

Klondike Source Limited

ABN 64 087 595 980

20 April, 2004

The Manager,
Stock Exchange of Newcastle Limited
384 Hunter Street
NEWCASTLE NSW 2300

Dear Sir,

Report for Quarter ending 31 March, 2004

We submit the following quarterly report for Klondike Source Limited and its 100% owned subsidiary, KSL Exploration (Yukon) Limited (KSL Yukon) for the three months to 31 March 2004.

Corporate activities include the allotment of 18.410 million shares following the raising of funds totalling A\$1.841 million, and the commencement of trading of the Company's shares on 19 March, 2004.

Exploration activities were limited to the letting of a diamond drilling contract, appointment of a Project Geologist and preparation of a Mining Land Use Application.

CORPORATE

Following closure of the Company's IPO, the Board met on 5 March 2004 and resolved to allot 18.410 million shares, having raised funds of A\$1.841 million.

On 12 March 2004, Klondike Source Limited was admitted to the Official List of the Stock Exchange of Newcastle Limited; the Company's shares commenced trading on 19 March, 2004.

PacRim Resources Limited (PRL) was notified on 3 March, 2004 that following approval for quotation on the Newcastle Stock Exchange, the Company will have satisfied the condition precedent in the Deed of Assignment enabling the Company to proceed with settlement of the Deed of Assignment between PRL, the Company and KSL Yukon.

EXPLORATION

No field exploration activities were carried out during the Quarter.

Planning for the June-September drilling program was commenced. A diamond drilling rig has been contracted to be on site during the last week of May.

Mr Peter Ledwidge, a Dawson-based geologist who previously has worked for the Company, has been appointed Project Geologist and has begun to arrange facilities for the drill program.

A Class 2 Mining Land Use Application is being prepared for filing in early April with the Yukon Energy, Mines & Resources Department.

In January 2004, the Yukon Territory Government announced an extension to March 2007 of the Territory's Mineral Exploration Tax Credit which offers a tax credit up to 25% on eligible exploration expenditures. KSL Exploration (Yukon) Limited has received rebates under this scheme for geological and geochemical surveys carried out by the Company since the 2000 field season.

TENEMENTS

There was no change in tenement position during the Quarter.

Yours faithfully

Robert G Adamson

Chief Executive Officer

Quarterly report to Newcastle Stock Exchange

Name of entity

Klondike Source Limited

ABN

64 087 595 980

Quarter ended ("current quarter")

31 March 2004

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(11)	(11)
(b) development		
(c) production		
(d) administration (includes payment for work done during the 2003 year)	(196)	(196)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other income -		
Net Operating Cash Flows	(199)	(199)

Cash flows related to investing activities

1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(199)	(199)

1.13 Total operating and investing cash flows (brought forward)	(199)	(199)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	1,503	1,503
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material)- IPO share issue costs	(110)	(110)
Net financing cash flows	1,393	1,393
Net increase (decrease) in cash held	1,194	1,194
1.20 Cash at beginning of quarter/year	365	365
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	1,559	1,559

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.23 Aggregate amount of payments to the parties included in item 1.2	18
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

3.1 Loan facilities

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
-	-
-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
Total	350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	414	365
Deposits at call	553	-
Bank overdraft		
Other - 30 day bank bills	592	-
Total: cash at end of quarter (item 1.22)	1,559	365

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

There was no change in tenements during the quarter.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases				
(b) Decreases				
7.3 Ordinary securities	31,504,900	25,840,560		
7.4 Changes during quarter				
(a) Increases - issues of ordinary shares - IPO	18,410,000	12,745,660		
(b) Decreases				
7.5 Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases				
(b) Decreases				
7.7 Options				
Description and conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
Listed				
Nil				
Unlisted				
31 Dec 2007 Options 1 for 1	6,487,500	Nil	20 cents	31 Dec 2007
31 Dec 2007 Options 1 for 1	5,487,600	Nil	25 cents	31 Dec 2007
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
Listed				
Unlisted				
7.11 Debentures	Nil			
7.12 Unsecured	Nil			

Quarterly report to Newcastle Stock Exchange

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to NSX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Signed: ***Robert J Waring*** Date: 22 April 2004
(Company Secretary)

Print name: Robert Waring

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.