



British Columbia Securities Commission

**QUARTERLY AND YEAR END REPORT
BC FORM 51-901F**

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ISSUER DETAILS NAME OF ISSUER MUSKOX MINERALS CORP.		FOR QUARTER ENDED 04 02 29			DATE OF REPORT Y M D 04 04 29		
ISSUER ADDRESS P.O. BOX 23113, RPO CONNAUGHT							
CITY/ CALGARY		PROVINCE AB	POSTAL CODE T2B 3S1	ISSUER FAX NO. 403 398-0693	ISSUER TELEPHONE NO. 403 236-2222		
CONTACT PERSON FEISAL SOMJI			CONTACT'S POSITION CHIEF FINANCIAL OFFICER		CONTACT TELEPHONE NO. 403 236-2222		
CONTACT EMAIL ADDRESS fsomji@muskoxminerals.com			WEB SITE ADDRESS www.muskoxminerals.com				

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE " ROGER MORTON"	PRINT FULL NAME ROGER D. MORTON	DATE SIGNED Y M D 04 04 29
DIRECTOR'S SIGNATURE "FEISAL SOMJI"	PRINT FULL NAME FEISAL A. SOMJI	DATE SIGNED Y M D 04 04 29

MUSKOX MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FEBRUARY 29, 2004

MUSKOX MINERALS CORP.
CONSOLIDATED BALANCE SHEET
(Unaudited – Prepared by Management)
FEBRUARY 29, 2004

	February 29, 2004	August 31, 2003
ASSETS		
Current		
Cash	\$ 2,442,159	\$ 567,482
Restricted cash	-	328,173
Receivables (Note 4)	51,562	32,140
Exploration advances	193,532	32,500
Prepaid expenses and deposits	<u>131,849</u>	<u>163,849</u>
	2,819,102	1,124,144
Capital assets	11,634	2,555
Mineral properties (Note 5)	<u>17,756,317</u>	<u>16,963,653</u>
	<u>\$ 20,587,054</u>	<u>\$ 18,090,352</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ 68,941	\$ 106,196
Loan payable	-	-
Current portion of long term debt	<u>675,874</u>	<u>672,539</u>
	744,815	778,735

Future income taxes

	<u>2,795,844</u>	<u>2,795,844</u>
	<u>3,540,659</u>	<u>3,574,579</u>

Shareholders' equity

Capital stock	19,730,475	16,707,575
Contributed surplus	349,571	349,571
Deficit	<u>(3,033,651)</u>	<u>(2,541,373)</u>
	<u>17,046,395</u>	<u>14,515,773</u>

	<u>\$ 20,587,054</u>	<u>\$ 18,090,352</u>
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Basis of presentation (Note 1)

Commitments (Note 9)

On behalf of the Board:

“ ROGER MORTON”

Director

“FEISAL SOMJI”

Director

MUSKOX MINERALS CORP.**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**

(Unaudited – Prepared by Management)

THREE MONTH AND SIX MONTH PERIOD ENDED FEBRUARY 29, 2004

	Three Month Period Ended February 29, 2004	Three Month Period Ended February 28, 2003	Six Month Period Ended February 29, 2004	Six Month Period Ended February 28, 2003
EXPENSES				
Administrative	\$ 11,468	\$ 6,000	\$ 20,182	\$ 18,000
Amortization	207	207	414	414
Capital Tax	-	-	8,062	-
Computer and website	11,280	140	16,780	1,041
Consulting fees	15,000	6,055	30,000	43,158
Finder fees	-	-	13,630	-
Interest on long term debt	12,066	11,325	26,028	22,650
Management fees	61,000	24,000	89,000	48,000
Office and miscellaneous	13,113	8,114	24,760	13,122
Professional fees	12,700	14,970	31,472	15,205
Rent	5,998	9,000	17,998	21,000
Shareholder communication	40,445	-	69,764	4,465
Transfer agent and regulatory fees	62,926	10,250	76,322	12,406
Travel and related costs	22,204	-	68,557	59
	<u>268,407</u>	<u>90,062</u>	<u>492,969</u>	<u>199,521</u>
Loss before other item	(268,407)	(90,062)	(492,969)	(199,521)
OTHER ITEM				
Interest income	<u>691</u>	<u>-</u>	<u>691</u>	<u>-</u>
Loss before income taxes	(267,716)	(90,062)	(492,278)	(199,521)
Future income tax recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	(267,716)	(96,062)	(492,278)	(199,521)
Deficit, beginning of period	<u>(2,765,935)</u>	<u>(2,034,450)</u>	<u>(2,541,373)</u>	<u>(1,924,991)</u>
Deficit, end of period	\$ (3,033,651)	\$ (2,124,512)	\$ (3,033,651)	\$ (2,124,512)
<hr/>				
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<hr/>				
Weighted average number of shares outstanding	69,370,668	28,691,022	59,576,950	28,691,022

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited - See Notice to Reader)
THREE MONTH AND SIX MONTH PERIOD ENDED FEBRUARY 29, 2004

	Three Month Period Ended February 29, 2004	Three Month Period Ended February 28, 2003	Six Month Period Ended February 29, 2004	Six Month Period Ended February 28, 2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (267,593)	\$ (90,062)	\$ (492,278)	\$ (199,521)
Item not affecting cash:				
Amortization	207	207	414	414
Accrued interest on long term debt	12,066	11,325	26,028	22,650
Changes in non-cash working capital items:				
Increase (decrease) in receivables	(28,119)	30,671	(40,414)	19,711
Decrease in share subscriptions receivable	-	-	-	-
Increase in exploration advances	(129,228)	-	(161,032)	-
Increase (decrease) in prepaid expenses and deposits	48,000	-	32,000	-
Increase in accounts payable and accrued liabilities	<u>12,931</u>	<u>62,218</u>	<u>(38,956)</u>	<u>230,643</u>
Net cash provided by (used in) operating activities	<u>(351,736)</u>	<u>14,359</u>	<u>(674,238)</u>	<u>73,897</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan Payable	-	(14,422)	-	548
Capital assets	(3,180)	-	(9,493)	-
Capital stock issued for cash	2,502,000	-	3,242,000	-
Finders fees and share issuance costs	<u>(219,100)</u>	<u>-</u>	<u>(219,100)</u>	<u>-</u>
Net cash provided by financing activities	<u>2,279,720</u>	<u>(63)</u>	<u>3,013,407</u>	<u>74,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Deferred exploration costs, net of option payments received	<u>(289,916)</u>	<u>-</u>	<u>(792,664)</u>	<u>(72,254)</u>
Net cash used in investing activities	<u>(289,916)</u>	<u>-</u>	<u>(792,664)</u>	<u>(72,254)</u>
Change in cash and equivalents during the period	1,638,068	(63)	1,546,505	2,191
Cash and equivalents, beginning of period	<u>804,092</u>	<u>30</u>	<u>895,655</u>	<u>(2,224)</u>
Cash and equivalents, end of period	<u>\$ 2,442,160</u>	<u>\$ (33)</u>	<u>\$ 2,442,160</u>	<u>\$ (33)</u>

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
FEBRUARY 29, 2004

1. BASIS OF PRESENTATION

The financial statements contained herein include the accounts of MuskoX Minerals Corp (the "Company") and its wholly owned subsidiaries, MuskoX Holdings Ltd. and 913169 Alberta Ltd.

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta) on August 16, 1996. The Company, through its wholly owned subsidiaries, MuskoX Holdings Ltd. and 913169 Alberta Ltd., is currently in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company has not earned significant revenues and is considered to be in the development stage.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing, or generating profitable operations in the future.

	2003	2002
Working capital (deficiency)	\$ 345,409	\$ (1,431,016)
Deficit	(2,541,373)	(1,924,991)

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries MuskoX Holdings Ltd., a company incorporated in British Columbia and 913169 Alberta Ltd., a company incorporated in Alberta. All significant inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Capital assets and amortization

Capital assets, being computer equipment, are amortized over their useful lives using the declining balance method at 30% per annum.

Resource properties

The Company capitalizes the costs of acquisition of mineral properties as well as all costs of exploration on the properties. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method if commercial ore reserves are developed. Costs related to properties are written-off to operations in the year such properties are abandoned, sold or if management determines there is impairment in value. If continued exploration of a property is not planned in the foreseeable future, costs related to the property are written-off at the time the determination is made.

The revenue earned as a result of the sale or option of a resource property will be applied against the book value of the property. Any revenue received in excess of the property's book value will be included in income at that time.

Properties which have reached the production stage will have a gain or loss calculated on the portion of that property sold.

Cost of maintaining resource properties

The Company does not accrue the estimated future costs of maintaining its resource properties in good standing.

Environmental protection and rehabilitation costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when their likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Values

The amounts shown for resource properties represent costs incurred to date and do not necessarily reflect present or future values.

Income taxes

Future income taxes are recorded for using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock based compensation

The Company grants stock options in accordance with the policies of the TSX Venture Exchange (“TSX-V”), as described in Note 9. No compensation expense is recognized when share options are granted. Consideration paid for the shares on exercise of the share options is credited to capital stock.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

4. BUSINESS COMBINATION

Effective March 31, 2001, the Company's subsidiary, Muskox Holdings Ltd., acquired all of the issued and outstanding share capital of 913169 Alberta Ltd. for a purchase price of \$3,445,002 (Note 5). As consideration, the Company issued 1,994,790 common shares at a price of \$1.727 per share.

The acquisition of 913169 Alberta Ltd. has been accounted for using the purchase method and accordingly, these consolidated financial statements include the results of operations of 913169 Alberta Ltd. from the date of acquisition.

The total purchase price of \$3,445,002 was allocated to mineral properties.

5. RECEIVABLES

Receivables represent GST refunds.

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
FEBRUARY 29, 2004

6. MINERAL PROPERTIES

	February 29, 2004	August 31,, 2003
Mineral property costs	\$ 5,837,554	\$ 5,837,554
Acquisition of property	180,000	
	6,017,554	5,837,554
Deferred exploration costs	<u>11,738,763</u>	<u>11,126,099</u>
Total mineral property costs and deferred exploration costs	<u>\$ 17,756,317</u>	<u>\$ 16,963,653</u>

Deferred exploration costs incurred are as follows:

	2004	2003
Balance, beginning of year	<u>\$ 11,126,099</u>	<u>\$ 11,103,124</u>
Aircraft charters:		
Fixed wing	-	-
Rotary	-	-
Other	-	-
Anglo American (Canada) Ltd.	327,750	172,250
Camp maintenance	-	-
Camp support	23,755	37,500
Drilling: Drilling	106,370	-
Consulting	-	-
Equipment rental	17,767	383
Expediting and freight	13,586	-
Fuel	-	-
Geological and geochemical	68,911	5,100
Geophysics: Airborne	-	-
Data Processing and interpretation, modelling	23,530	(12,500)
Project preparation and development	-	-
Report writing	7,930	19,885
Telecommunications	-	10,599
Tenure, licences and permits	1,023	400
Travel and accommodation	<u>22,042</u>	<u>-</u>
	<u>612,664</u>	<u>233,617</u>
Less: cost written off		(210,642)
		22,975
Balance, end of year	<u>\$ 11,738,763</u>	<u>\$ 11,126,099</u>

MUSKOX MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

FEBRUARY 29, 2004

7. RESOURCE PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and to the best of its knowledge, title to its properties is in good standing

Nunavut Tunngavik Incorporated Claims and Federal Claims

Pursuant to an agreement dated March 25, 1998, MuskoX Holdings Ltd. acquired a beneficial interest in certain mineral claims in Nunavut, Canada by issuing 11,590,418 common shares with a value of \$2,318,084, which represented costs incurred on the claims by the vendor. All the claims, the Nunavut Tunngavik Incorporated (“NTI”) claims and the Federal claims, are subject to a 2.5% gross overriding royalty. In addition, the NTI claims are also subject to a 12% net profit royalty. If any claims are utilized in a commercial production, they will be subject to annual rental payments of up to \$150,000. MuskoX Holdings Ltd. subsequently granted an option to acquire a 10% interest in the mineral properties to a former related party (Note 5). The option is exercisable upon the optionee paying \$300,000 to the Company at the earlier of the properties being put into commercial production or December 31, 2020. If the option is exercised, the 10% interest will be converted into a 3% net smelter return royalty in favour of the optionee upon the properties being put into commercial production.

During the year ended August 31, 2001, the Company entered into an agreement with Areté Resources Limited Partnership 2000 (“Areté”) whereby Areté incurred \$2,650,002 of exploration expenditures on certain mineral claims of the Company and Areté earned a 2.65% interest in these mineral claims. In addition, the Company issued 243,826 flow-through shares at a price of \$3.00 per share to Areté Capital Corp. The Company paid consulting fees of \$195,500 and is required to issue 127,948 warrants as a finder's fee to Areté Capital Corp. (Note 10). Pursuant to an agreement, Areté transferred the 2.65% interest in these mineral claims to 913169 Alberta Ltd. and the Company exercised the right to buy back the interest for a purchase price of \$3,445,002, equal to 130% of the exploration expenditures expended by Areté. As consideration, the Company issued 1,994,790 common shares of the Company at a price of \$1.727 per share for all of the issued and outstanding common shares of 913169 Alberta Ltd.

During the year ended August 31, 2002, the Company granted an option to purchase up to 50% of the Company's interests in certain mineral claims. As consideration, the Company received \$300,000 and paid \$50,000 as a finder's fee. The option to purchase 50% of the Company's interest in certain mineral claims subsequently expired unexercised. Subsequent to August 31, 2002, the NTI claims were abandoned and consequently, costs related to the NTI claims, totalling \$184,532, were written-off during the year ended August 31, 2002.

During the year ended August 31, 2003, the Company entered into an option agreement with Anglo American (Canada) Ltd. (“AAEC”) whereby AAEC can acquire an initial 51% interest in certain mineral claims of the Company by incurring exploration expenditures of \$11,500,000 before August 31, 2008. AAEC may earn an additional 19% interest in certain mineral claims of the Company through additional funding of exploration and development work as well as a feasibility study.

Upon completion of the feasibility study, the Company is required to pay 39% of the cost of the feasibility study and may elect to permit AAEC to earn an additional 5% interest in certain mineral claims of the Company.

In addition, the Company issued 2,777,778 units of the Company to AAEC for \$500,000. Each unit consists of one common share and one common share purchase warrant. The share purchase warrant entitles AAEC to purchase one additional common share at an exercise price of \$0.25 per share for a period of year. The proceeds from the private placement are to be advanced back to AAEC and will be applied towards AAEC's first year of exploration expenditures. During the year ended August 31, 2003, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$210,642, were written off to operations

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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8. RESOURCE PROPERTIES (cont'd...)

The Company has also obtained the agreement of holders of royalties and other similar interests in certain mineral claims of the Company for the sale of such interest in consideration of a future amount of \$2,000,000.

ATLIN PROPERTY

Under the Option Agreement, MuskoX may earn a 100% interest in the Atlin Property by making cash payments totaling \$2,590,000 over the next 7 years, and expending a minimum of \$250,000 in exploration work per year for the first three years, for a total of \$750,000. MuskoX has paid the initial \$140,000 upon the signing of the Option Agreement. The next payment of \$100,000 is due on April 1, 2004. MuskoX can choose to accelerate the cash payments to exercise the Option early, without penalty. Once the Option is exercised, the Property will be subject to a 1.5% NSR Royalty

9. RELATED PARTY TRANSACTIONS

During the three month period ended February 29, 2004, the Company entered into the following transactions with related parties:

- a) Paid or accrued \$61,000 in management fees to directors.
- b) Accrued \$12,066 in interest to a trust associated with a former director of MuskoX Holdings Ltd.

10. CURRENT PORTION OF LONG-TERM DEBT

Current portion of long term debt includes accrued interest of \$175,884 is due to a former related party and was repayable on demand after December 31, 2001. The debt bears interest at prime rate plus 3% per annum and is secured by the assets of MuskoX Holdings Ltd. As consideration for the agreement to postpone payment of the loan and to advance additional funds subsequent to October 31, 1998, MuskoX Holdings Ltd. agreed to grant the lender an option to acquire a 10% interest in the resource properties. MuskoX is currently arranging for this debt, including interest, to be settled.

11. FUTURE INCOME TAXES

- a) A reconciliation of income taxes at statutory rates is as follows:
(As of the year ended August 31, 2003)

	2003	2002
Loss before income taxes	\$ (1,114,110)	\$ (963,070)
Expected income tax recovery	\$ (396,846)	\$ (381,568)
Reduction in tax rate	(201,181)	(586,341)
Non-deductible expenses	100,301	4,185
Total income tax recovery	\$ (497,726)	\$ (963,724)

The Company has non-capital losses of approximately \$3,800,000 which may be applied to reduce income taxes in future years. If not utilized, these losses expire through to 2010. Subject to certain restrictions, the Company also has resource expenditures of approximately \$5,300,000 available to reduce income taxes in future years. The tax benefit of the non-capital losses and resource expenditures have not been recognized in these consolidated financial statements except to the extent that they can be used to offset future income tax liabilities that existed on August 31, 2003.

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
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11. FUTURE INCOME TAXES (cont'd...)

b) Significant components of the Company's future income tax assets and liabilities are as follows:

	2003	2002
Future income tax assets		
Capital assets	\$ 1,562	\$ 1,337
Share issue costs and consulting fees	75,789	110,119
Losses available for future periods	<u>1,444,138</u>	<u>1,226,746</u>
Gross future tax assets	1,521,489	1,338,202
Future income tax liabilities		
Resource properties	(1,517,420)	(1,681,866)
Resource property costs due to flow-through shares	<u>(2,799,913)</u>	<u>(2,821,405)</u>
Net future income tax liability	<u>\$ (2,795,844)</u>	<u>\$ (3,165,069)</u>

During the year ended August 31, 2003, the Company issued 2,489,999 units on a flow-through basis for gross proceeds of \$360,750. The flow-through agreement requires the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$128,503 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

During the year ended August 31, 2002, the Company issued 320,000 common shares on a flow-through basis for gross proceeds of \$80,000. The Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$30,096 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
FEBRUARY 29, 2004

12. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
Unlimited number of voting common shares without par value		
Unlimited number of preferred shares, issuable in series		
Issued		
Balance at August 31, 2001	27,954,584	\$ 14,101,614
Private placements	800,000	200,000
Future income taxes on exploration expenditures renounced to shareholders (Note 6)	-	(30,096)
Balance at August 31, 2002	28,754,584	14,271,518
Private placements	20,711,277	2,616,740
Finders' fee	317,730	35,362
Share issuance costs	-	(87,542)
Future income taxes on exploration expenditures renounced to shareholders (Note 6)	-	(128,503)
Balance at August 31, 2003	49,783,591	\$ 16,707,575
Private Placements	21,413,333	3,224,000
Finder Fee	50,000	(12,000)
Share Issuance Costs		(219,100)
Exercise of Warrants	200,000	30,000
Balance at February 29, 2004	71,446,924	\$ 19,730,475

Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the policies, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

	Number of Shares	Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2001	1,975,000	\$ 1.81
Repriced	-	(1.53)
Granted	830,000	0.28
Cancelled	(5,000)	0.28
Outstanding and exercisable at August 31, 2002	2,800,000	0.28
Granted	2,595,000	0.25
Cancelled	(450,000)	0.28
Outstanding and exercisable at August 31, 2003	4,945,000	\$ 0.26

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12. CAPITAL STOCK (cont,d)

Stock options (cont'd...)

As at August 31, 2003, the exercise price of options outstanding range from \$0.24 to \$0.28 (2002 - \$0.28) and the weighted average remaining contractual life is 3.61 years (2002 – 3.18 years). During the year ended August 31, 2002, the Company amended stock options enabling optionees to acquire 1,970,000 common shares at exercise prices ranging from \$0.20 to \$3.00 per share to an amended price of \$0.28 per share.

Warrants

The following warrants to acquire common shares were outstanding at August 31, 2003:

Number of Shares	Exercise Price	Expiry Date
10,498,000	\$ 0.15	July 28, 2004
4,608,230	0.20	August 12, 2004
2,777,778	0.25	August 18, 2004
3,144,999	0.20	August 28, 2004
21,616,667	0.18	December 9, 2005

During the 3 month period ended February 29, 2004, 200,000 warrants at \$0.15 was exercised for gross proceeds of \$30,000.

Shareholders rights plan

During the year ended August 31, 2001, the Company adopted a shareholder rights plan whereby the Board of Directors authorized the issuance of (i) one right in respect to each common share outstanding on February 1, 2001 and (ii) one right in respect to each common share issued after February 1, 2001 and prior to the earlier of the Separation Time and the Expiration Time. The Separation Time is the tenth trading day after the earlier of (i) the first public announcement of beneficial ownership of 20% or more of the outstanding common shares of the Company and (ii) the commencement of a take-over bid. The Expiration Time is the earlier of (i) termination time pursuant to the plan and (ii) the close of the first annual meeting of shareholders of the Company following February 1, 2003 and every second annual meeting thereafter, subject to the renewal of the plan. Each right entitles the holder, after the Separation Time, to purchase a common share of the Company on an exercise price of one half of the market price of the common shares of the Company at the time of exercise. Subject to certain conditions, the rights may be redeemed by the Company at a redemption price of \$0.0001 per right.

13. STOCK-BASED COMPENSATION

The Company has elected to measure compensation costs using the fair value-based method for employee and non-employee stock options. Compensation costs have been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model. During the year ended, August 31, 2003, compensation expense of \$349,571 have been recorded as \$194,654 for directors' fees and \$154,917 for consulting fees in the statement of operations for the current year. The weighted average fair value of the stock options granted during the year ended August 31, 2003 was \$0.14 per share. Under the transitional provisions of Section 3870, comparative figures are not required.

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CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
FEBRUARY 29, 2004

13. STOCK-BASED COMPENSATION (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

Risk-free interest rate	2.94%
Expected life of options	2.00 years
Annualized volatility	124.19%
Dividend rate	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

14. COMMITMENTS

The Company and ATF American Trade and Finance Corporation ("ATF") entered into a corporate finance, corporate communications and investor relations services agreement. As consideration, the Company is required to pay \$10,000 per month until April 15, 2004. ATF shall also receive a finance fee equal to 10% of the gross amounts of any and all financings initiated by ATF for the benefit of the Company. The term of the agreement is eighteen months and may be renewed by mutual agreement thereafter. Included in prepaid expenses and deposits as at February 29, 2004 is \$60,000 advanced to ATF.

The Company has entered into an Investor Relations Agreement with Tom Corcoran whereby the Company is required to pay a monthly fee of \$5,500 and 350,000 stock options at a price of \$0.24 issue half upon signing of the Agreement and half after 6 months. The term of the agreement is for 6 months with a 6-month renewal upon the approval of the Company.

15. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the exploration and development of mineral properties

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, exploration advances, bank overdraft, accounts payable and accrued liabilities, loans payable and current portion of long-term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

17. SUBSEQUENT EVENTS

On December 9, 2004, the Company issued 6,783,333 units at a price of \$0.30 per unit for gross proceeds of \$2,035,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.40 and are exercisable for two years. The Company paid \$208,375 and issued 15,000 warrants as a finder's fee in connection with the private placement.

In April 2004 the Company made the second property payment on the Atlin Option Agreement.

Subsequent to February 29, 2003 the Company has settled the full amount on the long-term debt.

MUSKOX MINERALS CORP.

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FEBRUARY 29, 2004

SCHEDULE A: FINANCIAL INFORMATION

See attached consolidated financial statements for the quarter ended February 29, 2004.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. a) See Note 6 of the attached consolidated financial statements for deferred exploration costs incurred during the quarter ended February 29, 2004.

b) During the quarter ended February 29, 2004, the Company incurred administrative expenses totalling \$11,468. This amount was for office and administrative support associated with the directors and management for the Company.

c) During the quarter ended February 29, 2004, the Company incurred consulting fees totalling \$ 15,000 associated with the recent financings.

d) During the quarter ended February 29, 2004, the Company incurred travel and related cost of \$22,204, associated with the recent financings.

e) During the quarter ended February 29, 2004, the Company incurred \$62,926 in Transfer Agent and Regulatory Fees. This increase in these costs were directly related to TSX-V fees associated with the recent private placements.

2. See Note 9 to the attached consolidated financial statements for the quarter ended February 29, 2004.

3. a) Summary of securities issued during the three month period ended February 29, 2004:

Date of Issue	Type of Security	Type of Issue	Number	Price	Total Proceeds	Commissions Paid
December 9, 2003	Units ⁽¹⁾	Private placement	21,413,333	\$ 0.15	\$ 3,212,000	\$ 219,100
December 9, 2003	Units ⁽¹⁾	Finder's Fee	50,000	0.15	N/A	N/A
December 9, 2003	Warrants ⁽²⁾	Finder's fees	153,334	0.18	N/A	N/A
February 25, 2004	Common Shares	Exercise of Warrants	200,000	0.15	\$ 30,000	nil

⁽¹⁾ Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of \$0.18 up to a period of two years.

⁽²⁾ Each warrant entitles the holder to purchase one common share at a price of \$0.20 up to a period of one year.

3. b) No stock options were granted during the quarter ended February 29, 2004

4. a) Authorized: Unlimited number of voting common shares without par value
Unlimited number of preferred shares, issuable in series

b) At February 29, 2004, there were 71,446,924 common shares issued and outstanding. The recorded value of the capital stock at February 29, 2004 was \$19,730,475.

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SCHEDULE B: SUPPLEMENTARY INFORMATION (cont'd...)

c) Summary of stock options outstanding:

Number of Shares	Exercise Price	Expiry Date
870,000	\$ 0.28	November 19, 2004
875,000	0.28	October 20, 2005
605,000	0.28	January 25, 2007
650,000	0.28	July 23, 2008
1,945,000	0.24	August 17, 2008

Summary of share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
10,498,000	\$ 0.15	July 28, 2004
4,608,230	0.20	August 12, 2004
2,777,778	0.25	August 18, 2004
3,144,999	0.20	August 28, 2004
21,616,667	0.18	December 9, 2005

4. d) Number of common shares held in escrow: None

Number of shares subject to pooling agreements: None

5. List of Directors and Officers:

Dr. Roger D. Morton, President and Director
William J. Dynes, Vice President of Exploration and Director
Feisal A. Somji, Chief Financial Officer, Secretary and Director
Andrew J. H. McGucken, Director
Anthony Knott, Director

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SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

Muskox Minerals Corp. (the “Company”) is a natural resources company involved in the acquisition and exploration of precious-metal mineral properties. The present focus of its operations is gold-silver exploration in the Atlin District of northern British Columbia. The company has the option to acquire 100% of a claims block in the Pine Creek area where bedrock gold-silver deposits occur below gold-rich placer gravels. The option agreement, as described below, allows for the Company to be the operator for the project.

In Nunavut, northern Canada the Company’s wholly-owned subsidiary Muskox Holdings Ltd., holds mineral claims comprising the mineral tenure to the Muskox Intrusion. The Intrusion is a layered mafic/ultramafic igneous complex of similar composition and geological environment to other intrusions which host large nickel + copper + platinum +palladium deposits.

The Company has been actively exploring the property since 1996. Work to date has included extensive geophysical surveys, geological mapping, geochemical sampling, and diamond drilling. Results to date are encouraging and further exploration work is warranted. During this past year, the Company has joint ventured the property with Anglo American Exploration (Canada) Ltd. (AAEC). AAEC is currently the operator for the project and will be incurring all on-going exploration and property maintenance costs as outlined in the option agreement described below.

Exploration Results and Corporate Progress

1) The Atlin Project

Under the Option Agreement dated, Muskox may earn a 100% interest in the Atlin Property by making cash payments totaling \$2,590,000 over the next 7 years, and expending a minimum of \$250,000 in exploration work per year for the first three years, for a total of \$750,000. Muskox has paid the initial \$140,000 upon the signing of the Option Agreement. The next payment of \$100,000 is due on April 1, 2004. Muskox can choose to accelerate the cash payments to exercise the Option early, without penalty. Once the Option is exercised, the Property will be subject to a 1.5% NSR Royalty.

The Atlin Project is seeking gold within geologic environments similar to those hosting rich gold deposits such as those in the Motherlode district of California and in the prolific Bralorne Mine area of Southern British Columbia. Gold in these areas is associated with the listwanitic (carbonate-quartz-mariposite) alteration of ultramafic ophiolitic rocks. The association of listwanitic rocks with the placer gold deposits of the Atlin area resulted in exploration of the area from 1987 to 1989 by Homestake Minerals Corporation.

Exploration Progress

In December 2003 a drill was mobilized on site and a 2 hole short program commenced on its property on Pine Creek, Atlin, northern British Columbia prior to the Christmas break. The primary objective of these holes was to check information which was gathered by Homestake Mining during the period 1986-88.

In February 2004, Muskox initiated a 3,000-meter drill program. The program first continued the December drilling designed to check information gathered by Homestake Mining during the period 1986-88. Subsequent new drilling then was based upon Muskox’s initial exploration drill data, combined with pre-existing data which the Company has translated into digital format.

In February 2004, Muskox announced preliminary analytical results from its initial two hole drilling program on its Atlin Project, northwestern British Columbia. The two exploratory holes were drilled to test a section of the Pine Creek Fault zone identified in a review of previous exploration data. The initial results confirm the presence of rich gold mineralization within the bedrocks. Visual examination of the cores has revealed a number of intervals with coarse-grained visible native gold.

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FEBRUARY 29, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)

1) The Atlin Project (con't)

The locations and details of the two holes are:

Hole #	Total depth (ft)	Dip	Azimuth
YJ 03 01	243'	-58 °	178 °
YJ 03 02	257'	-60 °	358 °

Significant preliminary analytical results from the two holes YJ 03-01 and YJ 03-02 include:

DDH # YJ-03-01				DDH # YJ-03-02			
Depth	Depth	Gold (Au)	Gold (Au)	Depth	Depth	Gold (Au)	Gold (Au)
From (ft)	To (ft)	gram/tonne	oz/ton	From (ft)	To (ft)	gram/tonne	oz/ton
45' 9"	47'	199.7	5.82	164'	165'	1.36	0.04
47'	48' 5"	5724.0	166.95	165'	166'	4.68	0.14
48' 5"	49' 10"	620.1	18.09				
49' 10"	51' 3"	5.47	0.16	211'	212'	0.69	0.02
51' 3"	52' 8"	0.75	0.02	212'	213'	1.00	0.03
52' 8"	54' 1"	11.44	0.33				
54' 1"	55' 6"	0.35	0.01	232'	233'	2.78	0.08
55' 6"	57'	1.00	0.03	233'	234'	0.22	0.01
57'	58'	28.55	0.83				
58'	59'	27.39	0.80				
59'	60'	3.33	0.10				
60'	61'	8.23	0.24				
61'	62'	9.27	0.27				
62'	63'	3.49	0.10				
63'	64'	6.26	0.18				
72'	73'	13.72	0.40				
73'	74'	46.64	1.36				
74'	75'	3.07	0.09				
75'	76'	trace	trace				
77'	78'	5.53	0.16				
78'	79'	1.51	0.04				
79'	80'	2.25	0.07				
80'	81'	0.54	0.02				
81'	82'	0.24	0.01				
82'	83'	7.60	0.22				
83'	84'	0.31	0.01				
84'	85'	2.96	0.09				
85'	86'	30.63	0.89				
86'	87'	178.20	5.20				

87'	88'	22.81	0.67			
118'	119'	2.42	0.07			
119'	120'	158.66	4.63			
120'	121'	2.03	0.06			
121'	122'	38.75	1.13			
122'	123'	9.19	0.27			
123'	124'	13.65	0.40			
124'	125'	1.21	0.04			
125'	126'	0.36	0.01			
126'	127'	22.41	0.65			
127'	128'	99.43	2.90			
141'	142'	120.86	3.53			
142'	143'	57.06	1.66			
143'	144'	51.41	1.50			
144'	145'	2.17	0.06			

The most significant gold-bearing intersections were encountered in drill hole YJ- 03-01 and are as follows:

From (ft)	To (ft)	Intersection	Intersection	gram/tonne Au	oz/ton Au
45.75'	64.0'	18.25'	5.56 m	513.5	14.98
72.0'	75.0	3.0'	0.91 m	21.06	0.61
82.0'	87.0'	5.0'	1.52 m	40.42	1.18
118.0'	128.0'	10.0'	3.05 m	34.81	1.02
141.0'	145.0'	4.0'	1.22 m	57.88	1.69

The first two holes drilled on the Yellow Jacket property have tested a small domain of the Pine Creek fault zone and have revealed a clear potential for bonanza-style gold deposits along the zone. The results of drill hole YJ-03-01, sampled on 1-foot intervals, illustrate the "nugget effect" anticipated in such deposits. No cut-off grades were applied in this case, as there are insufficient data to justify the establishment of a cut-off grade at this preliminary exploration stage.

Drill hole YJ-03-02 was collared at some distance (70 metres southwest) from hole YJ-03-01 and was intended to test a potential target in a separate and different sector of the fault zone.

During this earlier program, subsurface gold mineralization was encountered in association with a wide, 070° -trending fault zone which underlies a prolific placer gold deposit. The fault zone (the Pine Creek Fault) was drill tested on a cursory scale along several kilometers. A review and statistical analysis of Homestake's data has identified a section of this fault with higher gold potentials. The previous Homestake drilling encountered gold in the fault-zone from near-surface to depths of 100 meters and along some 230 meters of strike.

Muskox's initial drilling confirms the auriferous potential of this particular portion of the Pine Creek Fault, now referred to as the "Main Zone". Gold is hosted across the 50 meter width of the fault zone in association with the listwanitic alteration. Further drilling is now underway to explore an initial 100 meter section of the fault zone from three 50-meter spaced drill setups, each with a 45° and 60° fence of holes.

The diamond drilling was conducted using NQ diameter coring. All core was sampled under the supervision of Dr. Roger Morton and sent for analysis at Loring Laboratories of Calgary, Alberta. Samples were prepared for analysis by jaw crushing material to >90% passing 10 mesh and homogenized thoroughly. A coarse-gold procedure was used on the majority of the samples, which involved normalization of the fire assays of both the + I50 mesh and -I50 mesh screened fraction post-pulverization. Fire assays of both fractions were completed using standard fire assay procedures.

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SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)

1) The Atlin Project (con't)

On-Going Exploration

In light of the recent intersections of high-grade gold in its initial exploration hole the Board of Directors of MuskoX Minerals Corp. has approved a \$2 million Cdn. budget for an intensified geological and geophysical exploration program on the gold-bearing bedrock zones at Pine Creek in the Atlin area of northern British Columbia. This program will involve the continuance of the current diamond drill campaign and the initiation of a program of airborne geophysical investigation.

The drill program is budgeted to complete around 7,500 meters (~25,000 ft) of drilling and will investigate the lateral and depth extents of the gold-bearing zones. The data from this drilling should facilitate Vulcan 3-D modeling of the auriferous zones and provide guidelines for both further exploration and the development of a resource estimate. As part of this accelerated program a larger drill-rig, capable of drilling larger diameter (63.5 mm/ 2.5 in) HQ core, is being mobilized to the property. The larger diameter HQ core will aid in the acquisition of a statistically reliable estimate of bulk gold grades.

A 900 line/km hi-resolution airborne geophysical survey is planned and will provide magnetic- and electromagnetic-data to facilitate sub-surface mapping of gold-bearing rock types and of fault zones which may have provided channels for gold-bearing mineralizing fluids.

Twelve additional diamond drill holes, (totaling ~472 meters/ ~1,550 ft), have already been completed in 2004. Logging and sampling of the cores from these new holes is well underway.

2) The MuskoX Intrusion

Exploration Progress

A 1987 line-kilometer Spectrem airborne survey was completed by AAEC over the main outcropping body of the Intrusion. Spectrem is a high-powered electromagnetic (EM) geophysical system proprietary to AAEC which is employed to detect electrically conductive sulphide bodies. Spectrem's lower frequency and higher signal strength, compared to conventional EM systems, give it the capability of probing deeper into the Intrusion to depths greater than 300m and with a high degree of precision than the previously utilized ground geophysical methods.

On-site geological and geophysical surveys were performed by the AAEC crews and interpretation of data from the Spectrem airborne geophysical survey was completed.

Results of the initial phase of Spectrem geophysical data interpretation resulted in the rapid identification of 21 conductive targets of interest. On the basis of this success AAEC contracted 1500m of diamond-drilling to investigate some of these conductors.

AAEC completed their field program which included the Spectrum airborne geophysical survey, geological, ground geophysical surveys, geochemical soil sampling and drilling programs. The focus of the latter programs was on areas of interest defined by positive data acquired during the Spectrem airborne geophysical survey. The geochemical soil survey collected 965 samples for analysis with a view to better target definition.

Following the completion of their airborne Spectrem geophysical survey a total of 1,501.14 m of NQ core were drilled in 6 diamond drill holes.

In November, 2003, AAEC released preliminary results and final assays on their MuskoX Intrusion field exploration program conducted during August and September, 2003.

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SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)

2) The Muskox Intrusion (con't)

On-Going Exploration

AAEC is performing a winter/spring exploration program on the Ni-Cu-Pd-Pt bearing Muskox Intrusion in Nunavut. The objective of this exercise is to test 2 priority targets, generated from interpretation of AAEC's 2003 geophysical and geochemical results. This work was undertaken during March and April. It consisted of ground geophysical surveys and the testing of two specific targets (approximately 600m of drilling) in the Canoe Lake Fault Block area on the western side of the Muskox Intrusion. The first drill target of the program tested a geophysical anomaly located approximately 400 metres north of the MX03-001 drill hole completed last year, where assay results were returned from sulphidic veins within footwall paragneisses (1.22% Ni, 0.76% Cu, 1,782.9 ppb Pt+Pd+Au in an intersect of 0.61m containing approximately 6% Sulfur). The conductive anomaly, which is interpreted to occur within a magnetically modeled/defined trough-like structure at the base of this part of the intrusion, has been well delineated at surface by a recently completed pulse EM geophysical survey. The second drill target is located approximately 600m north of MX04-001 along the same geophysical conductive trend. As with the first target, this geophysical anomaly is interpreted to occur at the base of this portion of the Muskox Intrusion and was detected by the 2003 Spectrem survey and by a surface geophysical survey. This target is also overlain by a Ni, Cu, Co, PGE soil geochemical anomaly.

Financings

During the quarter ended February 29, 2004 the Company completed private placements as described in Schedule B above. The total proceeds from this private placement was \$3,212,000. The funds will be used for exploration on the Company's newly acquired gold property in Atlin, British Columbia.

Subsequent to this period the Company also completed another private placement for the total proceeds of \$2,035,000. The Company is in good financial strength to carry out its exploration and option agreement commitments on the gold property in Atlin, and for the general corporate maintenance.

Costs and Expenditures for the quarter ended November 30, 2003

Significant expenses incurred during the period:

- Administrative expenses of \$11,468 up from \$6,000 the year prior.
- Interest on long-term debt (\$499,990) of \$12,066, the terms of which are described note 10 (Current Portion of Long Term Debt) in the Quarterly Financials Statements for the period ended February 29, 2004.
- Management fees of \$61,000 up from \$24,000 from last year. The increase is due to the addition of a Chief Financial Officer for the Company. In addition, one of the Director's management fee for a subsequent month (after February 29, 2004) was issued and booked in these statements during this quarter. This amount will be credited to the subsequent quarter.
- Office and miscellaneous expenses of \$13,113 up from \$8,114.
- Professional fees of \$12,700 down from \$14,970 last year.
- Consulting Fees of \$15,000 up from \$6,055

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SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (cont'd...)

Financings (cont'd...)

Related party transactions for the period comprise a monthly stipend of \$4,000 for the President, Chief Financial Officer and the Vice-President of Exploration in their capacity and responsibility of conducting the day-to-day management of the Company. Interest of \$12,066 also accrued to a Trust controlled by a former director of MuskoX Holdings Ltd., for a loan (\$499,990) to the Company (see Note (10) of the financial statements).

During this period there was no acquisition or abandonment of resource properties material to the Company and no acquisition or disposition of other material capital assets took place during the period, other than reported herein.

There were no material variances between the Company's financial results and the information previously disclosed by the Company, during the period. There were no material terms of any existing third party investor relation's arrangements or contracts made during the period other than disclosed above. During such period there were also no legal proceedings; no contingent liabilities made, no defaults under debt or other contractual obligations; no breaches of corporate securities or other laws, or of the Company's listing agreement with the TSX Venture Exchange, no regulatory approval requirements for a significant transaction, no management changes (other than disclosed above), and no special resolutions passed by the shareholders.

Milestones

The goals of MuskoX Minerals Corp. are to:

- (i) discover and develop precious metal deposits, particularly deposits of gold, silver, platinum and palladium.
- (ii) investigate and subsequently develop bedrock-hosted gold-silver deposits in the Pine Creek sector of the Atlin Mining district in northern British Columbia. The environment of mineralization is similar to that seen in the Motherlode District of California, U.S.A. The area was explored in a cursory manner during the mid- to late-1980's. At that time Homestake Mining discovered a number of gold occurrences within a sequence of serpentinites and intermediate volcanic rocks where they had been altered to typical listwanitic assemblages. Despite a number of drill holes being completed, Homestake did not clearly ascertain the controls of the mineralization which might lead to a better exploration/development model. MuskoX Minerals is drilling and exploring the bedrock metalliferous deposits in a systematic manner to ascertain the economic viability of the gold-silver deposits. The task of exploring in this area necessitates the drilling of a systematic sequence of drillholes based upon the interpretation of a plethora of previous drilling, combined with new geophysical data from the area.

MuskoX Minerals began a new study of the original data sets in January of 2004. This is being done with the intent of developing a 3-D model which would help in the planning of the new drill program. MuskoX Minerals is now drilling a sequence of diamond drill holes in the same area as the original Homestake drilling in order to check on the validity of the original lithological interpretations and on the efficiency of the original sampling/assay protocols. One the results of this whole exercise are available and an interpretation has been made, MuskoX Minerals plans to continue drilling to delineate a reserve of gold and silver.

- (iii) discover and develop large Ni-Cu-PGE orebodies within the environment of the MuskoX Intrusion. The igneous environment is similar to those hosting clusters of such deposits such as at Noril'sk in Siberia, with individual deposits having net values on the scale of hundreds of billions of dollars. The Joint Venture with Anglo American Exploration (Canada) is progressing well and certain geophysical anomalies on the west side of the intrusion (in the Canoe Lake Fault Block) have been delineated for a current drill campaign.

The enormous size of the MuskoX Project warrants a systematic and methodical approach. Building on an extensive 3D

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SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (cont'd...)

Milestones (cont'd...)

digital database, fluid dynamic modeling has identified the Keel of the Muskox Intrusion as an area conducive to the accumulation of large volumes of sulphide mineralization. This model has been confirmed in drilling, as for example in the Keel 1 West area where extensive magmatic sulphide accumulation was delineated within the region of the Keel at its projection to surface in the southern quadrant of the Intrusion. This Keel environment projects north beneath the Intrusion for more than 30km and is virtually unexplored.

With the Keel environment of the Intrusion as a logical locus of sulphide accumulation, the challenge lies in identifying mineralization within this environment at depth. Because of its innately elevated magnetism and electrical conductivity, the Muskox Intrusion has been notoriously “opaque” and defiant of classic geophysical methods. In response to this challenge, a relatively new and powerful geophysical technique, magnetotellurics, was tested. Initial testing of a Controlled Source Audio Magnetotelluric (CSAMT) survey was successful in identified shallow mineralization (Keel 1 West) within the Keel environment. Later testing at depth revealed limitations with this specific variation of the technique (Keel 2 target). The calibration of an innovative new procedure, Audio Magnetotellurics (AMT) proved effective at identifying magmatic massive sulphide mineralization at depths of at least to 350m (drill holes MU 35 and 36). Building on this success an AMT survey designed to acquire more complete exploration coverage of the Keel and Basal Margin regions of the Intrusion has also been completed. In particular the region north of the Sinister Fault has been identified through geochemical and isotopic correlations as being conducive to high-grade Cu-Ni-PGE mineralization. The results from this survey are encouraging and several targets have been identified in spatial association with high grade Cu-Ni-PGE sulphide occurrences at Pyrrhotite Lake and SE McGregor Lake.

It is clear that the model predicting the localized deposition of large-scale magmatic sulphide mineralization within the Keel environment of the Muskox Intrusion has been confirmed in drill testing. The Company leveraged this information and the results to date in order to attract a major joint venture partner who would have the exploration skills and resources to carry the Muskox project to the next level.

Liquidity and Solvency

The Company currently is in a strong financial position and is able to meet all of its anticipated corporate and exploration commitments for fiscal 2004. The Company has outstanding warrants that if exercised, would result in an even stronger financial position.