

**AMANTA RESOURCES LTD.**

*(formerly "Cal-Star Inc.")*

#507, 837 West Hastings Street

Vancouver, BC V6C 3N6

Tel: 604.685.1017

Fax: 604.685.5777

**email:** [mail@harbourpacific.com](mailto:mail@harbourpacific.com)

## **NOTICE OF NO AUDITORS REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited consolidated financial statements of Amanta Resources Ltd. (the “*Company*”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of the Company’s unaudited interim consolidated financial statements for the three months ended May 31, 2004.

**AMANTA RESOURCES LTD.**

(formerly Cal-Star Inc. )

FINANCIAL STATEMENTS

May 31, 2004 and May 31, 2003

(Stated in Canadian Dollars)

Prepared without audit

**AMANTA RESOURCES LTD.**

(formerly Cal-Star Inc. )

**BALANCE SHEETS**

May 31, 2004 and May 31, 2003

(Stated in Canadian Dollars)

Prepared without audit

	Three months May 31, 2004	Year end to February 29, 2004
<b><u>ASSETS</u></b>		
Current		
Cash and cash equivalents	\$ 205,776	\$ 281,665
GST receivable	10,959	9,330
	216,735	290,995
Capital assets – Note 4	444	468
Resource properties – Note 5 and Schedule 1	353,117	321,718
	\$ 570,296	\$ 613,181
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable – Note 6	\$ 298,264	\$ 327,783
Due to related parties – Notes 6 and 9	127,286	127,286
	425,550	455,069
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital – Notes 7 and 9	5,564,606	5,564,606
Share subscriptions – Note 9	565,000	535,000
Deficit	( 5,984,860)	( 5,941,494)
	144,746	158,112
	\$ 570,296	\$ 613,181

Nature and Continuance of Operations – Note 1

Commitments – Note 5

Subsequent Events – Note 9

APPROVED BY THE DIRECTORS:

*“Anton J. Drescher”*

\_\_\_\_\_, Director

*“Gerald D. Wright”*

\_\_\_\_\_, Director

SEE ACCOMPANYING NOTES

**AMANTA RESOURCES LTD.**  
(formerly Cal-Star Inc. )  
**STATEMENTS OF LOSS AND DEFICIT**  
for the three months ended May 31, 2004 and May 31, 2003  
(Stated in Canadian Dollars)  
Prepared without audit

	Three months May 31, <u>2004</u>	Three months May 31, <u>2003</u>
General and Administrative Expenses		
Accounting, audit and legal fees – Note 6	\$ 3,894	\$ 1,117
Amortization	24	29
Consulting fees – Note 6	13,862	7,500
Filing fees	1,250	630
Office and miscellaneous	9,022	16
Rent	2,100	2,100
Transfer agent	235	334
Travel	8,811	-
Wages and benefits	5,610	-
	<hr/>	<hr/>
Loss before Other	( 44,808)	( 11,726)
	<hr/>	<hr/>
Other:		
Interest income	708	-
Foreign exchange	734	-
	<hr/>	<hr/>
	1,442	( 11,726)
	<hr/>	<hr/>
Net loss for the period	( 43,366)	( 11,726)
	<hr/>	<hr/>
Deficit, beginning of the period	( 5,941,494)	( 5,785,450)
	<hr/>	<hr/>
Deficit, end of the period	\$ ( 5,984,860)	\$ ( 5,797,176)
	<hr/>	<hr/>
Basic and diluted loss per share	\$ ( 0.02)	\$ ( 0.006)
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

**AMANTA RESOURCES LTD.**  
(formerly Cal-Star Inc. )  
**STATEMENTS OF CASH FLOWS**  
for the three months ended May 31, 2004 and May 31, 2003  
(Stated in Canadian Dollars)  
Prepared without audit

	Three months May 31, <u>2004</u>	Three months May 31, <u>2003</u>
Operating Activities		
Net loss for the period	\$ ( 43,366)	\$ ( 11,726)
Add item not involving cash:		
Amortization	24	29
	<u>( 43,342)</u>	<u>( 11,697)</u>
Changes in non-cash working capital items:		
GST receivable	( 1,629)	( 527)
Prepaid expenses	-	630
Accounts payable	( 29,519)	( 5,810)
	<u>( 74,490)</u>	<u>( 17,404)</u>
Investing Activity		
Resource properties	( 31,399)	-
Financing Activities		
Increase in due to related parties	-	3,199
Share subscriptions	30,000	-
	<u>30,000</u>	<u>3,199</u>
(Decrease) in cash during the period	( 75,889)	( 14,205)
Cash and cash equivalents, beginning of the period	281,665	14,396
Cash and cash equivalents, end of the period	<u>\$ 205,776</u>	<u>\$ 191</u>
Cash and cash equivalents consist of:		
Cash	\$ 55,776	\$ 191
Term deposit	150,000	-
	<u>\$ 205,776</u>	<u>\$ 191</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -

SEE ACCOMPANYING NOTES

**AMANTA RESOURCES LTD.**  
(formerly Cal-Star Inc. )  
**SCHEDULE OF RESOURCE PROPERTIES**  
for the three months ended May 31, 2004 and May 31, 2003  
(Stated in Canadian Dollars)  
Prepared without audit

	<u>Total</u> <u>2004</u>	<u>Total</u> <u>2003</u>
Acquisition Costs		
Deferred Acquisition cost, beginning of period	\$ 101,510	\$ -
Deferred Exploration Costs		
Langu, Thailand		
Geological consulting	\$ 6,362	\$ -
Supplies ,field and administration	10,616	-
Travel	8,811	-
Wages	5,610	-
	<u>31,399</u>	<u>-</u>
Deferred exploration , beginning of period	<u>220,208</u>	<u>-</u>
	<u>251,607</u>	<u>-</u>
	<u>\$ 353,117</u>	<u>\$ -</u>

**AMANTA RESOURCES LTD.**  
(formerly Cal-Star Inc. )  
NOTES TO THE FINANCIAL STATEMENTS  
May 31, 2004 and May 31, 2003  
(Stated in Canadian Dollars)  
Prepared without audit

Note 1      Nature and Continuance of Operations

The Company is a development stage public company listed on the TSX Venture Exchange ("TSX").

The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

These financial statements have been prepared on a going concern basis. The Company has a working capital deficiency of \$208,815 as at May 31, 2004 and has accumulated losses totalling \$5,984,860 since inception. Its ability to continue as a going concern is dependent upon the ability of the Company to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The Company's corporate jurisdiction is the State of Wyoming, USA and is extra provincially registered in British Columbia.

Note 2      Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles as established in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involved the use of estimates that have been made using careful judgement. Actual results may vary from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments that are readily convertible to cash and have maturities of one year or less when purchased.

(b) Capital Assets and Amortization

Capital assets are recorded at cost. The Company provides for amortization on its office equipment at 20% per annum on a declining balance basis.

Note 2      Significant Accounting Policies – (cont'd)

(c) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities are exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Fully diluted amounts are not presented when the effect of the computations are antidilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basis and diluted loss per share.

(d) Foreign Currency Translation

(i) Translation of foreign transactions

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at year-end exchange rates. Income and expense items are translated at the exchange rates in effect on the date of the transaction. Resulting exchange gains or losses are included in income except for unrealized gains or losses on long-term debt which are deferred and amortized over the remaining life of the debt.

(ii) Translation of foreign operations

Adnet USA LLC is an integrated foreign subsidiary. Their financial statements are translated using the temporal method. Under this method, monetary assets are translated at the year-end exchange rate, non-monetary assets are translated at historical rates and revenue and expenses are translated at the average exchange rate during the year.

(e) Financial Instruments

The carrying value of cash and cash equivalents, accounts payable, due to related parties and loans payable approximates fair value because of the short maturity of those instruments. 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.

Note 2      Significant Accounting Policies – (cont'd)

(f) Income Taxes

The Company has adopted the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

(g) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing resource properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in resource properties are credited to the carrying value of the resource properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its resource properties and has not yet determined the amount of reserves available. Management reviews the carrying value of resource properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Note 3      Adnet USA LLC Joint Venture

The Company owns a 50% interest in an inactive joint venture, which has incorporated a California limited liability company, Adnet USA LLC. The limited liability company will dissolve December 31, 2036. The purpose of the joint venture company was to provide Internet advertising and web page facilities to corporate customers. The Company's joint venture partner is a related company by virtue of common directors. The joint venture has no assets and its liabilities total \$225,712, which are due to the Company.

The Company and its joint venture partner have agreed to cease operations of the joint venture and consequently Adnet USA LLC was inactive during the three months ended May 31, 2004 and May 31, 2003.

Note 4 Capital Assets

	May 31, 2004			May 31, 2003
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Office equipment	\$ 6,047	\$ 5,603	\$ 444	\$ 555

Note 5 Resource Properties

a) Langu, Thailand

By an agreement dated July 23, 2002 and amended April 30, 2003, the Company agreed to acquire 100% of the licences to a gold prospect property, (“Langu”) comprised of 2,500 hectares of land in the Satun Province, Southern Thailand for US\$50,000 and the reimbursement of up to US\$125,000 in exploration costs and other obligations related to the licenses as advanced by the vendor. At February 29, 2004 these amounts were included in accounts payable and were paid subsequent to February 29, 2004. Payment is subject to regulatory approval, which was received subsequent to February 29, 2004. The Company also agreed, subject to closing of the agreement, to fund a two phase work program on the licenses, for a total cost of approximately US\$358,400. This property is subject to a 2% net smelter royalty payable to the vendor of the property. During the year ended February 28, 2003, the Company expensed \$16,913 in property investigation costs.

b) Arun, Thailand

By an agreement dated December 30, 2002 and amended April 30, 2003, the Company agreed to purchase the right to acquire the exploration and development rights to 100% of the gold prospect property (“Arun”) comprised of 15.4 hectares of land in the Satun Province, Southern Thailand for 500,000 Baht plus four annual payments of 500,000 Baht. At May 31, 2004 \$17,065 (500,000 Baht) and \$18,000 (500,000 Baht) has been paid. This agreement is subject to a 2% net smelter royalty payable to the vendor of the property. Closing of this agreement is subject to regulatory approval, which was received.

Note 6 Related Party Transactions – Notes 3, 7 and 9

The Company incurred the following amounts charged by directors and companies controlled by directors of the Company:

	Three Months ended	
	May 31, <u>2004</u>	May 31, <u>2003</u>
Accounting fees	\$ 963	\$ 802
Consulting fees	7,500	7,500
	<u>\$ 8,463</u>	<u>\$ 8,302</u>

The charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Accounts payable at May 31, 2004 includes \$35,327 (May 31, 2003: \$50,856) owing to a company controlled by a director of the Company in respect to unpaid accounting and consulting fees and \$234,967 (May 31, 2003: \$Nil) owing to a company with a common director in respect to resource property costs.

Due to related parties is due to directors of the Company in respect to unpaid advances to the Company.

The amounts due to related parties and owing to related companies included in accounts payable are non-interest bearing, unsecured and are payable on demand.

Note 7 Share Capital – Note 9

i) Authorized:

50,000,000 common shares without par value

ii) Issued:

	<u>Number</u>	<u>\$</u>
Balance, May 31, 2004 and May 31, 2003	<u>2,060,364</u>	<u>5,564,606</u>

Note 8 Income Taxes

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	<u>2004</u>	<u>2003</u>
Future income tax assets:		
Net tax non-capital losses carried forward	\$ 288,639	\$ 319,045
Capital losses	190,448	190,448
Amortization	( 46)	( 57)
Valuation allowance for future income tax assets	( 479,041)	( 509,436)
	<u>                    </u>	<u>                    </u>
Net future income tax assets	\$ -	\$ -
	<u>                    </u>	<u>                    </u>

Management considers it more-likely-than-not that the amounts will not be utilized and accordingly a full valuation allowance has been applied.

The Company has accumulated capital losses of \$488,328 and non-capital losses totalling \$740,099 which can be utilized to offset taxable income of future years. The capital losses are available indefinitely and the non-capital losses expire as follows:

2005	\$ 130,532
2006	96,097
2007	115,220
2008	84,074
2009	66,628
2010	91,621
2011	155,927
	<u>                    </u>
	\$ 740,099
	<u>                    </u>

Note 9      Subsequent Events – Note 5

Subsequent to May 31, 2004:

- a) The Company completed a private placement of 10,000,000 units at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company at \$0.20 per share for a period of two years. As at May 31, 2004 the Company had received \$565,000 as subscriptions for this private placement.
- b) The Company issued 1,272,860 common shares at \$0.10 per share to a director of the Company in settlement of outstanding debts owing in the amount of \$127,286 included in due to related parties at May 31, 2004.
- c) Pursuant to an agreement dated May 4, 2004, certain shareholders have agreed to place 7,172,860 common shares in escrow. The release of these shares is as follows:

<u>Release Date</u>	<u>Percentage of Total Escrowed Shares to be Released</u>
June 25, 2004 (released)	– 10%
Six months following	– 16.67% of the remaining pool
Twelve months following	– 20% of the remaining pool
Eighteen months following	– 25% of the remaining pool
Twenty-four months following	– 33.33% of the remaining pool
Thirty months following	– 50% of the remaining pool
Thirty-six months following	– All of the remaining pool

- d) The Company changed its name to Amanta Resources Ltd.

Note 10      Non-cash Transaction

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statements.