



# **QUEST CAPITAL CORP. 2004 First Quarter Report**

## REPORT TO SHAREHOLDERS'

Your Company, Quest Capital Corp. ("Quest"), is pleased to present its financial results for the period ended March 31, 2004. The Company went through a significant restructuring in 2003 and entered 2004 with a clear focus on its merchant banking business.

### HIGHLIGHTS

- Net earnings of \$2.9 million (\$0.03 per share).
- Total assets continue to grow - totaling \$99.2 million
- Expansion of services to include the raising of equity capital by way of private placements

### MERCHANT BANKING

The winter months were uncharacteristically slow in the bridge loan business. Much of this can be attributed to the uncertainty in junior resource sector, where extreme volatility in both commodity prices and exchange rates during the first quarter pushed both companies and investors to the side lines. Despite the lower than normal number of transactions, Quest received revenue of \$2.65 million related to the loan portion of its business. At the end of the quarter, bridge loans and convertible debentures outstanding amounted to more than \$34.9 million.

The revival in the junior resource sector over the last two years, especially mining, saw a return of new equity capital and liquidity for small companies. As a result, the equity portfolio of Quest performed very well, generating a realized gain on the sale of marketable securities/investments of over \$0.7 million for the quarter.

Expenses continue to be higher than expected due to the Company's continuance of its claim against Australian Mining Consultants Pty Ltd. In addition, the Company recorded \$356,000 of stock based compensation using the fair value method of accounting stock options.

The considerable appreciation of the Canadian dollar against the U.S. dollar in 2003 prompted the company to reduce its foreign exchange exposure. During the quarter, Quest converted over US\$9.0 million into Canadian dollars.

Your Company's goal is to be a major participant in Canada's merchant banking business, and a notable participant globally. Quest's focus is on "Venture lending", which involves making short term secured loans to small capitalization or development stage companies. These are often called "bridge" or "mezzanine" loans, terms that denote the interim nature of the funding. The borrowers usually don't meet the size or credit requirements that conventional lenders require. The following summarizes Quest's objectives and guidelines as they relate to its bridge lending business:

#### **Objectives:**

- To preserve its principal investment;
- To obtain a rate of return, or yield, in the form of interest on its principal investment; and
- To obtain additional potential upside or return on its principal investment in the form of bonuses that are typically an equity participation in the borrower's company.

#### **Guidelines:**

- Principal Amount – CDN \$500,000 to \$20,000,000
- Term – 3 months to 18 months
- Interest Rate – 1% per month (12.68% annualized)
- Bonus – 5% to 20% of the Principal Amount
- Collateral – Assets or marketable securities, guarantees
- Repayment – Satisfactory repayment strategy

Quest employs a disciplined analytical approach prior to completing a bridge loan. This includes an analysis of the fundamentals of the borrowers to which it proposes to make a bridge loan. The loans are typically used by borrowers to bridge short-term financing needs that occur due to the development stage of the borrower's business. Typical uses

of proceeds are working capital requirements, to acquire new assets, or make an acquisition, to advance exploration to the development stage or to place a mining or oil and gas property into production.

## **RESOURCE OPERATIONS**

Gold production from the winding down of operations at the Castle Mountain property has become nominal and, as a result, the Company will no longer account for the sale of gold ounces and the costs of recovering those gold ounces as "Gold Sales" and "Cost of Sales", respectively. In 2003, the Company adopted the new accounting standard relating to Asset Retirement Obligations, which does not allow a reduction to future estimated cash costs for estimated gold ounces to be recovered as the Company completes the closure obligations at the Castle Mountain property. Effective January 1, 2004 future gold ounces recovered will be recognized in earnings as the gold is sold. During the first quarter, 3,000 ounces of gold were credited to the Company's account and will be recognized in earnings when sold.

At the Brewery Creek property the remaining closure obligations, other than long-term monitoring, are expected to be completed during the new field season, which will begin in the second quarter.

## **SHAREHOLDER COMMUNICATION**

Quest is committed to open communication with our shareholders. This quarter Quest traveled to Toronto for the Prospectors and Developers Conference. Quest will also be present at the New York Institutional Gold Conference and Diamond Expo June 2-3, 2004 and at the World Gold, PGM, Diamond and Investment Conference in Vancouver June 13-14, 2004 .

Our extensive shareholder base – totaling over 15,000 plus shareholders is greatly appreciated. Your management team is committed to operating your business on your behalf. Management, directors and statutory insiders own a significant amount of the outstanding shares and, as such, we will report to shareholders in a fashion that we would expect to be reported to ourselves. We encourage all shareholders to register for Company updates and news at our website [www.questcapcorp.com](http://www.questcapcorp.com) (submit form in the Investor Center) or contact the Company's investor relations department by email at [info@questcapcorp.com](mailto:info@questcapcorp.com) or by telephone at 1-800-318-3094. It is especially important that shareholders who own their stock in "street" form, at a brokerage or trust firm, contact us so that we can keep you informed on a proper and timely basis.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FIRST QUARTER REPORT MARCH 2004**

### **Description of Business, Operations and Financial Condition**

The following information, prepared as of May 7, 2004, should be read in conjunction with the audited financial statements for the year December 31, 2003 and 2002 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise indicated.

The Company's principal focus is providing financial services, specifically providing bridge loans, to small and mid-cap companies in North America. The Company also provides a range of consulting, management and administrative services and is expanding its array of services to include the raising of equity capital by way of private placements. The Company, through its newly created wholly owned subsidiary Quest Securities Corp., is applying to be registered as a Limited Market Dealer in the Province of Ontario and has increased its presence in Toronto.

The Company's asset base and working capital position continues to grow. Total assets as at March 31, 2004 were \$99.2 million compared to \$96.1 million as at December 31, 2003 comprised of \$30.3 million of free cash, \$34.9 million in bridge loans and convertible debentures, \$17.4 million in securities with a market value of approximately \$30.0 million (March 31, 2004) and \$12.3 million of cash set aside to fund the closure obligations at the Company's two mining properties.

### **RESULTS OF OPERATIONS**

For the three months ended March 31, 2004, the Company had consolidated net earnings of \$2.9 million (\$0.03 per share) compared to net earnings of \$1.1 million (\$0.03 per share) in 2003.

Interest revenue and related fees have increased for 2004 as compared to 2003 due to the higher level and volume of bridge loans and convertible debentures. Total bridge loans and convertible debentures as of March 31, 2004 were \$34.9 million compared to \$32.3 million as at December 31, 2003.

Management and finders fees have increased in 2004 as compared to 2003 as result of acquiring Quest Management in June 2003 and the receipt of finders fees (no comparable numbers for first quarter 2003).

Gold production from trickle-down operations at the Castle Mountain Mine has become nominal as the property completes its third-year of trickle-down operations. Effective January 1, 2004, the cost to process the solution and detoxify the heap have been provided in the Company's estimated asset retirement obligation provision. Accordingly, actual expenditures incurred have been recorded against the provision. Future gold ounces produced will be recognized in earnings as the gold is sold. During the three months ended March 31, 2004, the mine recovered 3,000 ounces of gold (Company's portion) that will be recognized in earnings as the gold ounces are sold.

Salaries and benefits have increased as result of the Company expanding and adding new employees. During the quarter 530,859 options vested resulting in the Company recording a stock-based compensation expense of \$0.4 million. Professional and legal fees have increased as result of costs associated with the Company's continuance of its claim against Australian Mining Consultants Pty Ltd. This legal dispute was settled subsequent to the end of the first quarter.

Sales of investments and securities during the first quarter of 2004 and 2003 resulted in the Company recording a \$0.7 million gain in each quarter.

During the first quarter, the Company reduced its foreign exchange risk and converted its US dollar cash held by its Canadian subsidiaries into Canadian dollars resulting in a foreign exchange gain of \$0.4 for the quarter..

Changes in asset retirement obligations relate to revisions in the estimated cash flows and a gain on settlement as the Company completes the reclamation obligations at its two mining properties.

## QUARTERLY INFORMATION

(In thousands of Canadian dollars, except per share amounts)

	<b>First Qtr 2004</b>	<b>Fourth Qtr 2003</b>	<b>Third Qtr 2003</b>	<b>Second Qtr 2003</b>
Total Revenues	3,295	3,191	2,955	2,009
Net Earnings/(Loss)	2,935	(4,890)	2,877	(510)
Basic and Diluted Earnings/(Loss) Per Share	0.03	(0.06)	0.03	(0.01)
Total Assets	99,207	96,110	92,926	92,843
Long-term Financial Liabilities	9,501	10,492	10,138	11,708

	<b>First Qtr 2003</b>	<b>Fourth Qtr 2002</b>	<b>Third Qtr 2002</b>	<b>Second Qtr 2002</b>
Total Revenues	2,313	3,389	6,971	6,915
Net Earnings/(Loss)	1,162	(1,817)	(7,076)	4,572
Basic and Diluted Earnings/(Loss) Per Share	0.03	(0.05)	(0.21)	0.16
Total Assets	48,331	50,344	51,722	60,975
Long-term Financial Liabilities	13,235	14,051	13,332	15,225

## **LIQUIDITY**

The Company's cash resources have decreased slightly by \$1.5 million from December 31, 2003 to \$30.3 million as of March 31, 2004.

During the first quarter of 2004, the Company generated \$2.0 million from operations as compared to \$0.5 million for 2003. The increase is primarily a result of bonus fees received on new or extended loans and finders fees received.

The Company will continue to grow and deploy its available cash resources in providing financial services to small and mid-cap companies in North America. Earnings and the Company's asset base will be subject to the number and level of bridge loans completed, the nature and credit quality of the bridge loan portfolio, including the quality of the collateral security obtained by the Company and the return it is able to generate on its portfolio.

At March 31, 2004, the Company had appropriated cash of \$7.3 million in a voluntary sinking fund that it will use to fulfill reclamation obligations at the Castle Mountain Mine. In addition, the Company has restricted cash of \$5.0 million pledged as security for licenses and permits to fulfill reclamation obligations at the Brewery Creek Mine.

## **TRANSACTIONS WITH RELATED PARTIES**

The Company often requires the ability to nominate at least one member of the Board of Directors of companies to which it provides a bridge loan or makes an equity investment. The nominees at times may be an employee, officer or director of the Company, accordingly, the borrower may become related to the Company.

The Company has bridge loans and convertible debentures of \$5.4 million due from related parties by virtue of certain directors and officers in common. During the period the Company received \$0.4 million in interest and related fees from parties related by virtue of certain directors and officers in common.

The Company engages in the syndication of bridge loans to diversify the risk associated with its loan portfolio and has received syndication fees from related parties by virtue of certain directors and officer in common.

The Company holds \$7.8 million of shares in publicly traded or private companies related by virtue of certain directors and officer in common. The Company realized a nominal gain on disposal of shares in companies related by virtue of certain directors and officers in common.

The Company received \$0.3 million in management and finders fees from companies related by virtue of certain directors and officers in common.

## **PROPOSED TRANSACTIONS**

At the Company's upcoming annual and special meeting of the holders of Class A subordinate voting shares ("Class A Shares") and Class B variable multiple voting shares ("Class B Shares") shareholders are being ask to approve amendments to the Articles of the Company relating to the rights, privileges, restrictions and conditions attaching to the Class A Shares and Class B Shares, including without limitation amendments to the conversion feature attached to the Class B Shares.

The Company is proposing to include provisions that will allow the holders of Class B Shares to convert their Class B Shares into 1.25 Class A Shares for each Class B Share held and to modify the voting rights of the Class B Shares to be the same as the Class A Shares. The Company will also be permitted to give notice of conversion on the same basis.

## **CRITICAL ACCOUNTING ESTIMATES**

Bridge loans are stated net of an allowance for credit losses on impaired loans. In determining the provision for possible loan losses, management considers the length of time the loans have been in arrears and the overall financial strength of the borrowers. There is a risk that Company's provision of \$1.5 million may be insufficient to protect against losses in its loan portfolio due to (i) misjudgment by management of the potential losses in the Company's loan portfolio (ii) the Company's inability to realize sufficient proceeds from the disposition of the collateral or (iii) discrete events that adversely affect customers, industries or markets.

Marketable securities, generally includes the shares received as consideration for the commitment fee for advances loans from the borrower, are carried at the lower of average cost and market value. Investments are recorded at cost or at cost less amounts written off to reflect any impairment in value that is considered to be other than temporary. There is a risk that the Company may not be able to realize the carrying value due to unfavorable economic and equity market conditions.

The Company continues to manage and reclaim mining properties located in California and the Yukon. Environmental laws and regulations are continually evolving in the regions in which the Company operated. The Company's policy is to manage operations using best available practices, and to continually monitor compliance with local laws and permits. In addition, the Company continues to update it closure plans as reclamation is completed and for changes to environmental protection laws and administrative policies. There is a risk that the Company's cost estimates for the remaining reclamation obligations may be insufficient.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### Revenue Recognition

Effective January 1, 2004, the Company adopted the new pronouncements relating to revenue recognition prospectively and is recognizing revenue from sales of precious metals when title has passed. Previously sales, of precious metals were recorded at the estimated net realizable value when the metals were available for delivery and unsettled amounts were recorded as accounts receivable.

### OTHER DATA

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com)

#### *Share Position*

As at May 7, 2004, Quest's outstanding share position was 83,194,934 Class A Subordinate Voting Shares and 4,276,851 Class B Variable Multiple Voting Shares – currently with 3 votes.

#### *Outstanding Warrants:*

Number Of Warrants	Exercise Price	Expiry Date
88,333	\$0.60	June 13, 2004
1,836,250	\$1.24	December 23, 2004
8,333,335	\$1.50	June 30, 2008
<u>5,000,000</u>	\$1.60	October 20, 2008
<u>15,257,918</u>		

#### *Outstanding Options*

Number Of Options	Exercise Price	Expiry Date
113,333	\$0.81	October 22, 2007
7,412,500	\$1.95	November 20, 2008
26,666	\$1.80	May 17, 2004
106,664	\$4.89	May 17, 2004
<u>66,665</u>	\$1.80	May 18, 2005
<u>7,725,828</u>		

## FORWARD LOOKING INFORMATION

These materials include certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Other than statement of historical fact, all statements in this material, including, without limitation, statements regarding fair values of marketable securities, investments, bridge loans, convertible debentures, estimated asset retirement obligations, and future plans and objectives of the Company, are forward –looking statements that involve various known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of these materials. Important factors that could cause actual results to differ materially from the Company’s expectations include, without limitation, the level of bridge loans completed, the nature and credit quality of the collateral security, the sufficiency of cost estimates for remaining reclamation obligations as well as those factors discussed in the Company’s documents filed from time to time with the Toronto Stock Exchange, Canadian securities regulators and other regulatory authorities. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

Respectfully submitted on behalf of the  
Board of Directors:

Signed:

*“Brian E. Bayley”*

Brian E. Bayley  
CEO and President

*“A. Murray Sinclair”*

A. Murray Sinclair  
Managing Director

# Quest Capital Corp.

(formerly Viceroy Resource Corporation)

## Consolidated Balance Sheets as of

(expressed in thousands of Canadian dollars - Unaudited)

	March 31, 2004	December 31, 2003
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 30,327	\$ 31,797
Appropriated and restricted cash	3,300	3,259
Accounts receivable	-	853
Marketable securities (Market Value - 2004 \$1,459; 2003 - \$1,436)	1,107	1,097
Bridge loans and convertible debentures	28,249	26,612
Prepays and other receivables	1,623	1,523
Inventories	-	72
	<u>64,606</u>	<u>65,213</u>
<b>Investments</b> (Market Value - 2004 \$27,872; 2003 - \$21,538)	16,253	12,969
<b>Bridge loans and convertible debentures</b>	6,680	5,647
<b>Resource assets</b>	2,191	2,149
<b>Appropriated and restricted cash</b>	9,036	9,690
<b>Other assets</b>	442	442
	<u>\$ 99,208</u>	<u>\$ 96,110</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,648	\$ 1,902
Deferred revenue	1,634	616
	<u>3,282</u>	<u>2,518</u>
<b>Asset Retirement Obligation</b>	<u>9,501</u>	<u>10,491</u>
	<u>12,783</u>	<u>13,009</u>
<b>Shareholders' Equity</b>		
Share capital	80,708	80,708
Warrants and options	3,135	2,779
Retained earnings/(deficit)	894	(2,041)
Currency translation adjustment	1,688	1,655
	<u>86,425</u>	<u>83,101</u>
	<u>\$ 99,208</u>	<u>\$ 96,110</u>

## Quest Capital Corp.

(formerly Viceroy Resource Corporation)

### Consolidated Statement of Earnings

For the three months ended March 31,

(expressed in thousands of Canadian dollars, except per share amounts - unaudited)

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Interest and related fees	\$ 2,645	\$ 318
Management and finders fees	650	-
Gold Sales	-	1,995
	<u>3,295</u>	<u>2,313</u>
<b>Expenses/(Income)</b>		
Cost of gold sales	-	932
Depreciation and depletion	-	48
Accretion	149	189
Salaries & benefits	422	68
Stock based compensation	356	-
Professional services	355	177
Legal	215	147
Office and other	124	87
Corporate relations	56	15
Exploration	-	122
Royalties	-	(190)
Other expenses (Income)	(58)	(110)
	<u>1,619</u>	<u>1,485</u>
<b>Earnings/(Loss) before the following</b>	1,676	828
Gain on sale of investments & marketable securities	701	714
Foreign exchange gain/(loss)	419	(328)
Changes in asset retirement obligation	124	87
	<u>2,920</u>	<u>1,301</u>
<b>Earnings (loss) before income taxes</b>	2,920	1,301
Income tax (recovery) expense	(15)	139
	<u>2,935</u>	<u>1,162</u>
<b>Net earnings for the period</b>	\$ 2,935	\$ 1,162
<b>Basic and diluted earnings per share</b>	\$ 0.03	\$ 0.03
<b>Weighted average number of shares outstanding</b>	<u>87,471,785</u>	<u>33,770,471</u>

### Consolidated Statement of Retained Earnings/(Deficit)

For the three months ended March 31,

(expressed in thousands of Canadian dollars - unaudited)

	<u>2004</u>	<u>2003</u>
<b>Retained Earnings/(Deficit) - Beginning of the Period</b>	\$ (2,041)	\$ (180,963)
Earnings for the period	<u>2,935</u>	<u>1,161</u>
<b>Retained Earnings/(Deficit) - End of the Period</b>	<u>\$ 894</u>	<u>\$ (179,802)</u>

## Quest Capital Corp.

(formerly Viceroy Resource Corporation)

### Consolidated Statements of Cash Flows for the Three Months Ended March 31,

(expressed in thousands of Canadian dollars - Unaudited)

	2004	2003
<b>Operating Activities</b>		
Earnings for the period	\$ 2,935	\$ 1,162
Items not affecting cash		
Stock based compensation	356	-
Depreciation	16	55
Gain on sale of marketable securities and investments	(701)	(714)
Deferred interest and related fees recognized in the period	(1,382)	(43)
Accretion expense	149	189
Change in asset retirement obligations	(147)	(87)
Gain on disposal of resource assets	-	(78)
	<u>1,226</u>	<u>484</u>
Expenditures for reclamation and closure obligations	(1,070)	(366)
Changes in non-cash balanced relating to operations	<u>1,840</u>	<u>1,687</u>
	<u>1,996</u>	<u>1,805</u>
<b>Financing Activities</b>		
Net proceeds from shares issued	-	292
Deferred acquisition costs	-	(536)
	<u>-</u>	<u>(244)</u>
<b>Cash flows from investing activities</b>		
Loans advanced	(2,670)	(10,776)
Decrease in appropriated and restricted cash	702	512
Proceeds from sale of long term investments	5,620	-
Expenditures on long-term investments	(7,071)	(150)
Expenditures on fixed assets	(45)	-
	<u>(3,464)</u>	<u>(10,414)</u>
Foreign exchange gain (loss) on Cash Held in a Foreign Subsidiary	<u>(2)</u>	<u>(1,512)</u>
Change in Cash and Cash Equivalents	(1,470)	(10,365)
Cash and Cash Equivalents - Beginning of the Period	31,797	15,878
Cash and Cash Equivalents - End of Period	<u>\$ 30,327</u>	<u>\$ 5,513</u>

## Quest Capital Corp.

(formerly Viceroy Resource Corporation)

Notes to Consolidated Financial Statements

**For the three months ended March 31, 2004 and 2003**

(expressed in Canadian dollars – Unaudited)

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### 1. Basis of Presentation

- (a) These consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements.
- (b) Certain comparative figures have been restated to conform to the current period's presentation

### 2. Change in Accounting Policy

On January 1, 2004, the Company adopted the new pronouncements relating to revenue recognition prospectively and recognizes revenue from sales of precious metals when title passes. Previously sales of precious metal were recorded at the estimated net realizable value when the metals were available for delivery and unsettled amounts were recorded as accounts receivable.

### 3. Loans and Convertible Debentures

Bridge loan and convertible debenture analysis as at March 31, 2004 is as follows:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Bridge loans	\$28,084,000	\$4,000,000	\$32,084,000
Convertible debentures	<u>165,000</u>	<u>2,680,000</u>	<u>2,846,000</u>
Total	<u>\$28,249,000</u>	<u>\$6,680,000</u>	<u>\$34,929,000</u>

Loans and convertible debentures bear interest at various rates and are collateralized and/or supported by guarantees. As at March 31, 2004, loans and convertible debentures are denominated in Canadian and United States dollars. Of the total, \$1,050,000 (US\$798,000) is denominated in United States dollars and the remainder of \$33,879,000 is denominated in Canadian dollars. The fair value of the loans and convertible debenture is approximately equal to their carrying value.

### 4. Related Party Transactions

1. For the three months ended March 31, 2004, the Company received \$312,000 (2003 - Nil) in management and finders fees from related parties by virtue of certain directors and officers in common.
2. Bridge loans and convertible debentures include \$5,350,000 in amounts due from related parties by virtue of certain directors and officers in common. During the three months ended March 31, 2004, the Company received \$415,000 (2003 - \$Nil) in interest and fees from related parties by virtue of certain directors and officers in common.

## Quest Capital Corp.

(formerly Viceroy Resource Corporation)

Notes to Consolidated Financial Statements

**For the three months ended March 31, 2004 and 2003**

(expressed in Canadian dollars – Unaudited)

3. For the three months ended March 31, 2004, the Company received \$15,000 (2003 - Nil) in syndication loan administration fees from related parties by virtue of certain directors and officers in common.
4. Marketable securities and investments include \$7,795,000 of shares held in either publicly traded or private companies related by virtue of certain directors and officers in common. For the three months ended March 31, 2004, the Company recorded a gain on disposal of securities of \$7,000 (2003 - Nil) from related parties by virtue of certain directors and officers in common.

### 5. Segmented information

- a) The company's reportable operating segments are as follows:

As of March 31, 2004						
	Revenue	Depreciation /accretion	Income tax Expense (recovery)	Gains / (Write- downs)	Net earnings/ (loss)	Total assets
Loans and investments	\$ 2,645	\$ -	\$ -	\$ 1,120	\$ 3,765	\$ 81,739
Management services	650	-	-	-	461	992
Resource properties	-	149	40	124	(65)	14,988
Other	-	-	(55)	-	(1,226)	1,489
	<u>\$ 3,295</u>	<u>\$ 149</u>	<u>\$ (15)</u>	<u>\$ 1,244</u>	<u>\$ 2,935</u>	<u>\$ 99,208</u>

  

As of March 31, 2003						
	Revenue	Depreciation /accretion	Income tax Expense (recovery)	Gains / (Write- downs)	Net earnings/ (loss)	Total assets*
Loans and investments	\$ 318	\$ -	\$ -	\$ 386	\$ 704	\$ 78,228
Management services	-	-	-	-	-	1,092
Resource properties	1,995	48	139	87	842	15,551
Other	-	-	-	-	(384)	1,239
	<u>\$ 2,313</u>	<u>\$ 48</u>	<u>\$ 139</u>	<u>\$ 473</u>	<u>\$ 1,162</u>	<u>\$ 96,110</u>

\* As of December 31, 2003

## Quest Capital Corp.

(formerly Viceroy Resource Corporation)

Notes to Consolidated Financial Statements

**For the three months ended March 31, 2004 and 2003**

(expressed in Canadian dollars – Unaudited)

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b) The company operates in the following geographic areas:

	<u>March 31, 2004</u>		<u>March 31, 2003</u>	
	<u>Revenue</u>	<u>Resource assets</u>	<u>Revenue</u>	<u>Resource assets*</u>
Canada	\$ 3,177	\$ 1,279	\$ 211	\$ 1,238
United States	118	680	2,102	679
Peru	-	232	-	232
	<u>\$ 3,295</u>	<u>\$ 2,191</u>	<u>\$ 2,313</u>	<u>\$ 2,149</u>

\* As at December 31, 2003

## 6. Subsequent Event

In May 2004, the Company reached a settlement agreement with Australian Mining Consultants Pty Ltd. (“AMC”) with respect to the legal proceeding that arose from AMC’s due diligence investigation in relation the Company’s acquisition of the Bounty Mine in 1999. The Company expects to receive approximately AUS\$2.0 million after making required payments to the Administrators for amounts due to the creditors of the Company’s Australian subsidiaries.