

# **Gtech International Resources Limited**

## **Annual Management Discussion and Analysis**

(Form 51-102F1)

For the Year ended 30 April 2004

The following discussion of the results and financial position of the Company for the year ended 30 April 2004 should be read in conjunction with the Information provided in the 2004 Annual Report of the Company and the material herein as of this 5th day of August 2004.

### **Description of Business**

The Company has previously announced that it had decided to focus the activities of the Company on seeking to find a new biotechnology opportunity to inject into the Company. The Company realised all its listed securities during the financial year ended 30 April 2004 and now holds the majority of its assets in cash deposits.

The Directors anticipate that once they have identified a suitable biotechnology project that they may call a Special Meeting of Shareholders to consider and vote on the change of business direction. It is likely that once a suitable biotechnology project identified and approved by shareholders that further placements will be made to raise additional funds for the project.

The Company still has a 1.5% net smelter royalty on the Aurex Property which Expatriate Resources Limited may purchase at any time for C\$1m.

### **Selected Annual Information**

The following table sets forth selected financial information of the Company as at the end of each of the last three financial years up to and including 30 April 2004. The financial information is derived from the Financial Statements of the Company which were audited by De Visser Gray, Chartered Accountants. Accounting policies are listed in Note 2 of the Financial Statements of the Company as at 30 April 2004. Financial information is prepared according to Canadian GAAP and is reported in Canadian \$.

	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	168,834	1,100	103,781
Income or loss before discontinued operations and extraordinary items	140,121	(28,554)	(33,021)
Net income or loss	140,121	(28,554)	(33,021)
Net income (loss) per share	0.03	(0.01)	(0.01)
Fully diluted net loss per share	0.03	(0.01)	(0.01)
Total assets	508,738	186,580	215,133
Working capital	505,501	183,380	211,934
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

### **Results of Operations**

The Company reported a net profit for the fiscal year ended April 30, 2004 of \$140,121 compared to a net loss of \$28,554 for the fiscal year ended April 30, 2003. Total expenses for the fiscal year ended April 30, 2004 were \$28,713 compared to the fiscal year ended April 30, 2003 of \$29,654. There were costs of Nil in the fiscal ended April 30, 2004 compared to \$Nil incurred in the fiscal year ended April 30, 2003 in relation to seeking out biotechnology opportunities for the Company as stated in the Description of Business section in this report.

Revenue for the fiscal year ended April 30, 2004 consisted of interest received of \$6,036 compared to the fiscal year ended April 30, 2003 of \$1,100. In the fiscal year ended April 30, 2004 the company received \$246,798 from the proceeds of sale of securities compared to \$Nil in the fiscal year ended April 30, 2003.

### **Summary of Quarterly Results**

The following table sets forth a comparison of revenue and earnings for the previous eight quarters ending with 30 April 2004. Financial information is prepared according to Canadian GAAP and is reported in Canadian \$.

<b><u>Quarter Ended</u></b>	<b><u>Total Revenues</u></b>	<b><u>Net Income (Loss)<sup>(1)</sup></u></b>	<b><u>Net income (loss) per share</u></b>
30 April 2004	2,531	(5,798)	(0.001)
31 January 2004	110,016	110,810	0.0220
31 October 2003	55,325	34,815	0.0069
31 July 2003	961	294	0.0001
30 April 2003	310	(10,517)	(0.003)
31 January 2003	278	(692)	(0.003)
31 October 2002	303	(10,780)	(0.003)
31 July 2002	374	(6,565)	(0.0017)

Note:

- (1) Income (loss) before discontinued operations and extraordinary items is the same as Net Income (Loss) as there are no discontinued operations or extraordinary items in 2002, 2003 and 2004. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

### **Liquidity**

As at April 30, 2004, the Company had cash on hand of \$508,469, which is sufficient to meet the ongoing obligations as they become due. These funds will be applied towards the investigation of biotechnology opportunities and general working capital.

The parent company, Genetic Technologies Limited has indicated its willingness to subscribe for additional shares in the capital of Gtech International Resources Limited should the need for additional capital be required.

### **Financings, Principal Purposes and Milestones**

Apart from the exercise of 1,300,000 warrants on 9 May 2003 by Genetic Technologies Limited, there were no financings during the fiscal year ended April 30, 2004.

On 4 June 2001, the Company announced that it would be using the funds from the private placement to pursue new business opportunities in the field of biotechnology with the assistance of the parent company, Genetic Technologies Limited.

During the fiscal year ended April 30, 2004 the Company incurred expenses amounting to C\$Nil (April 30, 2003 - \$Nil) in relation to pursuing biotechnology business opportunities. None of the projects investigated to date have been suitable for the Company.

A table setting out the funds raised for biotechnology opportunities and the application of funds for that purpose is set out below.

	<b>Fiscal year ended April 30, 2004</b>	<b>Fiscal year ended April 30, 2003</b>
Balance of proceeds from May 2001 private placement	<u>27,062</u>	<u>27,062</u>
Amount applied towards seeking biotechnology opportunities during the period	<u>-</u>	<u>-</u>
Amount available to be applied towards biotechnology opportunities during future period	<u>27,062</u>	<u>27,062</u>
Anticipated amount to be spent during the fiscal year ended April 30, 2005 on seeking biotechnology opportunities	<u>27,062</u>	<u>27,062</u>

### **Directors and Officers**

Dr. Mervyn Jacobson	Chairman, Director and CEO
Ian A Dennis	Director, President, Secretary and CFO
Fred Bart	Director
Arthur J McFaull	Director

Subsequent to year end, Arthur J. McFaull resigned as a director and Elizabeth Sy was appointed a director to fill the vacancy.

The Company is dependent on a small number of key directors and officers. Loss of any of those persons could have an adverse affect on the Company. The Company does not maintain "key-man" insurance with respect to any of its management.

### **Transactions with Related Parties**

On 9 May 2003, Genetic Technologies Limited of Australia exercised 1,300,000 warrants at an exercise price of C\$0.14 which raised cash of C\$182,000. As a result of this transaction Genetic Technologies Limited now owns 3,918,499 shares in the Company representing 78.22% of the Company's outstanding shares. Dr Mervyn Jacobson, Ian Dennis and Fred Bart are directors of both Gtech International Resources Limited and Genetic Technologies Limited.

### **Fourth Quarter**

Revenue for the quarter ended 30 April 2004 consisted of interest received of \$2,531 (2003 - \$310). The net loss for the quarter ended 30 April 2004 was \$5,798 (2003 - \$10,517).

As at 30 April 2004, the Company had cash at bank of \$508,469 (2003 - \$102,517) which is being held for possible future acquisitions in the biotechnology field.

### **Other Information**

No external investor relations activities were carried out during the quarter.

The company maintains a web site at <http://www.gtechinternational.com>, which gives shareholders the opportunity to review quarterly reports, news releases, corporate profiles, project details and other information. Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Outstanding Share Data as at date of the Report**

#### **Authorized**

Unlimited number of common shares without nominal or par value.

**Issued and outstanding**

	<u>Number of Shares</u>	<u>Amount</u>
Balance, April 30, 2003	3,709,667	\$4,638,710
Add		
Exercise of warrants on May 9, 2003 at C\$0.14	1,300,000	-
Balance, April 30, 2004	5,009,667	\$4,638,710

**Summary of options outstanding:**

<u>Type</u>	<u>Number Outstanding</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
Options			
	158,500	0.20	February 3, 2005
	<u>130,000</u>	0.38	May 22, 2006
Total	<u>288,500</u>		

As at the date of this report there are no warrants or other convertible securities outstanding.

**Forward Looking Statements**

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.

BY ORDER OF THE BOARD

(Signed) “*Ian A. Dennis*”

President, Director and CFO

(Signed) “*Dr Mervyn Jacobson*”

Chairman, Director and CEO