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IMA EXPLORATION INC  
Form 6-K  
October 24, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of SEPTEMBER , 2003.  
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IMA EXPLORATION INC.  
-----

(Translation of registrant's name into English)

#709 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada  
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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F      X      Form 40-F  
-----

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes                      No                      X

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3- 2(b): 82-\_\_\_\_\_

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

IMA Exploration Inc.  
(Registrant)

Date September 08, 2003

By /s/ William Lee

(Signature)

William Lee, Director and Chief Financial Officer

1 Print the name and title of the signing officer under his signature.

BC Form 51-901F

QUARTERLY REPORT

Incorporated as part of:

Schedule A

Schedules B & C

(place x in appropriate category)

ISSUER DETAILS:

NAME OF ISSUER

IMA EXPLORATION INC.

ISSUER ADDRESS

#709 - 837 WEST HASTINGS STREET  
VANCOUVER, BC V6C 3N6

ISSUER TELEPHONE NUMBER

(604) 687-1828

ISSUER FAX NUMBER

(604) 687-1858

CONTACT PERSON

MR. NIKO CACOS

CONTACT'S POSITION

CORPORATE SECRETARY

CONTACT'S TELEPHONE NUMBER

(604) 687-1828

CONTACT'S E-MAIL ADDRESS

info@imaexploration.com

WEBSITE

www.imaexploration.com

FOR QUARTER ENDED

JUNE 30, 2003

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DATE OF REPORT

-----  
AUGUST 29, 2003  
-----

CERTIFICATE

THE THREE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY 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.

JOSEPH GROSSO	/s/ Joseph Grosso	03/08/29
-----	-----	-----
NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED (YY/MM/DD)
WILLIAM LEE	/s/ William Lee"	03/08/29
-----	-----	-----
NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED (YY/MM/DD)

(Signatures for this Form should be entered in TYPED form)

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SCHEDULE A

-----  
IMA EXPLORATION INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30, 2003

(Unaudited - Prepared by Management)  
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SCHEDULE A

IMA EXPLORATION INC.  
 INTERIM CONSOLIDATED BALANCE SHEETS  
 (Unaudited - Prepared by Management)

	June 30, 2003 \$	December 31, 2002 \$ (Audited)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	4,068,005	1,436,124
Amounts receivable and prepaids	89,307	79,661
Marketable securities (Note 3)	23,460	23,460
	-----	-----
	4,180,772	1,539,245
EQUIPMENT		
	44,866	45,517
MINERAL PROPERTIES AND DEFERRED COSTS (Note 4)		
	6,862,460	5,847,727
	-----	-----
	11,088,098	7,432,489
	=====	=====
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	68,936	108,351
	-----	-----
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 6)	25,776,499	21,354,823
CONTRIBUTED SURPLUS	118,026	128,260
DEFICIT	(14,875,363)	(14,158,945)
	-----	-----
	11,019,162	7,324,138
	-----	-----
	11,088,098	7,432,489
	=====	=====

APPROVED BY THE BOARD OF DIRECTORS

/s/ Joseph Grosso , Director

-----

/s/ William Lee , Director

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The accompanying notes are an integral part of these interim consolidated financial statements.

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SCHEDULE A

IMA EXPLORATION INC.  
 INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT  
 FOR THE SIX MONTHS ENDED JUNE 30  
 (Unaudited - Prepared by Management)

	Three Months Ended June 30,		Six Months E
	2003 \$	2002 \$	2003 \$
EXPENSES			
Administrative and management services	57,900	57,715	117,150
Bank charges and interest	2,692	3,838	5,969
Corporate development and investor relations	97,524	72,272	170,666
Depreciation	5,546	4,892	11,092
General exploration	63,369	37,775	121,593
Office and sundry	18,058	9,510	26,033
Printing	7,646	13,380	14,682
Professional fees	20,322	72,051	48,266
Rent, parking and storage	13,244	17,922	27,106
Salaries and employee benefits	48,990	47,496	97,934
Telephone and utilities	9,382	6,480	19,806
Transfer agent and regulatory fees	30,807	20,234	35,345
Travel and accommodation	21,775	63,006	32,770
LOSS BEFORE THE FOLLOWING	(397,255)	(426,571)	(728,412)
FOREIGN EXCHANGE	(22,066)	(12,873)	(4,717)
INTEREST AND MISCELLANEOUS INCOME	11,935	3,093	16,711
LOSS FOR THE PERIOD	(407,386)	(436,351)	(716,418)
DEFICIT - BEGINNING OF PERIOD	(14,467,977)	(12,951,518)	(14,158,945)
DEFICIT - END OF PERIOD	(14,875,363)	(13,387,869)	(14,875,363)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.02)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	31,783,473	22,061,878	29,484,164

The accompanying notes are an integral part of these interim consolidated financial statements.

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SCHEDULE A

IMA EXPLORATION INC.  
 INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED JUNE 30  
 (Unaudited - Prepared by Management)

	Three Months Ended June 30,		Six Months E
	2003 \$	2002 \$	2003 \$
<b>OPERATING ACTIVITIES</b>			
Loss for the period	(407,386)	(436,351)	(716,418)
Item not involving cash			
Depreciation	5,546	4,892	11,092
	(401,840)	(431,459)	(705,326)
Decrease (increase) in amounts receivable and prepaids	72,537	(1,657)	(9,646)
Increase (decrease) in accounts payable and accrued liabilities	(73,188)	(79,340)	(39,415)
	(402,491)	(512,456)	(754,387)
<b>INVESTING ACTIVITIES</b>			
Expenditures on mineral properties and deferred costs	(402,589)	(366,847)	(1,014,733)
Purchase of equipment	(8,487)	(557)	(10,441)
	(411,076)	(367,404)	(1,025,174)
<b>FINANCING ACTIVITIES</b>			
Issuance of common shares	3,449,435	2,298,388	4,578,743
Share issue costs	(167,301)	(101,680)	(167,301)
	3,282,134	2,196,708	4,411,442
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	2,468,567	1,316,848	2,631,881
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>			
	1,599,438	418,804	1,436,124
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>			
	4,068,005	1,735,652	4,068,005
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>			
Cash	1,263,136	935,652	1,263,136
Term Deposits	2,804,869	800,000	2,804,869

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4,068,005                      1,735,652                      4,068,005  
 =====                      =====                      =====

The accompanying notes are an integral part of these interim consolidated financial statements.

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SCHEDULE A

IMA EXPLORATION INC.  
 CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

	Argentina			
	Valle de Cura	Gualcamayo	NW San Juan	
	Other \$	Other \$	Mogote \$	Other \$
Balance, beginning of period	1,879,040	16,240	68,514	33,317
<hr style="border-top: 1px dashed black;"/>				
Expenditures during the period				
Assays	-	-	7,823	-
Drilling	-	-	-	-
Environmental	-	-	-	-
Field supplies	-	-	9,355	-
Field workers	-	-	-	-
Geological	-	-	46,287	-
Geological supplies	-	-	4,014	-
Geophysics	-	-	-	-
Geophysics supplies	-	-	1,758	-
Officer	-	-	1,947	-
Other	1,490	1,413	2,610	221
Project management	-	-	-	-
Staking and statutory fees	-	-	-	-
Surveying	-	-	1,539	-
Travel	-	-	274	-
Vehicles	-	-	516	-
Extension payment	(94,803)	-	-	-
	(93,313)	1,413	76,122	221
Balance, end of period	1,785,727	17,653	144,636	33,538

The accompanying notes are an integral part of these interim

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consolidated financial statements.

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SCHEDULE A

IMA EXPLORATION INC.  
CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2003  
(Unaudited - Prepared by Management)

	Argentina				
	Chubut				Other
	Navidad	La Bayas	Laguna de Los Toros	Other	
	\$	\$	\$	\$	\$
Balance, beginning of period	5,090	112,190	139,703	97,890	30,972
Expenditures during the period					
Assays	18,218	13,344	-	-	-
Drilling	-	199,197	-	-	-
Environmental	7,228	312	-	-	-
Field supplies	5,125	3,931	-	-	-
Field workers	-	-	-	-	-
Geological	129,738	27,249	-	2,397	-
Geological supplies	6,832	4,245	-	-	-
Geophysics	68,620	-	-	-	-
Geophysics supplies	42,000	-	-	-	-
Officer	2,222	2,942	-	4,639	-
Other	-	-	-	-	2,355
Project management	4,389	-	-	-	-
Staking and statutory fees	4,458	-	-	86,992	-
Surveying	35,731	18,961	-	-	-
Travel	19,235	9,614	-	-	-
Vehicles	12,124	8,407	-	3,900	-
Extension payment	-	-	-	-	-
	355,920	288,202	-	97,928	2,355
Balance, end of period	361,010	400,392	139,703	195,518	33,327

The accompanying notes are an integral part of these interim consolidated financial statements.

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SCHEDULE A



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IMA EXPLORATION INC.  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2003  
(Unaudited - Prepared by Management)

### 1. NATURE OF OPERATIONS

The Company is in the process of exploring its mineral properties in South America and evaluating other mineral properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The amounts shown as mineral properties and deferred costs represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production.

The Company considers that it has adequate resources to maintain its core operations for the next year.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

### 3. MARKETABLE SECURITIES

At June 30, 2003, the Company held 195,000 common shares of Viceroy Resources Corp. ("Viceroy"), a mining company with whom the Company had a joint venture. The Company received shares of Viceroy on termination of the joint venture with Viceroy. Subsequent to June 30, 2003, Viceroy completed a plan of arrangement with Quest Capital Corp. ("Quest") and the 195,000 shares of Viceroy were exchanged for 65,166 Class A common shares of Quest, 6,516 common shares of Spectrum Gold Inc. and 19,550 common shares of Viceroy Exploration Inc., all public companies.

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### 4. MINERAL PROPERTIES AND DEFERRED COSTS

	June 30, 2003			December 31, 2002		
	Acquisition Costs \$	Deferred Exploration Costs \$ (see schedule)	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
<b>Argentina:</b>						
Valle de Cura	661,635	1,785,727	2,447,362	661,635	1,879,040	2,540,675
Gualcamayo	85,621	17,653	103,274	85,621	16,240	101,861
NW San Juan	66,936	178,174	245,110	51,065	101,831	152,896
Chubut	-	1,096,923	1,096,923	-	354,873	354,873
Other	-	33,327	33,327	-	30,972	30,972
	814,192	3,111,804	3,925,996	798,321	2,382,956	3,181,277
<b>Peru:</b>						
Rio Tabaconas	700,046	2,236,418	2,936,464	700,046	1,966,404	2,666,450
	1,514,238	5,348,222	6,862,460	1,498,367	4,349,360	5,847,727

During the six months ended June 30, 2003, the Company entered into agreements with Amera Resources Corporation ("Amera") to:

- (i) farm out its Mogote Property in the NW San Juan Region of Argentina to Amera, whereby Amera has the option to earn a 51% interest in the 8,009 hectare Mogote Property by issuing 1,650,000 common shares of Amera to the Company and by incurring US\$1.25 million of expenditures, including work programs and underlying option payments, all over a five year period.

On August 26, 2003, the Company and Amera amended the terms of the option whereby Amera has agreed to reimburse the Company, on a non-refundable basis, \$192,952 for payments made and expenditures which had been incurred by the Company on the Mogote Property; and

- (ii) sell a 100% undivided interest in three mineral properties, comprising 24,280 hectares (the "Chubut Properties"), located in Chubut Province, Argentina, for 500,000 common shares of Amera. In addition, in the event that a decision is made to place the Chubut Properties into commercial production, Amera will pay the Company a bonus of US\$250,000 and a 3% net smelter returns royalty.

Amera is a private company, of which the President is also a director of the Company. In addition, certain directors and officers of the Company are also shareholders of Amera. Completion of the agreements with Amera is subject to final regulatory approvals and completion by Amera of its initial public offering.

The Company has also entered into other agreements to farm out minor properties acquired or held under option by the Company.

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SCHEDULE A

IMA EXPLORATION INC.  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

5. STOCK BASED COMPENSATION

During the six months ended June 30, 2003, the Company granted stock options to its employees and directors to purchase up to 523,500 shares of the Company. The options are exercisable at prices ranging from \$0.84 per share to \$0.90 per share and have a 5 year term to expiry.

As the Company did not adopt the fair value method of accounting for stock options granted to employees and directors, Section 3870 requires disclosure of pro forma amounts that reflect the impact as if the Company had adopted the fair value based method of accounting. Had compensation costs for the Company's stock options granted to employees and directors been accounted for under the fair value method, the Company's net loss and loss per share would have increased as follows:

	\$
Net loss for the period	
- as reported	(716,418)
- compensation expense	(250,863)
	-----
- pro-forma	(967,281)
	=====
Basic and diluted loss per share	
- as reported	\$(0.02)
- pro-forma	\$(0.03)

The fair value of stock options granted to employees and directors was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants made during the period:

Risk-free interest rate	3.69% - 4.37%
Estimated volatility	82% - 104%
Expected life	2.5 years

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the period to the Company's employees, directors and consultants was \$0.48 per share.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

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SCHEDULE A

IMA EXPLORATION INC.  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

6. SHARE CAPITAL

Authorized: 99,708,334 common shares without par value  
 Issued and allotted:

	June 30, 2003		December 31, 2002	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	26,550,606	21,354,823	18,592,219	18,090,497
Issued during the period for:				
Private placements	2,900,000	2,610,000	5,703,026	2,552,870
Exercise of warrants	3,090,012	1,563,343	2,085,361	837,512
Exercise of options	950,750	415,634	170,000	68,000
Less: Share issue costs	-	(167,301)	-	(194,056)
	6,940,762	4,421,676	7,958,387	3,264,326
Balance, end of period	33,491,368	25,776,499	26,550,606	21,354,823

(a) During the six months ended June 30, 2003, the Company completed a brokered private placement for 2,900,000 units at a price of \$0.90 for cash proceeds of \$2,442,699, net of share issue costs of \$167,301. Each unit consisted of one common share of the Company and one-half non-transferable common share purchase warrant. One whole warrant entitles the holder to purchase one common share for the exercise price of \$1.10 on or before April 28, 2004. In addition, the Company granted the agent an option to purchase 195,750 units on the same terms as the private placement. Certain officers and directors of the Company have purchased 445,000 units of the private placement.

(b) Stock Options

A summary of the Company's outstanding stock options at June 30, 2003 and the changes for the six months ended June 30, 2003, is presented below:

	Options Outstanding and Exercisable	Weighted Average Exercise Price \$
Balance, beginning of period	2,465,500	0.44
Granted	523,500	0.88
Exercised	950,750	0.43
Balance, end of period	2,038,250	0.57

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SCHEDULE A

IMA EXPLORATION INC.  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

6. SHARE CAPITAL (continued)

Stock options outstanding and exercisable at June 30, 2003, are as follows:

Number	Exercise Price \$	Expiry Date
715,750	0.40	July 19, 2006
409,000	0.50	May 2, 2007
390,000	0.50	Sept. 23, 2007
223,500	0.84	March 7, 2008
300,000	0.90	May 30, 2008
-----		
2,038,250		

(c) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at June 30, 2003 and the changes for the six months ended June 30, 2003, is as follows:

	Number
Balance, beginning of period	9,511,550
Issued	1,450,000
Expired	(3,001)
Exercised	(3,070,012)
	-----
Balance, end of period	7,888,537
	=====

Common shares reserved pursuant to warrants outstanding at June 30, 2003 are as follows:

Number	Exercise Price \$	Expiry Date
1,622,222	0.60	May 23, 2004
1,344,915	0.55 / 0.60	Sept. 27, 2003 / 2004
36,166	0.50	Sept. 27, 2003
1,401,067	0.75	Sept. 15, 2004
1,397,167	0.90	Mar. 16, 2005
637,000	0.75	Apr. 19, 2005
1,450,000	1.10	Apr. 28, 2004

(d) See also Note 11.

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SCHEDULE A

IMA EXPLORATION INC.  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

7. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2003, the Company:

- (i) paid a total of \$165,000 to officers and directors of the Company for salaries, management and consulting services provided;
- (ii) paid \$30,462 for rent to a company owned by the President of the Company and his wife; and
- (iii) received \$12,000 from Amera for shared rent and administration.

Other related party transactions are disclosed elsewhere in these interim consolidated financial statements.

8. SEGMENTED INFORMATION

The Company's principal activities are the exploration of mineral properties in Argentina and Peru. Management reviews the financial results according to expenditures by property.

Segment assets by geographical location are as follows:

	June 30, 2003			
	Canada	Argentina	Peru	Total
	\$	\$	\$	\$
Equipment	33,918	5,817	5,131	44,866
Mineral properties and deferred costs	-	3,925,996	2,936,464	6,862,460
	33,918	3,931,813	2,941,595	6,907,326
	=====	=====	=====	=====
	December 31, 2002			
	Canada	Argentina	Peru	Total
	\$	\$	\$	\$
Equipment	34,323	5,817	5,377	45,517
Mineral properties and deferred costs	-	3,181,277	2,666,450	5,847,727
	34,323	3,187,094	2,671,827	5,893,244
	=====	=====	=====	=====

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the Company's financial instruments consisting of cash

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and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying values. As of June 30, 2003, the market value of marketable securities was \$113,390.

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SCHEDULE A

IMA EXPLORATION INC.  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003  
 (Unaudited - Prepared by Management)

10. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash financing activities were conducted by the Company as follows:

	Six Months Ended June 30, 2003 \$	Six Months Ended June 30, 2002 \$
Issuance of common shares on exercise of options	10,234	-
Contributed surplus	(10,234)	-
Issuance of common shares for agent's fee	-	5,000
Share issue costs	-	(5,000)
	-----	-----
	-	-
	=====	=====
Interest paid in cash	-	-
	=====	=====
Income taxes paid in cash	-	-
	=====	=====

11. SUBSEQUENT EVENTS

Subsequent to June 30, 2003, the Company:

- (i) issued 972,167 shares for \$684,629 on the exercise of stock options and warrants; and
- (ii) granted stock options to employees, directors and consultants to acquire 1,315,000 common shares, at an exercise price of 1.87 per share, for a period of five years.

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SCHEDULE B

IMA EXPLORATION INC.  
 QUARTERLY REPORT  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003

1.(a) GENERAL AND ADMINISTRATIVE EXPENSES

\$

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Administrative and management services	117,150
Bank charges and interest	5,969
Corporate development and investor relations	170,666
Depreciation	11,092
Office and sundry	26,033
Printing	14,682
Professional fees	48,266
Rent, parking and storage	27,106
Salaries and employee benefits	97,934
Telephone and utilities	19,806
Transfer agent and regulatory fees	35,345
Travel and accommodation	32,770
	-----
	606,819
	=====

1. (b) MINERAL PROPERTIES AND DEFERRED COSTS

	Argentina			
	Valle de Cura	Gualcamayo	NW San Juan	
	Other \$	Other \$	Mogote \$	Other \$
	-----	-----	-----	-----
Balance, beginning of period	2,540,675	101,861	107,940	44,956
	-----	-----	-----	-----
Expenditures during the period				
Assays	-	-	7,823	-
Drilling	-	-	-	-
Environmental	-	-	-	-
Field supplies	-	-	9,355	-
Field workers	-	-	-	-
Geological	-	-	46,287	-
Geological supplies	-	-	4,014	-
Geophysics	-	-	-	-
Geophysics supplies	-	-	1,758	-
Office	-	-	1,947	-
Option payment	-	-	15,871	-
Other	1,490	1,413	2,610	221
Project management	-	-	-	-
Staking and statutory fees	-	-	-	-
Surveying	-	-	1,539	-
Travel	-	-	274	-
Vehicles	-	-	516	-
Extension payment	(94,803)	-	-	-
	-----	-----	-----	-----
	(93,313)	1,413	91,993	221
	-----	-----	-----	-----
Balance, end of period	2,447,362	103,274	199,933	45,177
	=====	=====	=====	=====



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 QUARTERLY REPORT  
 FOR THE SIX MONTHS ENDED JUNE 30, 2003

1.(b) MINERAL PROPERTIES AND DEFERRED COSTS (continued)

	Argentina				
	Chubut				Other
	Navidad \$	La Bayas \$	Laguna de Los Toros \$	Other \$	\$
Balance, beginning of period	5,090	112,190	139,703	97,890	30,972
Expenditures during the period					
Assays	18,218	13,344	-	-	-
Drilling	-	199,197	-	-	-
Environmental	7,228	312	-	-	-
Field supplies	5,125	3,931	-	-	-
Field workers	-	-	-	-	-
Geological	129,738	27,249	-	2,397	-
Geological supplies	6,832	4,245	-	-	-
Geophysics	68,620	-	-	-	-
Geophysics supplies	42,000	-	-	-	-
Officer	2,222	2,942	-	4,639	-
Option payment	-	-	-	-	-
Other	-	-	-	-	2,355
Project management	4,389	-	-	-	-
Staking and statutory fees	4,458	-	-	86,992	-
Surveying	35,731	18,961	-	-	-
Travel	19,235	9,614	-	-	-
Vehicles	12,124	8,407	-	3,900	-
Extension payment	-	-	-	-	-
	355,920	288,202	-	97,928	2,355
Balance, end of period	361,010	400,392	139,703	195,518	33,327

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IMA EXPLORATION INC.  
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1.(c) GENERAL EXPLORATION EXPENSES

\$

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Bank fees	6,841
Consulting	56,730
Insurance	8,044
Geological	28,058
Office	8,909
Vehicle rentals	13,011
	-----
	121,593
	=====

2.(a) RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2003, the Company:

- (i) paid a total of \$165,000 to officers and directors of the Company for salaries, management and consulting services provided;
- (ii) paid \$30,462 for rent to a company owned by the President of the Company and his wife;
- (iii) received \$12,000 from Amera Resources Corporation ("Amera"), a private company with a common director for shared rent and administration;
- (iv) entered into a number of agreements with Amera whereby the Company agreed to option and sell certain of its mineral properties to Amera. Details of the terms are described in Note 4 of the Company's interim consolidated financial statements; and
- (v) conducted a private placement in which certain officers and directors of the Company purchased 445,000 units for \$400,500.

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IMA EXPLORATION INC.  
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 FOR THE SIX MONTHS ENDED JUNE 30, 2003

3.(a) SECURITIES ISSUED DURING THE PERIOD ENDED JUNE 30, 2003

Date of Issue	Type of Security	Type of Issue	Number	Price	Total Proceeds	T Cons
-----	-----	-----	-----	-----	-----	-----
				\$	\$	
Jan. 2003	Common	Warrants	13,500	0.45	6,075	
Feb. 2003	Common	Options	10,000	0.40	4,000	
Feb. 2003	Common	Warrants	400,000	0.45	180,000	
Feb. 2003	Common	Warrants	112,015	0.54	60,488	
Mar. 2003	Common	Options	25,000	0.40	10,000	
Mar. 2003	Common	Warrants	2,000	0.75	1,500	
Mar. 2003	Common	Warrants	11,111	0.53	5,889	
Mar. 2003	Common	Warrants	1,330	0.50	665	

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Mar. 2003	Common	Warrants	1,206,500	0.45	542,926
Mar. 2003	Common	Warrants	527,343	0.54	284,765
Mar. 2003	Common	Warrants	60,000	0.55	33,000
Apr. 2003	Common	Private placement	2,900,000	0.90	2,610,000
Apr. 2003	Common	Options	142,000	0.40	56,800
Apr. 2003	Common	Options	160,000	0.50	80,000
Apr. 2003	Common	Warrants	275,725	0.54	148,892
Apr. 2003	Common	Warrants	5,000	0.75	3,750
Apr. 2003	Common	Warrants	100,000	0.53	53,000
Apr. 2003	Common	Warrants	40,000	0.55	22,000
May 2003	Common	Warrants	85,000	0.55	46,750
May 2003	Common	Warrants	55,555	0.53	29,444
May 2003	Common	Options	20,500	0.50	10,250
May 2003	Common	Options	4,250	0.40	1,700
June 2003	Common	Warrants	149,933	0.75	112,450
June 2003	Common	Warrants	25,000	0.55	13,750
June 2003	Common	Warrants	20,000	0.90	18,000
June 2003	Common	Options	70,500	0.50	35,250
June 2003	Common	Options	518,500	0.40	207,400

3. (b) OPTIONS GRANTED DURING THE PERIOD ENDED JUNE 30, 2003

Date Granted	Number of Shares	Type of Option	Name	Price	Exercise Expiry Date
				\$	
Mar. 7, 2003	50,000	Employee	K. Patterson	0.84	Mar. 7, 2008
Mar. 7, 2003	30,000	Employee	D. Charchaflye	0.84	Mar. 7, 2008
Mar. 7, 2003	21,500	Employee	J.C. Beretta	0.84	Mar. 7, 2008
Mar. 7, 2003	25,000	Employee	M. Saldana	0.84	Mar. 7, 2008
Mar. 7, 2003	25,000	Employee	N. Demare	0.84	Mar. 7, 2008
Mar. 7, 2003	50,000	Director	W. Lee	0.84	Mar. 7, 2008
Mar. 7, 2003	15,000	Employee	A. Sanchez	0.84	Mar. 7, 2008
Mar. 7, 2003	7,000	Employee	M. Briones	0.84	Mar. 7, 2008
May 30, 2003	150,000	Director	R. Angus	0.90	May 30, 2008
May 30, 2003	150,000	Director	C. Idziszek	0.90	May 30, 2008

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IMA EXPLORATION INC.  
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4. (a) AUTHORIZED AND ISSUED SHARE CAPITAL AS AT JUNE 30, 2003

Class	Par Value	Authorized Number	Issued	
			Number	Amount
Common	WPV	99,708,334	33,491,368	\$25,776,499

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### 4.(b) OPTIONS AND WARRANTS OUTSTANDING AS AT JUNE 30, 2003

Security	Number	Exercise Price	Expiry Date
-----	-----	-----	-----
		\$	
Options	715,750	0.40	Jul. 19, 2006
Options	409,000	0.50	May 02, 2007
Options	390,000	0.50	Sept. 23, 2007
Options	223,500	0.84	Mar. 07, 2008
Options	300,000	0.90	May 30, 2008
	-----		
	2,038,250		
	=====		
Warrants	1,401,067	0.75	Sept. 15, 2004
Warrants	637,000	0.75	Apr. 19, 2005
Warrants	1,397,167	0.90	Mar. 16, 2005
Warrants	1,622,222	0.60	May 23, 2004
Warrants	1,344,915	0.55/0.60	Sept. 27, 2003/2004
Warrants	36,166	0.50	Sept. 27, 2003
Warrants	1,450,000	1.10	Apr. 28, 2004
	-----		
	7,888,537		
	=====		

Pursuant to the 2,900,000 unit brokered private placement financing, the Company has granted an option to the agent to acquire 195,750 units at \$0.90 per unit. Each unit will consist of one common share and one-half non-transferable common share purchase warrant. One whole warrant will entitle the agent to purchase one common share for the exercise price of \$1.10 per share, on or before April 28, 2004.

### 4.(c) SHARES IN ESCROW OR SUBJECT TO POOLING AS AT JUNE 30, 2003

There were no shares subject to escrow or pooling as at June 30, 2003.

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IMA EXPLORATION INC.  
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### 5.(a) LIST OF DIRECTORS AND OFFICERS AS AT JUNE 30, 2003

Directors:

Gerald D. Carlson  
Joseph Grosso  
William Lee  
Sean Hurd  
Robert Stuart (Tookie) Angus  
Nikolaos Cacos  
Chet Idziszek

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## Officers:

Gerald D. Carlson (Chairman)  
Joseph Grosso (President & Chief Executive Officer)  
William Lee (Chief Financial Officer)  
Nikolaos Cacos (Secretary)

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SCHEDULE C

## IMA EXPLORATION INC. QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2003

### MANAGEMENT DISCUSSION AND ANALYSIS

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#### Introduction

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The following management's discussion and analysis and financial review should be read in conjunction with the Company's consolidated financial statements and related notes.

#### Overview

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The Company owns outright, or has the right to acquire through various option agreements, interests in a number of exploration properties in Argentina and one property in Peru.

The properties on which the Company has concentrated its exploration efforts are Navidad, Las Bayas, Mogote and Rio Tabaconas. The Company has also acquired, through staking, interests in a number of properties in Chubut. With its focus on the Navidad property, the Company is considering farm-outs for some of its properties as a means by which exploration can be conducted.

At the Navidad property a drilling program, budgeted to cost approximately US\$1.5 million, is scheduled to begin in late September. The Company is also anticipating that a follow-up program will be required.

The Annual General Meeting was held on June 21, 2003, at which time Messrs. Joseph Grosso, Gerald D. Carlson, Robert Stuart (Tookie) Angus, Chet Idziszek, Sean Hurd, Niko Cacos and William Lee were re-elected to the Board of Directors. The following were appointed officers for the ensuing year: Joseph Grosso - President and CEO, Gerald D. Carlson - Chairman of the Board, William Lee - Chief Financial Officer, Niko Cacos - Corporate Secretary and VP Investor Relations.

In April, 2003, the Company completed a private placement of 2,900,000 units at \$0.90 per unit for a gross proceeds of \$2,610,000. The proceeds from the private placement are intended to be used to fund ongoing exploration at Navidad and for general working capital. Subsequent to June, the Company received an additional \$685,000 from the exercise of stock options and warrants. The Company currently has working capital of approximately \$4.1 million and believes that it has sufficient funds to complete the Navidad exploration program and fund corporate overhead through to 2004.

#### Property Update

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The Company's mineral property groups are Valle de Cura , Gualcamayo, NW San Juan and Chubut in Argentina; and, in Peru, Rio Tabaconas. For the quarter ended June 30,2003, the Company focused mainly in Argentina on staking new grassroots properties in the Chubut region and completing exploration work on the Mogote property, within the NW San Juan Group, and on the Las Bayas and Navidad Properties within the Chubut Group.

a) ARGENTINA

VALLE DE CURA

The Company has no exploration budget commitment for the Valle del Cura region in Argentina as this group of properties is covered under the existing option agreement with Barrick Gold Corp.

The selection notice period in the property option agreement between Barrick Gold Corp. ("Barrick") and the Company was extended to December 31, 2003 to allow Barrick's technical team to review additional properties of the Company. In return for the extension, Barrick paid the Company US\$65,000 in April, such funds will be utilized by the Company

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IMA EXPLORATION INC.  
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FOR THE PERIOD ENDED JUNE 30, 2003

MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
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to fund holding costs of US\$15,000 in July 2003 and US\$50,000 in December 2003. No further work will be carried out on these properties until after December 31, 2003 when Barrick makes its election.

GUALCAMAYO

The Company has no exploration budget commitment for the Gualcamayo region in Argentina.

NW SAN JUAN

A small exploration program was completed at the Mogote property in the first quarter of 2003. The Company has no further exploration budget committed for the NW San Juan region.

The results of the exploration program were announced on March 20, 2003. The work program was successful in that it expanded the gold-copper exploration potential of the project. Mogote is a copper-gold porphyry target and is located along the Argentina-Chile border in the Maricunga belt.

Detailed mapping, rock chip sampling, and talus-fines sampling have defined two intersecting target areas which are defined by coincident >100 ppb gold and >500 ppm copper in talus-fines sampling and have been confirmed by rock chip sampling. The target areas are Filo Central and Filo Este. Filo Central measures 4,000 metres by 800 metres and trends north-northwest; it includes two higher-grade (>200 ppb gold) cores measuring 1,400 by 400 metres and 900 by 250

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metres. Filo Este is 2,000 metres by 700 metres in size and trends east-west; within this zone a core of >200 ppb gold in talus fines measures 1,200 by 250 metres. The >100 ppb gold contour in talus fine sampling has been previously used, with documented success, to define several large gold-copper deposits in the Maricunga belt. Neither of these targets have been drill tested or trenched.

The exploration work at Mogote was carried out by Linus Keating, D.Sc. under the supervision of Lindsay Bottomer, P.Geo., IMA's Qualified Person for the project.

Since January 2003, the Navidad project has become the focus of the Company's exploration program and as a result, the Company's priority for exploration expenditures was Navidad and accordingly, no further exploration work was planned for Mogote.

In February, the Company received an offer to joint venture the property from Amera Resources Corporation ("Amera"). Amera has a common director with IMA and accordingly an independent committee of the Board of Directors of the Company was formed to negotiate and settle on the terms of the farm-out agreement with Amera. After negotiations the Company entered into an agreement to option this property to Amera, a private company which, as of August 8, 2003, has filed a preliminary prospectus with the TSX Venture Exchange (the "Exchange") and the BC Securities Commission. Amera has a common director with the Company and the farm-out to Amera is also subject to Exchange approval. Under the terms of the agreement, Amera can earn 51% interest by spending US\$1,250,000 in exploration and development expenditures on the property and issuing 1,650,000 of its common shares to the Company in varying amounts over 5 years. Included in the expenditure commitment of Amera is an obligation to reimburse the Company for all the expenditures it has incurred on the property.

### CHUBUT

Early in 2003, the Company staked a number of properties in various areas of the province of Chubut. Some of the properties staked included Costa, Lago, Pico, Corcovado, Loma Alto and Nueva Ruta properties. These properties were staked in order to target geological environments prospective for low sulphidation gold veins. Other properties staked

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### MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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included Penascudo and Gan Gan and extensions to the previously staked Costa property. The Company also has rights to other properties through various staking programs. The Company's inventory of resource exploration properties in Chubut is an asset which is to be developed through exploration programs or given the focus of exploration efforts at Navidad through third party agreements.

On March 6, 2003, the Company entered into an agreement to sell a 100 % undivided interest in Lago Pico (10,000 ha), Loma Alta (10,000 ha) and Nueva Ruta (4,180 ha) to Amera. The terms of the agreement were approved by the independent committee of the Company. Upon approval by the Exchange, Amera will

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issue 500,000 common shares to the Company. In addition, in the event that a decision is made to place any of the properties into commercial production, the Company will receive a bonus of US\$250,000 and a 3 % net smelter return royalty.

On May 28, 2003, the Company granted Ballad Ventures Ltd. ("Ballad"), a public company listed on the Exchange, an exclusive right to enter into an option agreement with IMA to earn up to 85 % interest in the Penascudo property. This right was exercised by Ballad on August 12, 2003 and Ballad's participation is subject to acceptance for filing with the Exchange. To earn the 85 % interest in the property, Ballad must complete US\$1,800,000 of exploration work by October 31, 2008, issue 500,000 shares to the Company, make a further US\$300,000 cash payment, issue 500,000 shares and complete a feasibility study on or before October 31, 2008. Ballad is an arm's length junior exploration company.

On August 27, 2003, the Company finalized terms for a farm-out of a 1,000 hectare Chubut property to Consolidated Pacific Bay Minerals ("Pacific Bay"), an arm's length junior exploration company. Under the terms of the option agreement, Pacific Bay can earn a 51% interest by funding US\$625,000 of exploration and issuing 900,000 shares. Pacific Bay's participation is subject to acceptance for filing with the Exchange. Pacific Bay can increase its interest to 70% by funding costs to prepare a feasibility study.

### NAVIDAD PROJECT

On February 3, 2003 the Company announced the discovery of high-grade silver-lead-copper mineralization on it's 100% owned Navidad Property in north-central Chubut Province. Since this discovery, the Navidad Project has become the focus of the Company's exploration efforts. Work performed to date includes detailed and property scale geological mapping, rock chip sampling, soil sampling, a large gradient array induced polarization (IP) geophysical survey, several lines of pole-dipole IP, a ground magnetic survey, and a gravity survey. To June 30, 2003 approximately \$361,000 has been spent at the Navidad Project and has resulted in the delineation of multiple drill targets.

Rock chip sampling and geologic mapping have defined three distinct yet related styles of mineralization at the Navidad Project; namely "bonanza-grade structures", "mineralized carapace breccia", and "galena matrix breccia". These mineralization styles have been mapped along a linear ridge named "Navidad Ridge" that is comprised of "Barite", "Galena", and "Navidad Hills". To date, 835 rock chip samples have been collected and analyzed. All primary analytical work has been performed by ALS Chemex using fire assay/gravimetric, AA (atomic absorption) and ICP-MS (inductively coupled plasma - mass spectroscopy) techniques as appropriate. 120 randomly selected samples (approximately 14% of all samples) have been submitted for check assay to Alex Stewart (Assayers) Argentina S.A.; results of these generally agree well with the original results from ALS Chemex.

Dr. Paul Lhotka, P.Geo. has performed or directly supervised all exploration work at the Navidad Project and is the Company's "Qualified Person" for the project.

Bonanza-grade structures have been mapped and sampled at Navidad Hill over an area of 475 metres long by 60 to 140 metres wide. Within this area 636 cumulative metres of structures have been mapped and sampled in detail with 119



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MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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measured rock chip samples. Widths of the mapped bonanza-grade structures are variable, ranging from less than one metre to 3.3 metres. An average width cannot yet be determined due to soil cover that often obscures the contacts. Sampling of bonanza-grade structures has returned a length-weighted average of 5,546 g/t silver (162 oz/t), 3.79% copper and 9.84% lead.

Also at Navidad Hill, mapping suggests carapace breccia-hosted mineralization is the predominant rock type in three areas of 50 by 150 metres, 18 by 20 metres, and 20 by 25 metres, respectively. 50 measured rock chip samples have returned a length weighted average grade of 3,785 g/t silver (110.5 oz/t), 3.72% copper, and 2.07% lead.

At Galena Hill, significant zones of galena matrix breccia and mineralized carapace breccia have been defined. Galena matrix breccia has been defined and sampled in detail over an area of 475 by up to 90 metres; 101 measured continuous chip and panel samples have returned a length-weighted average of 147 g/t silver (4.3 oz/t) and 7.69% lead. The true thickness of this mineralized body is unknown at present, however, pole-dipole IP (discussed below) suggests that chargeability anomalies which correlate with mapped mineralization on surface extend to depths of 100 to 300 metres. Mineralized carapace breccia has been defined over two areas at Galena Hill measuring 118 x 46 metres and 55 x 16 metres; and 23 rock chip samples give a length-weighted average of 2,222 g/t silver (64.9 oz/t), 0.84% copper, and 2.93% lead. Silver-copper bearing carapace breccias at Galena and Navidad Hills are separated by 600 metres most of which is overburden covered. Metal zoning suggests this covered area is the centre of the mineralized system.

On Barite Hill, numerous zones of galena matrix breccia have been mapped and sampled. Due to poor exposure, numerous samples of subcrop and float have been taken and have been used to define the size of mineralized areas, however, only representative measured chip samples from outcropping and hand trenched areas have been used to define the length-weighted averages reported here. 67 chip samples have been taken giving a length weighted average of 109 g/t silver (3.18 oz/t) and 4.73% lead. Several mineralized zones have been defined with a cumulative strike length of approximately 1,300 metres and a currently unknown width.

### ROCK CHIP SAMPLE RESULTS

MINERALIZATION STYLE	NUMBER OF SAMPLES	SIZE OF MINERALIZED AREA	SILVER (OZ/T)	SILVER (G/T)
Navidad Hill Area				
=====				
Bonanza Grade Structures	119	475 x 60-140m; 636 cumulative metres of structures	162.0	5,546
Mineralized Carapace Breccia	50	50x150, 20x25 and 18x20m	110.5	3,785
Galena Hill Area				
=====				

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Mineralized Carapace Breccia	23	118x46 and 55x16m	64.9	2,222
Galena Matrix Breccia	101	475x90m	4.3	147
Barite Hill Area				
=====				
Galena Matrix Breccia (Measured chip samples only)	67	Several zones with cumulative strike length of approximately 1,300m	3.2	109
Galena-matrix Breccia (Subcrop and float samples)	15	As above	3.9	132

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MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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A soil sample grid has been completed covering the entire Navidad Ridge area and encompassing a strike length of 5.8 kilometres. Lines were oriented north-south and spaced at 100 metres with samples collected at 50 metre intervals along these lines over most of the grid. In areas of particular interest samples were collected on a 50 by 50 metre grid. In total, 958 soil samples were collected including approximately 10% duplicate and blank samples collected in order to assess laboratory quality. All samples were analyzed by ALS Chemex by ICP and AA techniques. Sample collection was overseen by Dr. Paul Lhotka, P.Geo., IMA's Qualified Person on the Navidad Project. Review of the data for blanks and duplicate samples indicates no contamination or reproducibility problems were encountered.

Highlights of the soil survey include a 1,700 by 300 metre silver-copper-lead anomaly over the Navidad Hill and Galena Hill areas. This soil anomaly is defined by greater than 2 ppm (parts per million) silver and generally greater than 100 ppm copper. Within this zone there is a central core of greater than 10 ppm silver in soils (includes values of up to 298 ppm Ag) of approximately 600 by 200 metres. Portions of this central core correlate with the outcropping bonanza-grade structures at Navidad Hill and these soil results demonstrate the potential to expand this zone significantly. Significant soil anomalies also exist at Barite and Calcite Hills. Silver values of up to 531 ppm have been received from outside areas of known high-grade mineralization and show excellent potential for additional discoveries. Lead values are consistently elevated and correlate well with silver over the entire 5.8 kilometre survey length. Samples of greater than 500 ppm lead have been returned from every line within the survey area.

Induced Polarization (IP) geophysical surveys utilizing both gradient array and pole-dipole arrays have been completed at the Navidad Project. Gradient IP totalling 80.3 line kilometres was performed over an area of 2.5 by 6.2 kilometers with 200 metre spaced lines, including the entire Navidad system and

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adjacent covered areas. Follow-up time domain Pole-Dipole IP (using dipole lengths of 20 and 100 metres) was performed over 8.5 line kilometres covering areas of anomalous chargeability defined by the gradient array survey. The IP surveys were performed by Quantec Geoscience Ltd.

The IP surveys have identified a chargeability anomaly with a surface footprint of 1.6 km x 1.3 km that starts near surface in areas of exposed mineralization at Galena Hill and in some cases extends to depths of approximately 300 metres. Pole-dipole survey results show an excellent correlation between chargeability and mapped exposures of more intense examples of galena matrix breccia mineralization. The large chargeability anomaly extends over 1 km to the southwest of known mineralization in an area completely obscured by soil cover. Chargeability anomalies are generally caused by minerals such as: base-metal sulphides, pyrite, graphite, hematite and magnetite. Pyrite, graphite, hematite, and magnetite have not been observed on surface at Navidad in quantities that could explain the anomaly.

A magnetic geophysical survey was performed by Quantec Geoscience and covers the entire Navidad grid (7.2 x 2.5 km) totalling 88.7 line kilometres (including a 6.2km tie line). Data was collected at 10m intervals along lines spaced 200m apart. Quantec made standard corrections for diurnal variations and produced plan maps of the total field magnetic data and pole reduced data. Mapped mineralization at Navidad, Galena, and Barite Hills is not associated with magnetic anomalies nor is the IP chargeability anomaly. The area of the large gradient and pole-dipole IP chargeability anomaly is characterized by a low, flat magnetic response that indicates magnetite is not the source of the chargeability anomaly.

The final geophysical survey performed at the Navidad Project measured subtle differences in the earth's gravitational field. Once appropriate corrections have been applied, results of these gravity measurements are indicative of contrasting densities in the rock underlying the survey area. Laboratory tests of mineralized and unmineralized specimens from the Navidad project indicate that densities of unmineralized rocks range from 2.19 to 2.64 g/cm<sup>3</sup> while mineralized rocks range from 2.63 to 3.95 g/cm<sup>3</sup>. Gravity data acquisition was performed by Proingeo S. A., an Argentine geophysical and topographic survey contractor. Quantec Geoscience provided consulting services to the Company on survey design and execution, has reviewed data quality, and built a three dimensional model of the survey results using the University of

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MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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British Columbia (Canada) inversion software. Quantec Geoscience reports raw data quality is very good. The gravity survey covers an area of approximately 2.2 by 2.5 km centred on the previously reported IP chargeability anomaly. It includes 385 gravity stations that were measured on two lines with closely spaced points and additional points spaced at about 100 by 200m intervals.

In the Galena Hill area, the gravity survey has defined an important anomaly with multiple peaks approximately 0.8 x 1.1 km in size. This anomaly has a

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"donut-like" form with a central low surrounded by higher density values; amplitude of this anomaly is approximately 0.6 to 0.8 milligals above surrounding values. This complex anomaly is partly coincident with, but somewhat smaller in size, than the previously announced Gradient and Pole-Dipole I.P. chargeability anomaly at Navidad. The anomaly is not reasonably explained by simple lithologic density variations and is most readily explained by the presence of sulphide/barite mineralization. Part of the gravity anomaly is spatially associated with mapped breccia-hosted mineralization on surface and it correlates very well with potential extensions to this mineralization indicated by the most intense Pole-Dipole IP chargeability anomaly.

A second gravity high of approximately 260 by 550m in diameter is spatially associated with mapped Bonanza Grade Structures at Navidad Hill. This anomaly may be caused by the combination of sulphide mineralization and the denser host rock of the flow dome at Navidad Hill relative to surrounding sediments. It covers the portion of the flow dome known to host Bonanza Grade Structures and their strike extension. Most of the rest of the flow dome is not represented by a gravity high.

In review, important amounts and grades of silver-copper-lead mineralization are exposed from Navidad Hill to Barite Hill a distance of over 2,900m. Detailed mapping and sampling has confirmed the importance of the original discovery announcement of February 3, 2003. The outcropping mineralization is accompanied by a soil geochemical anomaly of over 5.8km long and a large IP chargeability anomaly portions of which show anomalously high gravity values.

Planned work on the Navidad Project includes a significant diamond drill program and minor additional surface work. The diamond drill program is expected to commence in late September or early October, 2003 and will include 2 phases of 3,000 metre each of HQ coring predominantly at Navidad and Galena Hills. US\$1,500,000 is budgeted for the Phase I and II drilling at the Navidad Project.

### LAS BAYAS PROJECT

In January, 2003 the Company undertook a diamond drill program on it's 100% owned Las Bayas project. The purpose of this program was to test for potentially economic grades of gold and silver hosted within low-sulphidation quartz veins that are well exposed on surface. Prior surface work by the Company had delineated over 15,000 linear metres of quartz veining within an area of approximately 1.5 by 4.0 kilometres. Vein widths at surface range from less than one metre to 22 metres and gold grades range from less than detection limit to 25.8 grams/tonne. The drill program comprised 1,953 metres of NQ core that was recovered from 19 drill holes targeting six individual veins. Total cost of this program was CAD \$385,000.

Eighteen of the 19 drill holes completed intersected the targeted low-sulphidation quartz veins; these intersections ranged in width from 0.4 to 22.1 metres of vein material. This drilling tested approximately 900 metres of the mapped 15,000 metre strike length of veins exposed at Las Bayas Hill.

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### MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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Highlights of the assay results are tabulated below:

DDH	LENGTH (m)	GOLD (g/t)	SILVER (g/t)	GOLD EQUIVALENT (g/t) (Au+Ag/70)
LB03-01	5.1	0.96	36.9	1.48
including	1.3	2.62	33.0	3.09
LB03-03	1.29	0.68	59.8	1.53
LB03-05	5.0	0.73	51.5	1.47
including	2.0	1.48	101.9	2.93
LB03-07	0.7	1.02	n/a	n/a

The remaining drill holes intersected gold grades ranging from below detection to 0.86 grams/tonne. Although results fell short of expectations, it must be emphasized that only 900 linear metres of veining were tested by this program and approximately 14,100 linear metres remain untested. The Company has no immediate plans for further work on the Las Bayas property, however an additional surface program is recommended on the outlying portions of the property that as yet remain completely untested.

#### OTHER

The Company has no exploration budget commitment for the Other - San Juan region in Argentina.

#### ACQUISITIONS AND FARM-OUTS

The Company continues to be quite active in Chubut province reviewing other properties and conducting due diligence, with the objective of acquiring additional prospective properties.

The Company has developed a business plan to have exploration work done on its non-core properties by way of farm-outs. The Company will be able to have exploration done on its non-core properties, while focusing its exploration resources on its core Navidad property.

#### b) PERU

##### RIO TABACONAS

As a result of extremely encouraging results from the Phase I drill program in the fall of 2001, a Phase II drill program was developed and \$1.2 million was raised in April 2002, through a Short Form Offering, to fund further exploration on the property.

In June 2002, the Company announced it would take a more measured approach to exploration on the project to ensure that local cultural, developmental and environmental concerns pertaining to mining activities in the region would be addressed. All exploration activities have been deferred until an agreement with the local community of Tamborapa can be finalized. The Company has declared force majeure, as allowed under the property option agreement. A Company-Community plan has been prepared with the aid of several Peruvian social

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economic consultants and has been presented for discussion to the community leaders, government officials and interested party leaders and as of the date of this quarterly report no agreement has been reached. Thus the Company will continue to work with the various social economic consultants to develop a plan which will be acceptable by all parties in the community of Tabaconas.

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SCHEDULE C

### IMA EXPLORATION INC. QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2003

#### MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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During the six months ended June 30, 2003, no drilling work has been initiated and the Company has spent \$270,014, the majority of which has been for the maintaining the properties in good standing, legal cost, social economic consultants and our Peruvian administrative and field staff assisting in developing the Company's community plan. Until then the Company cannot proceed with any work programs on the property. Up to December 31, 2002, the Company spent \$862,736 on this property for a total of \$1,132,750. The balance of the funds allocated in the Short Form, of \$67,250 have been allocated for general exploration activities.

#### SUMMARY OF FINANCIAL RESULTS

For the six months ended June 30, 2003, the Company reported a consolidated loss of \$716,418 (\$0.02 per share) compared to a loss of \$669,030 (\$0.03 per share) for the comparative period in 2002. The increase in the loss experienced by the Company in 2003, compared to 2002, was attributed to certain operating expenditures such as \$47,454 for increase in Corporate development and Investor relations, \$68,891 for increase in General Exploration and \$7,733 increase in office sundry.

#### RESULTS OF OPERATIONS

##### CORPORATE COSTS AND OTHER INCOME

The directors provided services to the Company and were paid \$165,000 for the six months ended June 30, 2003. Mr. W. Lee, the CFO was paid a salary of \$36,000, Mr. N. Cacos, the Corporate Secretary was paid a management fee of \$33,000, Mr. Sean Hurd, director and investor relations manager, was paid a management fee of \$24,000, Mr. R. Brown, a former director, was paid a consulting fee of \$1,200 during his tenure as a director, Mr. G. Carlsen, Chairman of the Board was paid a consulting fee of \$19,800 and Mr. J. Grosso, the President and CEO, was paid a consulting fee of \$51,000.

The significant increases in expenditures this period versus prior period are as follows: (i) corporate development and investor relations - \$47,454 of which \$12,650 was for a 3 month coverage on a website "Savvy Investor.com", \$9,900 for various media advertising, \$5,279 was for the Annual General Meeting presentation, \$15,795 for the PDAC in Toronto and \$3,800 for the Cambridge House Gold Conference; (ii) general exploration - \$68,891 as a result of additional examination of grassroots properties (\$53,828) in the Patagonia region in Argentina and (\$15,063) in Peru; (iii) office and sundry - \$7,733 of which \$2,300 was for computer software, \$2,570 for a laptop computer; (vi) salaries

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and benefits - \$1,475 due to an increase in the cost of benefits with Canada Life; (v) telephone and utilities - \$6,487 due to the increase in correspondence within North America and South America; (vi) transfer agent and regulatory fee - \$8,589 mainly due to increase in TSX Venture Exchange filing fees for private placements and stock option plan.

The following expenses decreased for the year (i) Printing - \$3,253 as in the prior year there were extensive maps and folders printed totalling \$14,600; (ii) Professional fees - \$ 26,792 as \$33,016 was related to the North America and Europe Market awareness program in the prior year; (iii) Rent, parking and storage - \$8,589 as a result of cost recovery from a private company sharing office space; (iv) Travel and accommodation - \$42,024 as \$41,700 was incurred in the prior year for the North America and Europe market awareness program.

During the period ended June 30,2003 and 2002 the Company did not write-off any mineral claims and deferred costs.

Interest and miscellaneous income reported for the period ended June 30,2003 was \$16,711 a increase of \$10,406 from \$6,305 reported in 2002 as a result of more funds on deposit.

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SCHEDULE C

IMA EXPLORATION INC.  
QUARTERLY REPORT  
FOR THE PERIOD ENDED JUNE 30, 2003

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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During the period ended June 30,2003 and 2002, the Company did not dispose of any Viceroy common shares. Through a plan of arrangement completed after June 30, 2003, the 195,500 Viceroy common shares held as marketable securities were converted to 65,166 Quest Capital Corp. Class A shares, symbol QC.A on the TSX Exchange, 6,516 Spectrum Gold Inc. common shares and 19,550 Viceroy Exploration Inc. common shares.

### LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2003 the Company had working capital of \$4,111,836 compared to \$1,744,819 at June 30, 2002. As at June 30, 2003, the Company had cash and cash equivalents on hand of \$4,068,005 (2002 - \$1,735,652). Subsequent to the period ended June 30,2003 the Company issued 124,000 shares for \$50,760 on the exercises of options and 847,767 shares for \$633,869 on the exercises of warrants.

The Company has accounts receivable and prepaids of \$89,307, prepaids comprise \$28,166 and the balance of \$61,141 represents receivables all of which are fully collectible with \$25,138 being GST receivable \$16,603 accrued interest receivable, \$17,424 deposit in brokerage firm and the balance being miscellaneous.

The Company considers that it does have adequate resources to maintain its ongoing operations and property commitments for the year. The Company may require additional financing if it proceeds with further planned exploration and property acquisitions for the remainder of fiscal 2003. The Company will

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continue to rely on successfully completing additional equity financing and/or conducting joint venture arrangements to further exploration on its properties. There can be no assurance that the Company will be successful in obtaining additional financing or negotiating joint venture agreements.

### OPERATING CASH FLOW

Cash outflow from operating activities for the period ended June 30, 2003, was \$754,387 compared to cash outflow in 2002 of \$690,780. The cash outflows for 2003 were largely due to increases in corporate development and investor relations, general exploration, telephone and utilities and transfer agent and regulatory fees as explained above.

### FINANCING ACTIVITIES

Cash flow from financing activities for the period ended June 30, 2003, generated \$4,411,442 (2002 - \$2,383,215) which included \$415,634 from the exercise of 950,750 stock options and \$1,563,343 from the exercise of 3,090,012 warrants. Subsequent to the period ended June 30, 2003, the Company received \$50,760 from the exercise of 124,000 options and \$633,869 from the exercise of 847,767 warrants.

### INVESTING ACTIVITIES

Cash flow from investing activities required \$1,025,174 for the period ended June 30, 2003 (2002 - \$712,548), these investing activities were primarily for additions of \$744,719 (2002 - \$100,263) to Chubut and other properties in Argentina and \$270,014 (2002 - \$610,937 to the Rio Tabaconas project in Peru and \$10,441 (2002 - \$1,348) to office equipment.

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SCHEDULE C

IMA EXPLORATION INC.  
QUARTERLY REPORT  
FOR THE PERIOD ENDED JUNE 30, 2003

### MANAGEMENT DISCUSSION AND ANALYSIS (continued)

#### CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in note 2 of the Company's consolidated financial statements for the year ended December 31, 2002. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations and impairment of mineral properties and deferred costs. Actual results may differ from these estimates.



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### MINERAL PROPERTIES AND DEFERRED COSTS

Consistent with the Company's accounting policy disclosed in Note 3 of the annual consolidated financial statements, direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company have been capitalized on an individual property basis. It is the Company's policy to expense any exploration associated costs not related to specific projects or properties. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or property.

### RISK FACTORS

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. For a full understanding of these risks and others, reference should be made to the Company's "Annual Information Form".

### INVESTOR RELATIONS

The Company currently does not engage any outside investor relations consultant. Mr. Sean Hurd, a director, is the Company's Investor Relations Manager and coordinates investor relations activities. However, during the period ended June 30, 2003 the Company, under a month to month agreement, retained Raven Capital, a private company owned and managed by Jack Barnes to provide public relations and consulting primarily targeted to the North American financial and investment community. Raven Capital has been in the investor relations business since 1999 providing similar services to public companies. Raven Capital was paid \$7,500 for January, \$3,750 per month for February and March and \$7,275 per month for April and May 2003.