December 5, 2003

Report to Shareholders

Pacific Rim Mining Corp. (the "Company") is pleased to provide the following update on its activities during and subsequent to the Company's second quarter of fiscal 2004 (August 1, 2003 to October 31, 2003). Pacific Rim focused on advancing its El Salvador projects during the quarter with the continuation of the Company's step-out and scout drilling program at its flagship El Dorado gold project and the nearby La Calera gold project, and the publication of an updated El Dorado resource estimate.

Drill results from the El Dorado drill program generated during and subsequent to the second quarter of fiscal 2004 are outlined below, along with the results from the Company's updated El Dorado resource estimate. Tom Shrake, CEO, states "Our step-out drill program on the Minita vein system was highly successful and resulted in a 67% increase in the measured and indicated resource for the Minita vein system. Including two smaller, proximal deposits at the Coyotera and Nueva Esperanza veins, the El Dorado project now contains 821,000 ounces of gold and 5.3 million ounces of silver. This is a significant milestone in the advancement of the El Dorado gold project and brings Pacific Rim a step forward in our goal of becoming a highly profitable, low-cost, intermediate-level gold producer. We are now conducting additional scout drilling on high priority veins in both the North and Central Districts of the El Dorado project in the search for additional resources. At our nearby La Calera gold project, our drilling has resulted in the discovery of two mineralized structures that represent a potentially bulk-mineable gold target, however, the viability of La Calera requires the discovery of additional mineralization. We are about to commence both geological and geophysical surveys to trace the La Calera vein system along strike and intend to recommence drilling, utilizing a reverse circulation rig, in the coming months."

El Dorado Exploration

In a news release dated October 27, 2003, Pacific Rim announced the results of an updated resource estimate for the El Dorado gold project. This included new resource estimates for the Minita vein system as well as the Coyotera and Nueva Esperanza veins, incorporating the results to date from Pacific Rim's ongoing drill program as outlined in the following table:

Minita Vein System					
Resource Category	Tonnes (000s)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces
Measured and Indicated	1,599	11.38	70.3	585,200	3,615,400
Inferred	116	9.77	62.8	36,600	235,300
The Minita vein resource is based on a 5.0 g/t gold cutoff					
Coyotera Vein					
Resource Category	Tonnes (000s)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces
Measured and Indicated	535	9.07	70.7	156,000	1,216,000
Inferred	15	8.29	89.2	4,000	43,000
The Coyotera vein resource is based on a 5.0 g/t gold cutoff					
Nueva Esperanza Vein					
Resource Category	Tonnes (000s)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces
Indicated	1,083	2.30	14.2	80,000	494,000
Inferred	997	1.34	8.6	43,000	274,000
The Nueva Esperanza vein resource is near surface, potentially open-pitable, and based on a 0.8 g/t gold cutoff					

The measured and indicated gold resource on the Minita vein has grown 67% as a result of Pacific Rim's step-out drill program designed to extend the dimensions of the Minita mineralized chute. The Nueva Esperanza and Coyotera resources are the first ever conducted in compliance with National Instrument 43-101 and add significantly to the measured and indicated resource at El Dorado which now totals 821,000 ounces of gold and 5.3 million ounces of silver (see National Instrument 43-101 Disclosure section of the Management's Discussion and Analysis).

Pacific Rim has reported the results from 58 drill holes at the El Dorado project (P02-203 through P03-260) to date. The results for all holes up to P03-256 were made available in previous quarterly reports. Holes P03-257 through P03-260 are presented below:

Hole No.	Vein Tested	Country Grid Northing/Easting	Drill hole azimuth /dip (degrees)	From (meters down hole)	To (meters down hole)	Inter-section (meters)	True Width (meters)	Gold (g/t)	Silver (g/t)
P03-257	Deep Minita	301574 / 533868	085.5/61.5	453.4 465.3	453.75 468.35	0.35 3.05	0.3 1.7	10.54 8.06	29.5 22.3
P03-258	Deep Minita	301576 / 533869	090/58	423.7 452 457.3	424.35 453.05 460.65	0.65 1.05 3.35	0.2 0.8 2.7	9.90 10.58 7.11	34.6 51.7 39.5
P03-259	Deep Minita	301697 / 533915	086.5/56	395.05 418.95 429.6	396.15 419.55 435.1	1.1 0.6 6.5	0.7 0.4 3.25	5.88 14.49 6.31	60.0 82.0 20.5
P03-260	Deep Minita	301477 / 534053	085/73	25.95 235 238.15 314.95 324.25 357.3	26.15 235.7 238.45 315.15 329.15 358.25	0.2 0.7 0.3 0.2 4.9 0.95	0.15 0.6 0.2 0.15 3.1 0.6	17.4 17.28 10.5 6.16 7.34 7.21	33.9 157 102 17.6 45.7 22.6

Pacific Rim has adopted a two-pronged approach in its continued advancement of the El Dorado gold project. Management believes the grade, tonnage and vein width defined by the new resource estimate are such that the El Dorado gold project has the potential to support a highly profitable, low-cost underground operation. To evaluate this possibility, Pacific Rim intends to conduct a preliminary economic assessment ('scoping study') for the El Dorado project in the coming year, and has begun to collect additional data from the project required for this assessment.

Cognisant of the market premiums afforded to producers with larger operations, and with a series of high quality vein targets on the El Dorado project remaining to be tested, Pacific Rim will concurrently conduct additional exploration drilling in the search for new chutes of mineralization. Drilling on the San Matias vein in the project's North District, as well as on high priority vein targets in the eastern Central District is now in progress. This scout drilling program is expected to continue for the coming months.

La Calera Project

A total of 31 core holes have been drilled at the La Calera gold project in El Salvador, and all available results have been tabulated in previous quarterly reports. La Calera was initially targeted as a high-grade, vein-hosted epithermal system similar to the Company's nearby El Dorado project. As the drill program progressed, however, results indicate that the La Calera project represents a lower grade, potentially bulk-mineable gold target, with local high-grade gold intercepts. In September 2003, Pacific Rim completed its scout-drilling program on exposed areas of the La Calera vein system and the core rig was moved back to the Company's neighbouring El Dorado gold project.

The La Calera epithermal vein system comprises two parallel, mineralized structures (Rosa and Rosa West). Both structures appear to persist under post-mineral cover that obscures their exposure to the north. Pacific Rim intends to conduct geologic mapping and geophysical surveys to trace these structures further along their strike under the post-mineral cover. The width and continuity of the mineralization in both the Rosa and Rosa West structures indicates a potentially bulk-mineable gold target at La Calera, although the project's viability will depend on increasing the size of the mineralized bodies. Upon completion of the surface work, Pacific Rim intends to resume drill testing of the La Calera project utilizing a reverse circulation drill rig, a more cost effective technique for shallow drilling.

Rawhide Mine, Nevada

The Denton-Rawhide gold mine in Nevada is now in the residual leach phase and actual cash outlays for production are limited to the pumping and processing of leach fluids. Actual cash outlays for production averaged $158 per ounce of gold produced during the quarter ended October 31, 2003; a significant reduction compared to the $319 per ounce of gold produced in the corresponding quarter a year earlier. With gold prices at multi-year highs and actual cash costs substantially reduced, the Denton-Rawhide mine is currently experiencing a period of significantly increased cash flows. Production rates are stable and continuous efforts are being made to improve recoveries. During the quarter, the Denton-Rawhide mine generated sufficient cash flow to fully fund current closure activities as well as the Company's El Salvadoran exploration activities and administrative overhead expenditures, and provide a nominal excess amount that served to bolster the Company's cash balance.

Residual leaching at Denton-Rawhide is expected to continue through 2004 and beyond.

Management's Discussion and Analysis of Financial Results and Operating Results

2nd Quarter ended October 31, 2003 and 2002. All currency amounts are expressed in United States dollars unless otherwise stated.

The following discussion should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the three months ended October 31, 2003 ("the quarter"). This discussion is limited to matters pertaining to the Company's financial results for the three months ended October 31, 2003 that, in the opinion of the Company, are material. For discussion of previous quarterly results reference should be made to the duly filed reports for those periods.

Financial Performance and Liquidity

Financial Results of Operations

The Company realized a net loss for the three months ended October 31, 2003 of $1.7 million or $0.02 per share (basic and diluted) compared to a net loss of $1.3 million or $0.02 per share (basic and diluted) for the corresponding period a year earlier. The $0.4 million increase in the quarterly loss for the quarter ended October 31, 2003 compared to the quarter ended October 31, 2002 is primarily due to increased exploration expenditures during the current quarter.

Gold and silver sales revenues increased from $3.0 million for the three months ended October 31, 2002 to $3.6 million for the three months ended October 31, 2003 reflecting improved gold sales prices which offset a decline in quarterly gold sales volumes (2003 – 8,500 ozs; 2002 – 8,800 ozs.). The average price realized for gold in the three months ended October 31, 2003 was $381 per ounce compared to $307 per ounce received in the three comparable months ended in 2002.

The Company entered into a number of hedge contracts during the quarter in order to lock in a certain portion of its anticipated revenues from the Denton-Rawhide gold mine. As of October 31, 2003, 3,000 ounces of gold were sold forward at $390 per ounce in 500-ounce monthly contracts extending to April 2004. Subsequent to the end of the quarter, an additional 3,000 ounces were sold forward at $400 per ounce in 500-ounce monthly contracts extending to May 2004. The Company's decision to hedge is purely a cash-management strategy to guarantee sufficient revenues for planned activities, while leaving as much unhedged production as possible available for participation in the risks and rewards of the open market.

Liquidity, Capital Resources and Financial Condition

The Company has adopted a balance sheet format to display a total for cash and cash equivalents and bullion, reflecting management's view that saleable bullion inventory held by a refiner is as readily available to meet short-term liquidity requirements as cash and cash equivalents. Cash and cash equivalents and bullion totaled $2.4 million at October 31, 2003 ($1.7 million - April 30, 2003). The $0.7 improvement in cash and cash equivalents and bullion is due to improved operating cash flows from the Denton-Rawhide gold mine.

Cash flows for the quarter increased by $2.7 million compared to the corresponding year earlier quarter, mainly due to a $2.9 million improvement in cash flows provided by operating activities offset by $0.2 million of new investment in leaching equipment at Rawhide. The improvement in operating cash flow for the quarter ended October 31, 2003 compared to the corresponding period a year earlier is primarily a result of the significantly improved cash flows at the Denton-Rawhide mine.

During the quarter working capital decreased by $2.0 million from $8.5 million at July 31, 2003 to $6.5 million at October 31, 2003. This decrease in working capital for the current quarter stems from a $ 2.0 million reduction of "heap leach" inventories at Denton Rawhide and a $0.8 million increase in current liabilities all offset by a $ 0.7 million improvement in cash, cash equivalents and bullion. Future working capital levels are expected to decrease as gold "heap leach" inventories at the Denton-Rawhide mine are liquidated and cash proceeds are expended on exploration activities, reclamation activities and overhead costs.

The Company received $0.1 million of creditor payment proceeds under the Andacollo (Chile) creditors' plan in each of the quarters ended October 31, 2003 and 2002 .

Production

Pacific Rim's share (49%) of metal production at Denton-Rawhide for the quarter ended October 31, 2003 was 7,313 ounces of gold and 55,100 ounces of silver at cash production costs (as calculated using industry standards) of $422 per ounce of gold produced, which includes $250 per ounce of non-cash "heap leach" inventory "drawdown" costs. Production for the comparable quarter of 2002 was 8,913 ounces of gold and 69,250 ounces of silver at cash production costs of $265 per ounce of gold produced. Actual cash expended per ounce of gold produced in the current quarter was $158 per ounce, which when deducted from the $381 per ounce average realized gold sale price, provides significant cash margins from operations to fund ongoing exploration, reclamation and overheads.

Gold and silver production levels at the mine in the quarter ended October 31, 2003 are significantly decreased compared to the corresponding quarter of 2002 due to the cessation of active mining and stacking since October, 2002 and expected declines in production as the residual leach activity depletes the remaining gold inventories contained in the "heap". Efforts are being concentrated on maintaining and improving the metal recoveries during the final stages of leaching.

Closure expenditures, related to severances and reclamation at the Denton-Rawhide mine, of $0.3 million were made during the quarter ended October 31, 2003 ($0.3 million for the quarter ended October 31, 2002) as the operation completed its first full period of residual leaching. Mining activity at Denton-Rawhide ceased in October 2002 with the crushing and stacking of stockpiled ore completed in May 2003. Residual leaching at Denton-Rawhide is expected to continue beyond 2004, and is projected to be a significant cash-flow generating period. A closure plan for the Denton-Rawhide mine has been presented to the regulatory authority for review and approval. The Company's share of future severance and reclamation liabilities at Denton-Rawhide is estimated to be $2.7 million, which is being funded out of ongoing operating cash flow from the mine and balances available from the $3.4 million closure fund.

Exploration

During the current quarter, the Company's primary exploration activities continued to center on scout and step-out drilling on the El Dorado and La Calera gold projects in El Salvador and the calculation of an updated resource estimate for the El Dorado project. Exploration expenditures for the quarter ended October 31, 2003 were $1.2 million compared to $0.9 million for the comparable quarter ended October 31, 2002. Ongoing exploration will be funded from the Company's expected share of cash flows generated by the Denton-Rawhide mine.

Outlook

The Company anticipates continued gold production from the Denton-Rawhide mine through the remainder of fiscal 2004 with any further production continuing thereafter at reduced levels as recoveries decline. Actual cash production costs are expected to continue at or near current levels as residual leaching continues and costs are limited to the pumping and processing of leaching solutions. Funds will continue to be expended on the Company's El Salvadoran exploration projects, primarily on the flagship El Dorado gold project where exploration drilling is continuing to test new high priority vein targets in both the North and Central Districts. Drill testing of the La Calera project will recommence in the new year.

National Instrument 43-101 Disclosure

Mr. William Gehlen supervises all of Pacific Rim Mining Corp.'s exploration work in El Salvador. Mr. Gehlen is a Certified Professional Geologist with the AIPG (No. 10626), an employee of Pacific Rim and a Qualified Person as defined in NI 43-101.

Details of the El Dorado project, including geology, drill results and resource estimates are presented in a technical report prepared for Pacific Rim Mining Corp. by Mr. Steve Ristorcelli, P.Geo. and Mr. Peter Ronning, P.Eng., (both Qualified Persons as defined in National Instrument 43-101) entitled "Technical Report on the El Dorado Project Gold and Silver Resources, Department of Cabanas, Republic of El Salvador", dated November 26, 2003 and publicly available on SEDAR.

A technical report entitled "Review of the La Calera Project, El Salvador", prepared by Mr. Peter Ronning, P.Eng., a Qualified Person independent of Pacific Rim, has been filed with SEDAR, in conjunction with and summarized in the Company's 2003 Annual Information Form.

Forward-Looking Statements

Information set forth in this document may involve forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Pacific Rim's control, including: the results of current exploration activities; the results from future exploration opportunities; significant declines in metal prices; currency fluctuations; increases in production costs; differences in ore grades, recovery rates, and tonnes mined from those expected; changes in mining, or heap leaching rates from currently planned rates; general market and industry conditions; and other factors detailed in the Company's filings with the U.S. securities and Exchange Commission.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Pacific Rim's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements, and, accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Pacific Rim will derive therefrom. Pacific Rim Mining Corp. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PACIFIC RIM MINING CORP.

Interim Consolidated Balance Sheets

(Prepared by management)

in thousands of US dollars

	October 31 2003	April 30 2003
	(unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	1,698	1,107
Bullion inventory (note 3)	744	594
Total: Cash and cash equivalents and bullion	2,442	1,701
Receivables	136	50
Inventories - short-term (note 5)	6,532	8,829
	9,110	10,580
Inventories - long-term (note 5)	–	2,002
Property, plant and equipment (note 6)	5,578	5,455
Closure fund (note 8)	3,359	3,410
	18,047	**21,447**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,540	1,228
Due to related parties (note 12)	907	231
Accrued closure costs - current portion (note 8)	181	1,488
	2,628	2,947
Loan payable to a related party (note 8)	993	1,640
Accrued closure costs (note 8)	2,522	1,900
	6,143	6,487
Shareholders' Equity		
Share capital (note 9)		
Authorized:		
1,000,000,000 common shares without par value		
Issued and fully paid:		
78,558,594 shares outstanding (78,528,594 @ Apr. 30/03)	56,189	56,173
Deficit	(44,285)	(41,213)
	11,904	14,960
	18,047	**21,447**

Signed on behalf of the Board:

"Thomas C. Shrake" Director

"David K. Fagin" Director

See accompanying notes to these Interim Consolidated Financial Statements

PACIFIC RIM MINING CORP.

Interim Consolidated Statements of (Loss) and Deficit

(Prepared by management)

in thousands of US dollars (except per share amounts)
(unaudited)

	Three Months Ended October 31		Six Months Ended October 31	
	2003	**2002**	**2003**	**2002**
Revenues				
Sales	3,562	2,974	6,585	6,200
Cost of sales				
Operating costs	3,694	2,650	6,841	5,059
Depreciation, depletion and amortization	312	723	684	1,644
	4,006	3,373	7,525	6,703
Mine operating (loss)	(444)	(399)	(940)	(503)
Expenses				
Exploration	1,189	888	2,060	1,480
General and administrative	227	202	380	504
Write-down of marketable securities	–	–	–	275
Interest expense	13	20	29	41
Foreign exchange	(15)	(22)	(8)	(10)
Interest income	(28)	(46)	(61)	(101)
Gain on sale of mineral property	–	–	–	(900)
Gain on sale of marketable securities	–	–	–	(994)
	1,386	1,042	2,400	295
Net (loss) before unusual item	**(1,830)**	**(1,441)**	**(3,340)**	**(798)**
Recovery of Investment In Andacollo Mine	87	129	268	330
Net (loss) for the period	**(1,743)**	**(1,312)**	**(3,072)**	**(468)**
Deficit - beginning of period	(42,542)	(37,569)	(41,213)	(38,413)
Deficit - end of period	(44,285)	(38,881)	(44,285)	(38,881)
Per share:				
Net (loss) per share - basic and diluted	(0.02)	(0.02)	(0.04)	(0.01)
Weighted average shares o/s during period	78,530,332	78,495,801	78,529,646	78,439,784

See accompanying notes to these Interim Consolidated Financial Statements

PACIFIC RIM MINING CORP.
Interim Consolidated Statements of Cash Flow
(Prepared by management)

In thousands of US dollars
(unaudited)

(11/25/03-Staley comments)	Three Months Ended October 31 2003	Three Months Ended October 31 2002	Six Months Ended October 31 2003	Six Months Ended October 31 2002
Net (loss) for the period	**(1,743)**	**(1,312)**	**(3,072)**	**(468)**
Adjustments to reconcile net (loss) to cash flow provided by (used for) operating activities:				
Depletion, depreciation and amortization	223	547	488	1,423
Closure costs amortization	89	176	196	221
Foreign exchange loss(gain)	(15)	(22)	(8)	(10)
Net interest earned on closure fund	(14)	(38)	(29)	(76)
Gain on sale of marketable securities	-	13	-	(994)
Gain on sale of mineral properties	-	-	-	(900)
Write-down of marketable securities	-	(1)	-	275
	(1,460)	(637)	(2,425)	(529)
Accounts payable and accrued liabilities	706	(142)	312	(204)
Closure cost expenditures	(281)	(260)	(1,153)	(304)
Due to related parties	23	(170)	30	(420)
Inventories	2,327	(446)	4,149	(1,227)
Receivables	(9)	30	(86)	10
Cash flow provided by (used for) operating activities	**1,306**	**(1,625)**	**827**	**(2,674)**
Investing Activities				
Purchases of property, plant and equipment	(311)	(107)	(320)	(143)
Proceeds from sale of property, plant and equipment	14	21	60	21
Proceeds from sale of marketable securities	-	-	-	1,817
Cash flow provided by (used for) investing activities	**(297)**	**(86)**	**(260)**	**1,695**
Financing Activities				
Issuance of share capital	16	8	16	29
Cash flow provided by (used for) financing activities	**16**	**8**	**16**	**29**
Foreign exchange	**15**	**22**	**8**	**10**
Net increase (decrease) in cash and cash equivalents	1,040	(1,681)	591	(940)
Cash and cash equivalents, beginning of period	658	3,305	1,107	2,564
Cash and cash equivalents, end of period	**1,698**	**1,624**	**1,698**	**1,624**

See accompanying notes to these Interim Consolidated Financial Statements

1. Nature of Operations and Basis of Presentation

The Company is involved in the exploration, development and operation of gold properties. The Company owns a 49% interest in the Denton-Rawhide Mine, located near Fallon, Nevada, U.S.A. and a 100% interest in certain exploration licence areas, known as El Dorado, located in El Salvador.

Basis of Presentation

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Dayton Mining (US) Inc., DMC Cayman Inc., Andacollo Gold Inc., La Serena Inc., Dayton Chile Exploraciones Mineras Limitada, Compañia Minera Dayton (to December 1, 2000), Dayton Acquisition Inc., 449200 B.C. Ltd., Pacific Rim El Salvador S.A. De C.V. and Recursos Salvadorenos S.A. de C.V. Also included in these consolidated financial statements are the Company's wholly-owned subsidiaries, Pac Rim Cayman, Pac Rim Caribe III and International Pacific Rim S.A. from the date of acquisition of April 11, 2002.

The 49% joint venture interest in Denton-Rawhide is accounted for on the proportionate consolidation basis.

The United States dollar is the Company's principal reporting currency and the currency of measurement for all financial transactions reported in these consolidated financial statements.

The accompanying unaudited interim consolidated financial statements (the "financial statements") have been prepared by management in accordance with the accounting principles and methods of application disclosed in the Company's audited consolidated financial statements for the fiscal period ended April 30, 2003.

The financial statements include all adjustments that are, in the opinion of management, necessary for a fair presentation. These financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly these financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report for the year ended April 30, 2003 (the "Annual Report").

The balance sheet of these financial statements has been changed from previously used formats to separately report saleable bullion inventory located at gold refiners from all other inventories held. A total amount is included for cash and cash equivalents and bullion to reflect management's view that the bullion reported is closely equivalent to cash and immediately available to cover short-term cash requirements.

2. Significant Accounting Policies and Accounting Changes

Asset Retirement

Effective 1 May 2003, the Company has elected early implementation of the Canadian standard for accounting for asset retirement obligations, whereby the Company is required to recognize asset retirement obligations in the period in which they are incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long term asset. The associated liability is accreted over the estimated number of future ounces of gold to be produced until settlement of the obligation and the asset is depreciated over the estimated useful life of the asset. As a result of the adoption of this accounting standard the carrying value of the Rawhide Mine and the corresponding asset retirement obligation have been increased by $ 0.5 million. This has been applied prospectively.

United States GAAP for asset retirement obligations (Financial Accounting Standards Board ("FASB") Statement No. 146) conforms in all material respects to Canadian GAAP.

3. Bullion Inventory

Bullion inventory is valued at the lower of cost and fair market value. Details are as follows:

		October 31, 2003			April 30, 2003	
		Gold	**Silver**		Gold	Silver
Ounces at refinery		**1,708**	**17,650**		1,544	15,402
Market value per ounce ($/oz.)		**384.00**	**5.00**		339.00	4.63
Market value	$	**656**	**88**	$	523	71
Total market value	$	**744**		$	594	

4. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, bullion inventory, receivables, closure fund, accounts payable, amounts due to related parties and accrued closure costs. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

5. Inventories

Details are as follows:

		Oct. 31, 2003		April 30, 2003
Production inventory	**$**	**6,244**	$	10,291
Supplies inventory		**288**		540
		6,532		10,831
Less: Long-term portion of production inventory		**-**		(2,002)
	$	**6,532**	$	8,829

The estimated value of inventory that will not be recovered within the next fiscal year has been reclassified as long-term.

6. Property, Plant and Equipment

Details are as follows:

		Oct. 31, 2003		April 30, 2003
Cost	**$**	**10,753**	$	10,652
Accumulated depreciation and write-downs		**(5,175)**		(5,197)
	$	**5,578**	$	5,455

7. Mineral Properties

a) El Salvador Properties

i) The Company holds a 100% interest in two exploration areas in El Salvador, known as El Dorado and La Calera. Annual advance minimum royalty payments are required on the El Dorado property, which are the greater of $50 per year or a 3% net smelter return royalty ("NSR"). The Company has the right to purchase the NSR for $4 million ($1 million for 1.5% and $3 million for the remainder) provided that the royalty is at least partially acquired within six months of commercial production.

All licences are subject to a 2% NSR held by the government of El Salvador.

ii) By letter of intent dated May 17, 2002, the Company agreed to acquire a 100% interest in the La Calera gold project, located near the El Dorado property. Under the letter of intent the Company, at its option, must make the following payments and exploration expenditures:

	Option Payment	Minimum Exploration Expenditures
Upon signing (paid)	$ 5	$ -
Upon completion of a two month due diligence (paid)	15	-
On or before May 17, 2003 (paid and expenditure incurred)	20	25
On or before May 17, 2004 (expenditure incurred)	35	50
On or before May 17, 2005 (expenditure incurred)	75	100
On or before May 17, 2006 (expenditure incurred)	150	200
	$ 300	$ 375

The property is subject to a 0.5% NSR which can be purchased by the Company for $0.2 million if purchased within six months from the start of commercial production.

b) Denton-Rawhide Joint Venture

The Company owns a 49% interest in the Denton-Rawhide Mine. The Company's 49% interest in the joint venture is summarized as follows:

	Oct. 31, 2003	April 30, 2003
Cash and other current assets	**$ 7,348**	$ 8,838
Inventories – long-term portion	**-**	2,002
Property, plant and equipment	**1,352**	1,219
Closure fund	**3,359**	3,410
Current liabilities	**(1,462)**	(2,510)
Long-term liabilities	**(2,522)**	(1,900)
Net assets	**$ 8,075**	$ 11,059

	Three months ended Oct. 31, 2003	Three months ended Oct. 31, 2002	**Six Months Ended Oct. 31, 2003**	**Six Months Ended Oct. 31, 2002**
Sales	$ 3,562	2,974	**$ 6,585**	**6,200**
Costs and expenses	4,006	3,373	**7,525**	**6,703**
Net (loss) before taxes	$ (444)	(399)	**$ (940)**	**(503)**

8. Closure Fund, Accrued Closure Costs and Loan Payable to a Related Party

The Company, as part of the Denton-Rawhide acquisition, agreed to reimburse Kinross Gold Corporation ("Kinross"), who is a major shareholder of the Company, a principal amount of $2.118 million for Kinross' interest in the reclamation and severance trust funds ("Closure Fund") held for the benefit of the Denton-Rawhide operation. The principal amount is repayable to Kinross, on an annual basis, from 25% of the net internal cash flow from the Denton-Rawhide Mine. Interest is payable annually at rates equivalent to those earned by the Closure Fund trust accounts. As a result of adjustments to working capital accounts at the time of purchase, the principal amount owing to Kinross was reduced to the outstanding amount of $1.849 million of which $0.856 million (plus accrued interest) is due and payable at December 31, 2003 and the balance of $0.993 million is payable at December 31, 2004.

The closure trust funds are held in a trust managed by a Trustee that is a large North American banking institution. The trust funds are invested in mutual funds composed of U.S. Government guaranteed fixed income securities with maturities of one to five years. The fair market value of the funds at October 31, 2003 was approximately $3.67 million (Cost - $3.36 million) . The closure trust funds are provided as security to the mine operator for the estimated closure liabilities.

Accrued closure costs – April 30, 2003		
Short term	$ 1,488	
Long term	1,900	3,388
Add: Accrual of additional reclamation obligations (see note 2)		495
Total Reclamation Obligation		3,883
Less: Reclamation expenditures during the period		1,180
Accrued closure costs – October 31, 2003		
Current portion	181	
Long term portion	2,522	$ 2,703

9. Share Capital

Common Shares

Details are as follows:

	Number of Shares	Amount
Balance – April 30, 2003	78,528,594	$ 56,173
Common shares issued during period	30,000	16
Balance – October 31, 2003	78,558,594	$ 56,189

Stock Options

Upon amalgamation, the stock options outstanding under the plans of Dayton Mining Corporation and Pacific Rim Mining Corp. were rolled over, provided that upon surrender, termination or expiry without exercise the shares are not available for the grant of new options.

In October 2002 shareholders approved a new stock option and bonus plan under which up to 6,000,000 common shares are reserved for the grant of stock options and up to 367,000 common shares are reserved for the grant of bonus shares to directors, employees or consultants ("eligible parties").

Stock options or bonus shares may be granted under the 2002 Plan, by the Board of Directors, to eligible parties, for a term of up to 10 years, at the closing price on the TSX on the date prior to the grant, and on conditions as may be determined by the Board of Directors.

	Number of Options			
	Pre-Amalgamation Plans	October 2002 Plan	Weighted Average Exercise Price (in Cdn $)	Expiry
Options outstanding at April 30, 2003	4,517,480	2,110,000	$0.73	2003-2007
Six months ended October 31, 2003				
- granted	-	1,425,800	$0.80	2008
- cancelled	-	(130,000)	$0.62	2007
- exercised	(30,000)	-	$0.78	2003-2006
Options outstanding at October 31, 2003	4,487,480	3,405,800	$0.74	2003-2008
Vested as at October 31, 2003	4,487,480	1,795,267	$ 0.69	2003-2008

The following table summarizes information about stock options outstanding to directors, former directors and employees as at October 31, 2003.

Expiry Date	Exercise Price (in Cdn $)	Number Outstanding	Number Vested
November 4, 2003	$ 0.88	549,000	549,000
February 4, 2004	$ 1.49	4,000	4,000
April 27, 2004	$ 1.36	1,188,000	1,188,000
June 29, 2004	$ 1.06	330,000	330,000
June 29, 2004	$ 1.36	36,080	36,080
September 24, 2004	$ 1.30	29,000	29,000
May 28, 2005	$ 0.54	1,073,600	1,073,600
July 4, 2006	$ 0.29	1,277,800	1,277,800
April 18, 2007	$ 0.62	1,980,000	1,320,000
July 23, 2008	$ 0.43	170,800	56,934
October 8, 2008	$ 0.85	1,255,000	418,333
		7,893,280	6,282,747

Subsequent to October 31, 2003 and prior to the November 4, 2003 expiry date, all 549,000 options listed above as outstanding and expiring on that date were exercised.

If the Company had accounted for stock options granted to directors and employees using the fair value method, the pro-forma effect on net loss and loss per share for the period ended October 31, 2003 would be as follows:

	Three Months Ended Oct. 31, 2003	Three Months Ended July 31, 2003	**Six Months Ended Oct. 31, 2003**	Year Ended April 30, 2003
Net Loss for the Year				
As reported	$ **(1,743)**	(1,329)	**(3,072)**	$ (2,800)
Stock option compensation expense	**(208)**	(61)	**(269)**	(473)
Pro-forma net loss for the year	$ **(1,951)**	(1,390)	**(3,341)**	$ (3,273)
Loss Per Share - Basic and Diluted				
As reported	$ **(0.02)**	(0.02)	**(0.04)**	$ (0.04)
Pro-forma	$ **(0.02)**	(0.02)	**(0.04)**	$ (0.04)

The fair value of the options used in the pro-forma information above has been estimated at the date of vesting using the Black-Scholes Option Pricing Model with the following assumptions:

Risk free interest rate	**3.88%**	3.67%	4.31%
Average expected option life	**5 years**	3 years	4 years
Stock volatility – based on trading history	**110.16%**	101.27%	89.46%
Dividend payments during life of option	**none**	none	none

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

10. Gold Sales Contracts

(Metals prices in U.S. dollars)

At October 31, 2003, the Company gold hedging program consisted of 3,000 ounces of forward sales contracts for future delivery of gold at various dates between November 14, 2003 and April 8, 2004 at an average price of $390 per ounce. At October 31, 2003 the Company had no financial exposure to market risks related to the settlement of outstanding hedges as gold spot prices were approximately $385 per ounce at that date. The estimated fair value of these contracts at the October 31, 2003 spot prices was $15 which represents the fair value to the Company on the balance sheet date if it were to settle these instruments prior to their maturity.

The credit risk exposure related to the Company's gold hedging activities is limited to the unrealized gains (losses) on outstanding contracts based on current market prices. The Company's gold hedging contract counter parties are large international credit-worthy institutions.

11. Segmented Information

The company operates in one business segment, namely; gold mining with its sole producing asset being a 49 % joint venture interest in a gold mine in Nevada, USA (acquired April 1, 2000), exploration activities in El Salvador (commencing April 6, 2000) and administrative offices in Canada and the USA. There has been no material change in segmented assets from those disclosed in the Company's annual report.

Details are as follows:

	October 31, 2003	April 30, 2003
Total Assets		
Canada	**$ 497**	$ 99
USA	**13,366**	17,094
El Salvador	**4,184**	4,252
Chile	**-**	2
Total	**$ 18,047**	$ 21,447

Total Property, Plant and Equipment		
Canada	**$ 6**	$ 8
USA	**1,388**	1,263
El Salvador	**4,184**	4,184
Chile	**-**	-
Total	**$ 5,578**	$ 5,455

	Three Months ended		Six Months ended	
	October 31, 2003	October 31, 2002	**October 31, 2003**	October 31, 2002
Revenue, Excluding Interest Income				
Canada	$ -	-	**$ -**	-
USA	3,562	2,974	**6,585**	6,200
El Salvador	-	-	**-**	-
Chile	-	-	**-**	-
Total	$ 3,562	2,974	**$ 6,585**	6,200
Depreciation, Depletion and Amortization				
Canada	$ 1	2	**$ 2**	2
USA	311	721	**682**	1,642
El Salvador	-	-	**-**	-
Chile	-	-	**-**	-
Total	$ 312	723	**$ 684**	1,644
Net Income (Loss)				
Canada	$ (172)	(241)	**$ (295)**	1,197
USA	(534)	(373)	**(1,135)**	(638)
El Salvador	(1,124)	(827)	**(1,910)**	(1,357)
Chile	87	129	**268**	330
Total	$ (1,743)	(1,312)	**$ (3,072)**	(468)

12. Related Party Transactions

Except as noted elsewhere in these financial statements, related party transactions are as follows:

a) Amounts due to related parties are required to be paid within 12 months and have accordingly been recorded in these financial statements as current liabilities.

Details are as follows:

	October 31, 2003	April 30, 2003
Loan interest due to Kinross	**51**	22
Loan payable to Kinross - current portion *(Note 8)*	**856**	209
	$ 907	$ 231

Interest expense accrued during the period on a loan from a related party was $ 14 and $ 29 for the three months and six months ended October 31, 2003 respectively (2002 - $ 19 and$ 40 respectively).

b) During the three months and six months ended October 31, 2003, wages and benefits of $ 83 and $ 164 respectively (October 31, 2002 - $ 100 and $ 190 respectively) were paid to directors and officers and have been included in general and administrative expenses.

13. Income Taxes

The Company has utilized prior period losses to eliminate income taxes that would otherwise be payable on current income.

14. Management Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of the Company's results reported in these interim financial statements are included in the Report to Shareholders dated December 5, 2003.