounts reflected is dependent on future successful exploration and development of the properties.

Property, plant and equipment

Property, plant and equipment are recorded at cost less depreciation and amortization calculated on a straight-line basis at the following rates:

Buildings	5%
Equipment	10%-33%

The Company has a long-term land lease in China, which has been prepaid, and the cost has been capitalized. This cost is being amortized on a straight-line basis over the term of the lease.

Construction in progress is not depreciated until it is put in use.

Income Taxes

Future income tax assets and liabilities are established where the accounting net book value of assets and liabilities differs from the corresponding tax basis. The benefit of future income tax assets is only recognised where their realisation is judged to be more likely than not.

Stock-based Compensation Plan

The Company has a stock-based compensation plan, which is described in **Note 11**. Effective January 1, 2002 the Company adopted CICA 3870 (Stock-based Compensation and Other Stock-based Payments). As permitted by CICA 3870 the Company has applied this change retroactively. Effective September 1, 2003, the Company has chosen to recognize compensation when stock options are granted under stock option plans with no cash settlement features using the fair value based method of accounting, and the Company has applied this change retroactively to all stock options issued during the years ended November 30, 2003 and 2002. For stock-options issued to employees, compensation is recognized over the term of the option. For stock options issued to non-employees, compensation is recognized as at the date of grant.

Consideration paid on exercise of stock options is credited to common share capital.

Per Share Amounts

Net loss per common share has been computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the respective periods. Diluted net loss per common share is computed by dividing net loss applicable to common shares by the sum of the weighted-average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

Fully-diluted net loss per share has not been presented as it is anti-dilutive.

3. Investments

The Company held marketable securities in the form of common shares as follows:

November 30, 2003	Number	Market Value	Book Value
Pearl River Holdings Ltd.	374,625	$ 26,224	$ 26,224
Talware Networx Inc.	100,000	9,000	9,000
		$ 35,224	$ 35,224

During the year, the Company recorded an unrealized loss of $1,340 to reflect a decline in value of marketable securities held.

November 30, 2002	Number	Market Value	Book Value
Pearl River Holdings Ltd.	374,625	$ 29,970	$ 26,235
Talware Networx Inc.	100,000	5,600	10,329
Canadian Superior Energy Inc.	4,000	15,000	12,217
		$ 50,570	$ 48,781

It is the Company's intention to hold the marketable securities for greater than one year.

4. Investment in Associated Company

Investment in associated company is carried on an equity basis.

Ideal e-Commerce Limited	November 30, 2003	November 30, 2002
Equity - 50% ownership (a)	$ 1	$ 1
Shareholder loan (b)	250,000	250,000
Accumulated equity in net loss	(250,000)	(250,000)
	$ 1	$ 1

(a) Investment in associated company represents the Company's 50% interest in Ideal e-Commerce Limited ("Ideal e-Commerce"), a Hong Kong company formed in a 50/50 joint venture between the Company and Henderson China Holdings Ltd. ("Henderson China"), of Hong Kong, in March, 2000 for the development and launch of a Business-to-Business online metals trading portal through its 48% ownership in China Metals Net Company Ltd. ("China Metals Net"), of Hong Kong.

52% of the shares of China Metals Net are owned by China National Non-Ferrous Industrial Trading Group Company ("CNIT"), formerly Minmetals International Non-Ferrous Metals Trading Company, of Beijing. CNIT has agreed to utilize the services of China Metals Net on an exclusive basis to conduct all of its non-ferrous metals trading business activities through the Business-to Business online metals trading portal.

The Company does not plan to make any further investment in this enterprise for the forseeable future.

(b) The Hong Kong dollar denominated shareholder loan (HK $1,224,999; 2002 - HK$1,224,999) is unsecured, bears no interest and has no terms of repayment.

(c) The Company's share of unrecognized losses in Ideal e-Commerce for the year and cumulatively are $1,162.

5. Joint Ventures

The Company is involved in exploration in the People's Republic of China through option or earn-in agreements whereby it provides 100% of the funding in order to earn a controlling interest in certain projects. As at November 30, 2003, the Company had entered into two such agreements, as follows.

(a) The Dachang Gold Project

On November 14, 2003, the Company entered into an agreement with the Qinghai Geological Survey Institute regarding the "Dachang" gold project in the Province of Qinghai, China. Under the terms of this joint venture agreement, the Company can earn an 83% interest in the joint venture by contributing the equivalent of approximately $5,170,000 (Renminbi 32,830,000) over three years and making a cash payment of the equivalent of approximately $1,570,000 (Renminbi 10,000,000) upon the issuance of a mining license required to bring the project into production. Minimum contributions are staged as to the equivalent of approximately $2,970,000 (Renminbi 18,830,000) in 2004 and $2,200,000 (Renminbi 14,000,000) in 2006. The Company also has the ability to acquire an additional 7% interest in the joint venture based on the valuation of any potential mining project contained in a pre-feasibility report, for a total interest of 90%. The Qinghai Geological Survey Institute will retain a carried interest in the joint venture. As part of the agreement, the Company also has a right of first refusal on any mineral exploration project for which the Qinghai Geological Survey Institute seeks foreign investment.

(b) The Zalantun Gold Project

On October 30, 2003, the Company entered into an agreement with the Beijing Institute of Geology for Mineral Resources regarding the "Zalantun" gold project in the Autonomous Region of Inner Mongolia, China. Under the terms of this joint venture agreement, the Company can earn an 85% interest in the joint venture by contributing the equivalent of approximately $2,360,000 (Renminbi 15,002,500) over three years. Minimum contributions are staged as to the equivalent of approximately $630,000 (Renminbi 4,000,000) in 2004, $1,260,000 (Renminbi 8,000,000) in 2005 and $470,000 (Renminbi 3,002,500) in 2006. The Company also has the ability to acquire an additional 5% interest in the joint venture for the equivalent of approximately $278,000 (Renminbi 1,765,000), for a total interest of 90%. The Beijing Institute of Geology for Mineral Resources will retain a carried interest in the joint venture. As part of this agreement, the Company also has a right of first refusal on any mineral exploration project for which Beijing Institute of Geology for Mineral Resources seeks foreign investment.

6. Property, plant and equipment

	November 30, 2003			November 30, 2002		
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Cost	Accumulated Depreciation and Amortization	Net Book Value
Prepaid land lease	$ 1	$ -	$ 1	$ 255,232	$ (15,938)	$ 239,294
Building	1	-	1	1,165,431	(120,997)	1,044,434
Equipment	40,365	(25,335)	15,030	3,322,219	(588,733)	2,733,486
Construction in progress	-	-	-	91,805	-	91,805
Total	$ 40,367	$ (25,335)	$ 15,032	$ 4,834,687	$ (725,668)	$ 4,109,019

During the year the Company wrote-off capital assets with a net book value of $3,824,786 **(Note 12)**.

7. Bank Advances

As at November 30, 2003, Yangzhong Zhonghai Techmat Co., Ltd. in China has borrowed, in aggregate, $471,600 (Renminbi 3,000,000; 2002 - $567,900, Renminbi 3,000,000) from a domestic bank in the form of three one-year term loans secured by a fixed charge on the land and buildings. The bank advances bear interest at a rate of 5.7525%. During the year, the Company paid or accrued interest charges of $35,401 (2002 - $37,102).

8. Related Party Transactions

Due to Related Party in 2002 $55,701 represents advances from the minority shareholder of Yangzhong Zhonghai Techmat Co., Ltd. bearing no interest and having no fixed terms of repayment.

During the year the Company paid or accrued management fees of $174,837 (2002 - $138,735) to one company controlled by a director and to one director. These fees were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Convertible Debenture

On July 10, 2002, the Company received the final tranche of a $2,000,000 two-year, non-redeemable convertible debenture. The debenture carried an 8.9% coupon, non-compounding, and was convertible into common shares of the Company at a price of $1.00 per share. Proceeds of the debenture were used to expand capacity and to enhance productivity at the Company's 80%-owned rare earths processing facility.

In view of the debenture holder's right to redeem the debenture through the issuance of common shares, the debenture was accounted for as having both a debt and equity component in accordance with accounting standards of the Canadian Institute of Chartered Accountants. Accordingly, interest and accretion of $295,956 was accrued for the year (2002 - $208,206).

On October 31, 2003, the Company and the holder of the outstanding convertible debenture, which was otherwise due and payable on November 30, 2003, agreed to convert the debenture into cash, common shares and share-purchase warrants of the Company. Under this arrangement, the debenture holder received $127,687 in cash, 2,884,493 common shares of the Company at a deemed price of $0.75, and 500,000 share-purchase warrants entitling the holder to purchase one additional common share at $1.00 for each share-purchase warrant for a period of twenty-four months. This resulted in a charge to retained earnings of $1,404,194, representing the fair value of the reduction in conversion price under this agreement, as well as a charge to Share Capital in the amount of $385,000, representing the fair value of the share-purchase warrants issued.

The Company evaluated the fair market value of share purchase warrants using the Black & Scholes model with the following valuation assumptions: expected life - 2-years, expected volatility - 81.5%, risk-free interest rate - 2.92%, dividend rate - 0%.

10. Lease Commitment

The Company has entered into a lease for office space to the year 2010 with minimum lease payments as follows:

2004	$	44,585
2005	$	46,593
2006	$	46,995
2007	$	46,995
2008 and thereafter	$	105,739

11. Share Capital, Share Purchase Warrants and Stock-based Compensation Plan

(a) Authorized

98,500,000 common shares, without par value

(b) Issued and Outstanding

	November 30, 2003		November 30, 2002	
	Shares	Amount	Shares	Amount
Balance - beginning of year	28,711,810	$ 16,710,360	25,107,398	$ 14,269,066
Conversion of debenture **(Note 9)**	2,884,493	3,395,669	-	-
Issued by private placement	2,383,333	970,870	3,529,412	2,387,294
Exercise of options	50,000	48,000	75,000	54,000
	34,029,636	21,124,899	28,711,810	16,710,360
Investment in own shares	(116,500)	(133,023)	(116,500)	(133,023)
Balance - end of year	33,913,136	$ 20,991,876	28,595,310	$ 16,577,337

(i) Conversion of Debenture

The amount included in Share Capital relating to the conversion of the debenture includes $2,163,370 on account of the total debt and unpaid interest converted, $213,105 on account of the equity portion of the convertible debenture, $1,404,194 on account of the fair value of a reduced conversion price from $1.00 to $0.75, and reduced by $385,000 on account of the fair value of 500,000 share purchase warrants issued **(Note 9)**.

(ii) Private Placement (2003)

On November 13, 2003 the Company completed the first tranche of a private placement for proceeds of $1,430,000 out of total proceeds of $2,430,000, representing 2,383,333 out of a total of 4,050,000 units of the Company at a price of $0.60 per unit. Each unit consists of one common share and one share-purchase warrant. Each share-purchase warrant permits the purchase of one additional common share at $1.00 for a period of twelve months from the date of issue. The Company evaluated the fair market value of share-purchase warrants using the Black & Scholes model with the following valuation assumptions: expected life - 1-year, expected volatility - 88.3%, risk-free interest rate - 2.73%, dividend rate - 0%.

As part of this financing transaction, the Company agreed to pay a finder's fee of 810,000 share-purchase warrants, of which 476,667 of these share-purchase warrants were issued on November 13, 2003, in conjunction with the completion of the first tranche of the transaction. Each share-purchase warrant entitles the holder to purchase one share at a price of $0.60 for twenty-four months from the date of issue. The Company evaluated the fair market value of share-purchase warrants using the Black & Scholes model with the following valuation assumptions: expected life - 2-years, expected volatility - 79.7%, risk-free interest rate - 2.85%, dividend rate - 0%.

Consideration received has been allocated to the common shares after deducting the estimated fair value of the share purchase warrants of $459,130.

(iii) Private Placement (2002)

On April 15, 2002 the Company completed a private placement for total proceeds of $3,000,000, representing 3,529,412 units of the Company at a price of $0.85 per unit. Each unit consists of one common share and one-half of one share-purchase warrant. Each whole share-purchase warrant permits the purchase of one additional common share at $1.00 for a period of twenty-four months from the date of issue. The Company evaluated the fair market value of share-purchase warrants using the Black & Scholes model with the following valuation assumptions: expected life - 2-years, expected volatility - 60.0%, risk-free interest rate - 3.26%, dividend rate - 0%.

As part of this financing transaction, the Company agreed to pay a finder's fee of $75,000 in cash and 150,000 share-purchase warrants. Each share-purchase warrant entitles the holder to purchase one share at a price of $1.00 for twenty-four months from the date of issue. The Company evaluated the fair market value of share-purchase warrants using the Black & Scholes model with the following valuation assumptions: expected life - 2-years, expected volatility - 60.0%, risk-free interest rate - 3.26%, dividend rate - 0%.

Consideration received has been allocated to the common shares after deducting the estimated fair value of the share-purchase warrants of $612,706.

(c) Share-Purchase Warrants

The following is a summary of the Company's outstanding share-purchase warrants:

	November 30, 2003			November 30, 2002		
	Number	Value	Weighted-Average Exercise Price	Number	Value	Weighted-Average Exercise Price
Balance - beginning of year	1,914,706	$ 612,706	$ 1.00	-	$ -	$ -
Issued **(Note 15)**	3,360,000	844,130	0.94	1,914,706	612,706	1.00
Balance - end of year	5,274,706	$ 1,456,836	$ 0.96	1,914,706	$ 612,706	$ 1.00

The weighted-average remaining contractual life is 0.93 years for those listed as at November 30, 2003 and 1.38 years for those listed as at November 30, 2002.

(d) Stock-based Compensation Plan

The Company had one stock-based compensation plan as at November 30, 2003, a common share-purchase option plan for directors, officers, employees and consultants of the Company (the "Plan"). Options under the Plan are typically granted in such numbers as reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Company, and typically have a five year term. Except in specified circumstances, options are not assignable and terminate upon the optionee ceasing to be employed by or associated with the Company.

The Company's common shares are listed on the TSX Ventures Exchange and are traded in Canadian dollars. The following is a summary of the Company's outstanding stock options:

	November 30, 2003		November 30, 2002	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Options outstanding - beginning of year	1,674,000	$ 0.83	1,764,000	$ 0.85
Options granted	1,175,000	$ 0.69	165,000	$ 0.92
Options exercised	(50,000)	$ 0.96	(75,000)	$ 0.72
Options expired	(100,000)	$ 1.22	(100,000)	$ 1.01
Options terminated	(500,000)	$ 0.74	(80,000)	$ 1.15
Options outstanding - end of year	2,199,000	$ 0.75	1,674,000	$ 0.83

Options Outstanding and Exercisable	November 30, 2003	November 30, 2002
Price range per option	$0.58 to $0.91	$0.67 to $1.24
Weighted-average remaining contractual life	2.96 Years	2.85 Years
Weighted-average exercise price	$0.75	$0.83

The Company applies the fair value based method of accounting for stock-based compensation awards granted. Accordingly, for stock options issued to employees, compensation is recognized over the term of the option while for stock options issued to non-employees, compensation is recognized as at the date of grant. During the year, the Company recognized $429,199 as stock-based compensation expense (2002 - $15,623) and included this amount in Contributed Surplus.

The fair value of options issued on or after January 1, 2002 was estimated on the date of grant using the Modified Black Scholes option pricing model based on the following weighted-average valuation assumptions:

	November 30, 2003	November 30, 2002
Expected life:	4.2-years	5.0-years
Expected volatility:	72.75%	65.32%
Risk-free interest rate:	4.11%	4.63%
Dividend rate:	0%	0%

Under these assumptions, the fair value of options issued during 2003 was $0.50 (2002 - $0.54).

12. Write-down of Rare Earth Division Assets

During the year the Company recognized a write-down of $3,824,786 against the property, plant and equipment of its Rare Earth Division to reflect the Company's decision to indefinitely suspend operations of the division in the face of unfavourable market conditions. Accordingly, the assets were written down to their estimated net recoverable and realizable amounts.

13. Income Taxes

(a) China Subsidiary Tax Status

According to the "Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises", Yangzhong Zhonghai Techmat Co., Ltd, the Company's China subsidiary, is entitled to an exemption on enterprise income tax for the first two years commencing with the first profitable year after offsetting all losses carried forward, and a 50% reduction for the three years thereafter. Following the expiration of the five-year exemption, the subsidiary will qualify for a 50% reduction in regular tax rates if the value of its exported products amounts to 70% or more of the total production value for the year. Yangzhong Zhonghai Techmat Co., Ltd. has not yet achieved its first full year of profitability.

(b) Loss Carry forwards - Canada

The Company has available losses of approximately $5,355,000 which may be carried-forward to reduce future years' income for tax purposes. A full valuation allowance of $2,700,000 has been applied against the benefit of these tax losses, as in management's view recognition is not warranted.

2004	$	653,000
2005	$	447,000
2006	$	658,000
2007	$	664,000
2008	$	752,000
2009	$	1,028,000
2010	$	1,153,000

14. Segmented Information

The Company's operations include a Head Office in Canada, a Mine Development Division based in Canada and Beijing, China, a Rare Earth Division with operations in China, and an e-Commerce division based in Canada and Hong Kong. The Mine Development Division is a newly formed division whose purpose is to acquire exploration stage resource properties in China and to explore and develop these properties. The Rare Earth Division processes rare earth concentrates in China which are primarily used in the optical and automotive catalytic converter industries as well as the manufacture of mini and micro magnets for the computer and telecommunication industries.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

(a) Segmented Net Loss

	For the year ended November 30, 2003				
	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
Sales	$ -	$ -	$ 422,191	$ -	$ 422,191
Operating costs	-	-	635,622	-	635,622
	-	**-**	**(213,431)**	**-**	**(213,431)**
Depreciation and amortization	4,470	-	366,997	-	371,467
Selling, general and administrative expenses:					
Travel and accommodation	8,213	274,257	77,749	-	360,219
Salaries and benefits	70,578	-	249,347	-	319,925
Management fees	294,837	-	5,065	-	299,902
Office and rent	156,671	-	92,104	-	248,775
Consulting	26,141	105,743	53,204	-	185,088
Professional fees	153,544	-	25,644	-	179,188
Business development	-	129,900	-	-	129,900
Inventory provision	-	-	109,105	-	109,105
Corporate relations	85,005	-	-	-	85,005
Bad debts	-	-	58,892	-	58,892
Other expenses	13,926	-	17,155	-	31,081
	813,385	509,900	1,055,262	-	2,378,547
Operating loss	**(813,385)**	**(509,900)**	**(1,268,693)**	**-**	**(2,591,978)**
Gain on sale of investments	3,435	-	-	-	3,435
Unrealized loss in marketable securities **(Note 3)**	(1,340)	-	-	-	(1,340)
Foreign exchange gain (loss)	(5,467)	-	(23,797)	-	(29,264)
Interest and other income (expense), net	(283,215)	-	(33,928)		(317,143)
Stock-based compensation	(429,199)	-	-	-	(429,199)
Write-down of Rare Earth Division assets **(Note 12)**	-	-	(3,824,786)	-	(3,824,786)
Loss before income taxes and non-controlling interest	**(1,529,171)**	**(509,900)**	**(5,151,204)**	**-**	**(7,190,275)**
Income taxes **(Note 12)**	-	-	-	-	-
Loss before non-controlling interest	**(1,529,171)**	**(509,900)**	**(5,151,204)**	**-**	**(7,190,275)**
Non-controlling interest	-	-	461,272	-	461,272
Net loss	**$ (1,529,171)**	**$ (509,900)**	**$ (4,689,932)**	**$ -**	**$ (6,729,003)**

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002

(a) Segmented Net Loss, continued

For the year ended November 30, 2002

	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
Sales	$ -	$ -	$ 89,436	$ -	$ 89,436
Operating costs	-	-	127,730	-	127,730
	-	**-**	**(38,294)**	**-**	**(38,294)**
Depreciation and amortization	4,562	-	293,422	-	297,984
Selling, general and administrative expenses:					
Travel and accommodation	152,287	-	114,650	1,549	268,486
Salaries and benefits	66,432	-	270,501	-	336,933
Management fees	276,235	-	18,181	-	294,416
Office and rent	161,086	-	97,669	1,425	260,180
Consulting	66,342	-	51,627	-	117,969
Professional fees	87,607	-	28,644	3,719	119,970
Inventory provision	-	-	746,694	-	746,694
Bad debts	-	-	83,120	-	83,120
Corporate relations	136,201	-	-	-	136,201
Other expenses	-	-	24,558	-	24,558
	950,752	-	1,729,066	6,693	2,686,511
Operating loss	**(950,752)**	**-**	**(1,767,360)**	**(6,693)**	**(2,724,805)**
Gain on sale of investments	11,464	-	-	-	11,464
Equity in net loss of associated company **(Note 4)**	-	-	-	(46,586)	(46,586)
Foreign exchange gain (loss)	(46,552)	-	169,200	-	122,648
Interest and other expense, net	(191,215)	-	(38,484)	-	(229,699)
Stock-based compensation	(15,623)	-	-	-	(15,623)
Loss before income taxes and non-controlling interest	**(1,192,678)**	**-**	**(1,636,644)**	**(53,279)**	**(2,882,601)**
Income taxes **(Note 10)**	-	-	-	-	-
Loss before non-controlling interest	**(1,192,678)**	**-**	**(1,636,644)**	**(53,279)**	**(2,882,601)**
Non-controlling interest	-	-	219,013	-	219,013
Net loss	**$ (1,192,678)**	**$ -**	**$ (1,417,631)**	**$ (53,279)**	**$ (2,663,588)**

(b) Resource Properties and Property, Plant and Equipment by Geographic Region

	November 30, 2003	November 30, 2002
China	$ 269,071	$ 4,092,312
Canada	15,029	16,707
	$ 284,100	$ 4,109,019

(c) Total Assets and Capital Expenditures by Segment

	November 30, 2003		November 30, 2002	
	Total Assets	Capital Expenditures	Total Assets	Capital Expenditures
Head Office	$ 1,298,441	$ 2,795	$ 1,410,176	$ -
Mine Development Division	269,068	269,068	-	-
Rare Earth Division	58,493	99,471	5,407,531	1,114,067
e-Commerce Division	1	-	1	-
	$ 1,626,003	$ 371,334	$ 6,817,708	$ 1,114,067

(d) Acquisition and Exploration Costs by Resource Property

	November 30, 2003		November 30, 2002	
	Capitalized	Expensed	Capitalized	Expensed
Dachang Gold Project				
Acquisition costs	$ 35,196	$ -	$ -	$ -
Exploration costs	180,058	304,000	-	-
	215,254	304,000	-	-
Zalantun Gold Project				
Acquisition costs	$ 8,799	$ -	-	-
Exploration costs	45,015	76,000	-	-
	53,814	76,000	-	-
	$ 269,068	$ 380,000	$ -	$ -

15. Subsequent Events

(a) Private Placement

On February 2, 2004 the Company successfully completed the second tranche of a private placement **(Note 11 (a) (ii))** for proceeds of $1,000,000 representing 1,666,667 units of the Company at a price of $0.60 per unit. Each unit consists of one common share and one share-purchase warrant. Each share-purchase warrant permits the purchase of one additional common share at $1.00 for a period of twelve months from the date of issue.

In addition, the Company paid a second tranche of finders' fees associated with this transaction **(Note 11 (a) (ii))** of 333,333 share-purchase warrants. Each share-purchase warrant entitles the holder to purchase one share at a price of $1.00 for twenty-four months from the date of issue.

(b) Exercise of Share Purchase Warrants

On December 17 and December 22, 2003 the Company announced the exercise of 1,250,000 share purchase-warrants at a price of $1.00 for proceeds of $1,250,000 and the exercise of 1,914,706 share-purchase warrants at a price of $1.00 for proceeds of $1,914,706, respectively.

(c) Change of Name

The Company changed its name to Inter-Citic Minerals Inc. effective December 18, 2003.

INTER-CITIC MINERALS INC.
(FORMERLY INTER-CITIC MINERAL TECHNOLOGIES INC.)

BC Form 51-901F - Schedule B
(Supplementary Information)

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

See Schedule A

2. RELATED PARTY TRANSACTIONS

See Schedule A

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

(a) Summary of Securities Issued

See Schedule A

(b) Summary of Options Granted

Date	Number	Optionee	Exercise Price		Expiry Date
27-Mar-03	100,000	Scott Dorey	$	0.58	27-Mar-08
27-Mar-03	175,000	James Moore	$	0.72	27-Mar-08
27-Mar-03	100,000	Lou Pasubio	$	0.72	27-Mar-08
27-Mar-03	100,000	David Wahl	$	0.58	27-Mar-08
17-Oct-03	100,000	Carlos Ho	$	0.83	17-Oct-08
17-Oct-03	50,000	Chris Hodgson	$	0.83	17-Oct-08
17-Oct-03	30,000	Karen Leung	$	0.83	17-Oct-08
17-Oct-03	10,000	Victor Lo	$	0.83	17-Oct-08
17-Oct-03	10,000	Peter Tang	$	0.83	17-Oct-08
20-Oct-03	500,000	Linear Capital	$	0.90	20-Oct-06

4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

See Schedule A

5. DIRECTORS AND OFFICERS

Scott Dorey - Director
Mark Frederick - Director
Carlos Ho - Director
Sherman Hsiao Ming Hong - Director
James J. Moore - Director, President and Chief Executive Officer
Lou Pasubio - Vice-President, Finance and Chief Financial Officer
Peter Tang - Director and Secretary

Inter-Citic Minerals Inc.
(Formerly Inter-Citic Mineral Technologies Inc.)

BC Form 51-901F – Schedule C
(Management Discussion and Analysis)

This Management's Discussion and Analysis should be read in conjunction with the financial statements of November 30, 2003. Unless otherwise noted, all financial information is expressed in Canadian dollars and has been prepared in accordance with Canadian generally accepted accounting principles.

OVERVIEW

Inter-Citic is focused on expanding its ability to bridge the gap between western business fundamentals with opportunities in the People's Republic of China (the "PRC"). Over the course of the past several years the Company has sought to systematically leverage its key relationships in the PRC to generate deal-flow with a strategic focus on the acquisition and development of key mineral and related projects in China. These opportunities have included establishment of the Rare Earth Division, the e-Commerce Division and a Mine Development Division to actively pursue exploration stage mineral properties for further exploration and development.

Over the course of the past seven years in China, the Company has engaged in a number of ventures, such as pursuit of a large lead-zinc deposit in Yunnan, establishment and operation of the rare earth operation, and development of a business plan for the China Metals Net project. These fully in-country efforts of the past seven years (including, not insignificantly, establishment and management of the rare earth mineral processing business employing in excess of one hundred people) have enabled the Company to develop both valuable management experience and expertise and key relationships with strategic Chinese partners that will be critical in the creation of increasingly promising opportunities. Management believes strongly that this wealth of experience and relationships with the right Chinese partners is a key competitive advantage that distinguishes Inter-Citic from other companies that have only recently demonstrated interest in the Chinese mineral industry.

During the third quarter, on July 31, 2003, the Company announced that preliminary agreements were signed with the Qinghai Geological Survey Institute, covering the Dachang Gold Project in the Province of Qinghai, China, and the Beijing Institute of Geology for Mineral Resources, covering the Zalantun Gold Project in the Inner Mongolia Autonomous Region, China. Formal joint venture agreements for these projects were completed and signed during the fourth quarter, on October 30, 2003 (Zalantun Gold Project) and November 14, 2003 (Dachang Gold Project). As at the date of this report, the joint venture for the Dachang Gold Project had already received government approval and had been issued a formal business license.

Acquisition of these projects has highlighted management's abilities in China, and the range and scope of the Company's presence in the Chinese market. The Company intends to explore and further develop these exploration stage properties, and to add additional properties in the future. By the end of 2003 the Company established a special technical advisory committee comprised of industry leaders in exploration, mining, metallurgy and investment banking fields, adding a significant depth of resources from which to draw upon as it proceeds in developing its exploration opportunities in China.

It is expected that funding for these activities will come in the form of private and public offerings, and during the third quarter the Company announced the successful negotiation of a private placement with proceeds of $2,430,000.

During the year, the Company recognized a write down of the Rare Earth Division in the form of a charge against property, plant and equipment of $3,824,786 to reflect the Company's decision to suspend operations of the factory in the face of currently unfavourable market conditions. In light of the Company's recent success in acquiring exploration properties for further development, the Company does not intend to allocate any further funding of significance to this division. In addition, there has been no significant activity in the e-Commerce Division, nor has there been any further advancement of initiatives with respect to the Yunnan lead-zinc project.

In the medium to long term, the Company intends to evaluate and ultimately implement strategies for becoming a gold producer in the PRC in conjunction with major international mining operators.

RESULTS OF OPERATIONS

Selected annual information:

	2001	**2002**	**2003**
Balance Sheet:			
Cash and Cash Equivalents	$127,503	$1,564,858	$1,179,270
Total Assets	$4,123,988	$6,817,708	$1,624,663
Total Long-term Financial Liabilities	-	-	-
Sales and Gross Profit (Loss):			
Rare Earth Sales	$1,178,840	$89,436	$422,191
Cost of Sales	$1,266,850	$127,730	$635,622
Gross Profit (Loss)	$(88,010)	$(38,294)	$(213,431)
Net Loss:			
Mine Development	-	-	$509,900
Rare Earth	$960,056	$1,417,631[1]	$4,689,932[2]
e-Commerce	$247,833	$53,279	-
Head Office	$670,140	$1,192,678 [3]	$1,529,171 [4]
Overall	**$1,878,029**	**$2,663,588**	**$6,729,003**
Net Loss Per Share (Basic and Diluted)	$0.08	$0.09	$0. 23

[1] Includes provision of $746,694 for low-grade inventory resulting from implementation and testing of expansion and improvement measures during the latter part of 2001 and throughout 2002. Excluding this provision, the net loss for the Rare Earth Division for 2002 was $670,937, the overall net loss was $1,916,894 and the overall net loss per share, basic and diluted, was $0.07.

[2] Includes a write-down of the Rare Earth Division of $3,824,786 and associated additional write-off of non-controlling interest of $336,797. Excluding this provision, the net loss for the Rare Earth Division for 2003 was $1,201,943, the overall net loss was $3,241,014 and the overall net loss per share, basic and diluted, was $0.11.

[3] Includes a prior-period adjustment of $15,623 to recognize the cost of stock options issued during the period.

[4] Includes stock-based compensation expense of $429,199.

Selected quarterly information:

	2002				2003			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Sales:	$48,126	$23,456	$11,174	$6,680	$281,301	$117,327	$23,563	$ -
Net Loss:								
Head Office	$226,568[1]	$255,511	$357,794	$352,805	$220,253	$235,056	$231,555	$842,307[4]
Mine Development	-	-	-	-	$40,888	$139,808	$139,399	$189,805
Rare Earth	$110,365	$190,330	$168,476	$948,460[2]	$267,590	$2,050,066[3]	$112,515	$2,259,761[5]
e-Commerce	$26,717	$23,990	$2,572	-	-	-	-	-
Overall	**$363,650**	**$469,831**	**$528,842**	**$1,301,265**	**$528,731**	**$2,424,930**	**$483,469**	**$3,291,873**
Net Loss Per Share (Basic and Diluted)	**$0.01**	**$0.02**	**$0.02**	**$0.04**	**$0.02**	**$0.08**	**$0.02**	**$0.11**

[1] Includes a prior-period adjustment of $15,623 to recognize the cost of stock options issued during the period.

[2] Includes provision of $746,694 for low-grade inventory resulting from implementation and testing of expansion and improvement measures during the latter part of 2001and throughout 2002. Excluding this provision, the net loss for the Rare Earth Division for the fourth quarter of 2002 was $201,766, the overall net loss was $554,571 and the overall net loss per share, basic and diluted, was $0.02.

[3] Includes a write-down of the Rare Earth Division of $1,551,423. Excluding this provision, the net loss for the Rare Earth Division for the second quarter of 2003 was $498,643, the overall net loss was $873,507 and the overall net loss per share, basic and diluted, was $0.03.

[4] Includes stock-based compensation expense of $429,199.

[5] Includes a write-down of the Rare Earth Division of $2,273,363 and associated additional write-off of non-controlling interest of $336,797. Excluding these provisions, the net loss for the Rare Earth Division for the fourth quarter of 2003 was $323,195, the overall net loss was $1,355,307 and the overall net loss per share, basic and diluted, was $0.05.

A. Overall

Overall total assets of the Company increased in 2002 from 2001, and then decreased dramatically in 2003, primarily as a result of the suspension of the Rare Earth Division and the subsequent charge to property, plant and equipment of $3,824,786. The impact of this write-down on total assets was partially offset by capitalization of $269,068 in acquisition and exploration costs associated with these newly acquired mineral properties.

In addition, the Company also succeeded in completing two financings during this three-year period, resulting in an improved cash position in 2002 and 2003 compared to 2001. The first financing, completed in 2002, resulted in total proceeds of $5,000,000 by way of a private placement ($3,000,000) and convertible debenture ($2,000,000). Proceeds from this financing were used for the Rare Earth Division and for general working capital. The second financing, by way of private placement alone, resulted in total proceeds of $2,430,000 of which $1,430,000 was completed in 2003. The second and final tranche of this financing ($1,000,000) was completed subsequent to year-end, in Q1 of 2004. Also completed in Q1 of 2004 was the exercise of share–purchase warrants issued as a result of these financings for total proceeds of $3,164,706. Proceeds from these latter financings are to be used to fund the Company's exploration programs for its Dachang and Zalantun Gold Projects, as well as for future acquisitions.

B. The Mine Development Division

In early 2003 the Company established its Mine Development Division and began to aggressively seek opportunities to acquire gold-hosted exploration stage mineral properties in China, resulting in associated expenses of $509,900 (in addition to capitalized acquisition and exploration costs of $269,068) associated with its Dachang and Zalantun Gold Projects.

During the year, the Company announced that it was successful in completing joint venture contracts with the Qinghai Geological Survey Institute for the acquisition of the Dachang Gold Project in the Province of Qinghai, PRC, and the Beijing Institute of Geology for Mineral Resources for the acquisition of the Zalantun Gold Project in the Autonomous Region of Inner Mongolia, PRC.

Both projects are exploration stage properties, and it is the intention of the company to further develop and explore these properties in the coming years. The Company intends to continue to source and acquire additional properties in the future, and has a medium to long-term objective of becoming a producer of precious metals in the PRC in conjunction with major international mining operators.

The Dachang gold project consists of three blocks covering 218 km^2. The main block covers 106 km^2 and has been extensively prospected by the Qinghai Geological Survey Institute, including geochemical sampling, reconnaissance geological mapping, extensive trenching and diamond drilling.

On November 14, 2003, the Company entered into an agreement with the Qinghai Geological Survey Institute regarding the "Dachang" gold project in the Province of Qinghai, China. Under the terms of this joint venture agreement, the Company can earn an 83% interest in the joint venture by contributing the equivalent of approximately $5,170,000 (Renminbi 32,830,000) over three years and making a cash payment of the equivalent of approximately $1,570,000 (Renminbi 10,000,000) upon the issuance of a Mining License required to bring the project into production. Minimum contributions are staged as to the equivalent of approximately $2,970,000 (Renminbi 18,830,000) in 2004 and $2,200,000 (Renminbi 14,000,000) in 2006. The Company also has the ability to acquire an additional 7% interest in the joint venture based on the valuation of any potential mining project contained in a Pre-feasibility Report, for a total interest of 90%. The Qinghai Geological Survey Institute will retain a carried interest in the joint venture. As part of the agreement, the Company also has a right of first refusal on any mineral exploration project for which the Qinghai Geological Survey Institute seeks foreign investment.

The Zalantun gold project is an exploration stage project consisting of three blocks covering 125 $km^{2.}$ The project area has been explored by the Beijing Institute of Geology for Mineral Resources, with nine individual target areas identified to date.

On October 30, 2003, the Company entered into an agreement with the Beijing Institute of Geology for Mineral Resources regarding the "Zalantun" gold project in the Autonomous Region of Inner Mongolia, China. Under the terms of this joint venture agreement, the Company can earn an 85% interest in the joint venture by contributing the equivalent of approximately $2,360,000 (Renminbi 15,002,500) over three years. Minimum contributions are staged as to the equivalent of approximately $630,000 (Renminbi 4,000,000) in 2004, $1,260,000 (Renminbi 8,000,000) in 2005 and $470,000 (Renminbi 3,002,500) in 2006. The Company also has the ability to acquire an additional 5% interest in the joint venture for the equivalent of approximately $278,000 (Renminbi 1,765,000), for a total interest of 90%. The Beijing Institute of Geology for Mineral Resources will retain a carried interest in the joint venture. As part of this agreement, the Company also has a right of first refusal on any mineral exploration project for which the Beijing Institute of Geology for Mineral Resources seeks foreign Investment.

The Company completed and filed technical reports on both properties subsequent to year-end.

Total expenditures for the Mine Development Division for the year were $778,968 and can be broken down as follows:

	Expensed	Capitalized	Total
Dachang Gold Project:			
Acquisition costs	$0	$35,196	$35,196
Consulting	$84,594	$131,802	$216,396
Travel and accommodation	$219,406	$48,256	$267,662
	$304,000	**$215,254**	**$519,254**
Zalantun Gold Project:			
Acquisition costs	-	$8,879	$8,879
Consulting	$21,149	$32,951	$54,099
Travel and accommodation	$54,851	$12,064	$66,915
	$76,000	**$53,814**	**$129,814**
Business development:	**$129,900**	**-**	**$129,900**
Overall	**$509,900**	**$269,068**	**$778,968**

Business development expenses are associated with due diligence and related costs in conjunction with the Company's evaluation of prospective acquisition targets.

C. The Rare Earth Division

Following its acquisition of an 80% interest in a joint venture in China, the Company's Rare Earth Division ("Techmat") underwent a phased upgrade and expansion to facilitate future growth, which was substantially completed earlier this year. The operation processes rare earth concentrates for use in the automotive, catalyst, electronics and glass industries, and although globally the rare earth market has suffered a significant downturn since the establishment of the Division, the Company continues to see opportunity for growth in the long-term. However, in light of the Company's Dachang and Zalantun gold project joint ventures, the Company has suspended the operations of the Rare Earth Division indefinitely and does not plan to allocate any further funding of significance to this Division for the foreseeable future. As a result, the Company recognized a write-down of $3,824,786 against property, plant and equipment during the year.

The sales trend from 2001 to 2003 is consistent with this activity in the Rare Earth Division. In 2002, the Rare Earth Division had limited sales during the period of upgrade and expansion, during which time there was no production at the rare earth facility. In addition, sales in 2003 reflect the Company's decision to suspend operations in approximately the middle of the year, and gross loss from year to year in the Division is a reflection of the severity of the persistently unfavourable market conditions of the rare earth industry and the Company's inability to sell its products at a profit.

Overall selling, general and administrative expenses decreased significantly from $1,435,644 last year to $688,265 this year, although $746,694 of the 2002 expenses related to a provision for low-grade inventory resulting from implementation and testing of expansion and improvement measures during the latter part of 2001and throughout 2002, and the 2003 expenses included an inventory provision of $109,105 relating to the suspension of operations. Excluding these items, overall selling, general and administrative expenses for 2002 were $688,950 compared to $579,160 in 2003, representing a decline as a result of the suspension of operations.

Non-controlling interest represents minority shareholder's interest in the earnings of the subsidiary company Yangzhong Zhonghai Techmat Co., Ltd. The remaining balance of this non-controlling interest was written-down further to the write-down of $3,824,786 against property, plant and equipment resulting in a net liability in this company. This subsidiary company also has a series of loans outstanding with the Bank of China totalling Renminbi 3,000,000 (approximately $471,600), which is the same amount outstanding as at the end of 2002, and are secured by the assets of Yangzhong Zhonghai Techmat Co., Ltd. The parent company has not guaranteed this debt.

Overall net losses of the Rare Earth Division from year to year are also consistent with the above (see Note [3] and [4], above). Excluding the unusual inventory provision of $746,964 in 2002 and the write-down of $3,824,786 and associated write-off of non-controlling interest in 2003, the net losses for 2001 to 2003 were $960,056, $670,937 and $1,201,943, respectively, reflecting reduced operating expenses in 2002 during the period of upgrade and expansion and increased operating expenses associated with an initially aggressive sales program followed by increased costs associated with the ultimate suspension of operations.

In light of the Company's recent success in acquiring exploration properties for further development, the Company does not intend to allocate any further funding of significance to this division.

D. The e-Commerce Division

The e-Commerce Division did not incur any expenses for the year compared to expenses of $53,279 last year. A 50% equity pick-up of the Company's share of the net loss in Ideal e-Commerce Limited ("Ideal") accounted for $46,586 of the 2002 amount. To date, a total of $500,000 in start-up costs (net of interest earned) has been incurred and fully expensed by Ideal, and the Company has recognized equity in net loss of associated company sufficient to reduce the carrying value of its investment to $1. It is anticipated that no further expenditure will occur on this project for the foreseeable future.

E. Head Office Expenses

Head office expenses increased by $522,538 (78%) from 2001 to 2002 and then again by $336,493 (28%) from 2002 to 2003. From 2001 to 2002 this increase was primarily as a result of interest charges associated with the convertible debenture of $208,206, foreign exchange losses of $46,552 related to unfavourable exchange rates in conjunction with the financing of 2002, which was sourced primarily from Asia, and generally higher overhead costs as a result of the Company's ongoing business development efforts in the Chinese mineral industry. The increase in 2003 compared to 2002 was attributable primarily to, as noted, the large increase in Q4 of 2003 compared to 2002 as a result of stock-based compensation expense of $429,199 further to recruiting and staffing initiatives in conjunction with the establishment of the Mine Development Division, offset by a reduction in foreign exchange losses from 2002 and the fact that consulting and related travel and accommodation expenses were expensed as part of the Mine Development Division as the Company was able to specifically allocate these expenses to target projects. During Q4 of 2003, expenses were also higher as a result of increased professional fees and corporate relations expense as a result of the Company's efforts to secure funding for its various initiatives.

Also included as part of selling, general and administrative expenses are management fees representing executive compensation to senior officers and management of the Company.

Foreign exchange gains from year to year reflect coincidentally favourable exchange rates with respect to operations in China relating to capital expenditures.

Interest and accretion charges of $295,596 relating to the Company's convertible debenture were accrued during 2003 compared to $208,206 in 2002. Excluding this amount, interest expense from year to year has not changed significantly. Expenses are net of interest earned on cash balances.

CASH RESOURCES AND LIQUIDITY

Operating Activities

The Company continued to generate negative cash flow from operations for 2003, as was the case in 2002 ($1,408,171 compared to $2,899,123, respectively). During the current year, these losses were primarily as a result of activity in the Mine Development Division while last year they were primarily as a result of the Rare Earth Division.

It is anticipated that the Company will finance ongoing operations through continuing equity offerings to take place in 2004, including the recently negotiated private placement for total proceeds of $2,430,000 as discussed below. Although expenses relating to the Mine Development Division are expected to increase as the Company develops the Dachang and Zalantun properties, the Company does expect overall cash flow to improve dramatically as a result of the suspension of operations of the Rare Earth Division.

Private Placement

On November 13, 2003 the Company closed the first tranche of this private placement consisting of 2,383,333 Units at $0.60 per Unit for proceeds of $1,430,000. Each Unit consisted of one common share and one non-transferable share purchase warrant. One warrant and $1.00 entitles the holder to acquire one additional common share of the Company until November 13, 2004. The second and final trance closed subsequent to year-end, on February 2, 2004, consisting of 1,666,667 Units at $0.60 per Unit. Each Unit consists of one common share and one non-transferable share purchase warrant. One warrant and $1.00 entitles the holder to acquire one additional common share of the Company until February 2, 2005. As part of this financing transaction, the Company also issued Finder’s Fees consisting of 810,000 share-purchase warrants. One warrant and $0.60 entitles the holder to acquire one common share of the Company for a period of two years from the date of issue, which was determined on a pro-rata basis in accordance with the tranches of the private placement.

Convertible Debenture

During Q4 of 2003 the Company’s outstanding 8.9%, 2-year convertible debenture of $2,000,000 was converted into common shares of the Company, the details of which are contained in the Notes to Financial Statements.

Share-Purchase Warrants

Subsequent to year-end the Company’s cash position improved significantly as a result of the exercise of 3,164,706 previously issued share-purchase warrants for proceeds of $3,164,706. Following the closing of the second tranche of the 2003 private placement described above, the Company had, on a weighted average basis, 4,110,000 outstanding share-purchase warrants expiring in approximately 1 year at a weighted average exercise price of $0.92, representing additional potential financing of $3,786,000.

RISKS AND UNCERTAINTIES

The following describes certain principal risks not previously described in the management’s discussion and analysis, but is not, by its very nature, all-inclusive.

Political Risk

The Company’s strategic advantage is its ability to accomplish business objectives in China efficiently and effectively. Accordingly, the Company anticipates that a majority of its future revenue producing activities will be in that jurisdiction. As a result, the Company is subject to social, political and economic developments and trends that are beyond its control. This risk is mitigated by the Company’s strong ties to China through its shareholder base and members of its Board of Directors, as well as its expertise in understanding the realities of the Chinese government's decision-making process. Much time and effort has been invested in identifying key senior contacts and understanding their deeper concerns when dealing with foreign investment. In fact, a cornerstone to Inter-Citic's ability to access the highest levels of the Chinese decision and policy-making structure is in leveraging the relationships and extensive connections available within its own shareholder base, and it is this ability that sets the Company apart from other western companies attempting to do business in China.

Environmental Risk

The Company believes that the environmental protection measures taken at its rare earth processing facility are adequate for the purposes of compliance with Chinese environmental protection regulations. However, future legislation and regulations could cause additional expenses, capital expenditures, restrictions or delays in production, the extent of which cannot be predicted.

Foreign Exchange Risk

The Rare Earth Division anticipates that a majority of its sales will occur outside China and will be invoiced and paid for in US dollars, while interest on Chinese debt as well as operating expenses within China are paid in Chinese currency. As a result, the company feels that it does not have a significant exposure to devaluation of the Chinese currency.

Interest Rate Risk

The Company currently has debt outstanding in China that is subject to fluctuating Chinese interest rates. Since the Company cannot control or predict fluctuations in these rates, the impact of such fluctuations on the interest expense incurred by the Company could be significant.

Mine Development Activities

The Company has negotiated formal joint venture contracts relating to the Dachang and Zalantun Gold Projects in China. Although approval from regulatory authorities was received for the Dachang Project subsequent to year-end, approval of the Zalantun joint venture is expected to occur during 2004, however there is no guarantee that these activities will be without delay or success. Exploration and development of mineral properties and as a result investing in the shares of the Company both involve a high degree of risk. Even if the Company is successful in acquiring an interest in these and/or other exploration properties, the marketability of the natural resources that may be discovered will be affected by numerous factors beyond the control of the Company. The return, if any on the investment in shares of a resource company is subject to market conditions that are beyond the control of the Company. Some of the factors affecting resource exploration and development include the proximity and capacity of resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure and land use, importing and exporting minerals and environmental protection. The Dachang Gold Project is situated in an environmentally sensitive area around the headwaters of the Yellow River that will require approval from the regulatory authorities prior to mining in the future. The effect of these and other factors cannot be predicted.

Going Concern Risk

In light of ongoing and significant losses, the ability of the Company to continue to meet its obligations as they come due and therefore to implement its initiatives depends on its ability to obtain adequate financing and commence profitable business operations.

Management is considering various alternatives to raise capital however it is not possible to determine with certainty the success or adequacy of these initiatives. Although recent financing initiatives resulted in the closing of a private placement (in two tranches – November 13, 2003 and February 2, 2004 as previously discussed) for proceeds of $2,430,000, conversion to common shares of the Company's $2,000,000 convertible debenture on October 31, 2003, as well as additional financing of $3,164,706 following the exercise of share purchase warrants as announced on December 17 and December 22, 2003, the Company may experience delays in meeting its implementation timetable for its projects should there be problems securing adequate financing in the future. The Company has mitigated this risk by entering into strategic partnerships with Companies and individuals that are experienced and capable of sourcing funds as and when required.

OUTLOOK

Over the next year the Company will focus all of its available resources and relationships in China to carry out an exploration and development program for its Dachang and Zalantun Gold Projects, as well as to secure additional mineral projects for further development. The Company believes that it will be successful in securing such projects, and that these projects will result in a significant enhancement of enterprise value in the coming twelve months.

In the meantime, the rare earth and e-Commerce operations will remain suspended to preserve capital and allow for focus of resources and effort on development of the above objective.

The Company does not expect any further activity on the Yunnan lead-zinc project for the foreseeable future.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain of the statements that are not historical facts contained in this Annual Report and other disclosure documentation are forward-looking statements that involve risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. These statements involve risk and uncertainties, including but not limited to the risk factors previously described. Actual results could differ materially from those projected as a result of these risks and should not be relied upon as a prediction of future events. Readers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Inter-Citic Mineral Technologies Inc. undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.