AMERICAN BONANZA

2002 ANNUAL REPORT

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PRESIDENT'S LETTER TO SHAREHOLDERS

During this past year your Company has been very active and has made substantial progress toward its Stated Mission of becoming a highly profitable gold producer.

In early 2002 gold prices began to steadily improve, beginning the year in the USD$280 per ounce range and closing the year near the current USD$340 per ounce level. This price appreciation reflects among other things global uncertainty, smaller supply resulting from reduced investment in exploration and development by the mining industry, and a steady decline in the US dollar. It is in this recovering gold market that your Company is moving forward with its exploration and development plans.

The Company has successfully completed three equity financings since early 2002, for gross proceeds of $8 million and has also entered into an option agreement that will provide further exploration funding over a three year period of $3.6 million for both its Gold Bar and Pamlico projects. Goldcorp Inc. participated in our most recent financing to become the Company's largest shareholder, holding approximately 10% of the Company's shares.

Corporate debt used for purposes of bringing your Company's ownership of the Copperstone project to 100% has been reduced by half to manageable levels, and now consists of USD $550,000. The debt is due in March of 2004 and the Company is adequately funded to repay this amount.

Your Company's share price began 2002 at $0.03, and has performed strongly to recent levels of nearly 10 times that price and has also become one of the volume leaders on the TSX Venture Exchange. Additionally, the Company has recently graduated to a TIER 1 classification on the TSX Venture Exchange.

Most recently, exciting results have been reported from the underground development program at the Company's lead project, Copperstone. During 2002 the Company resumed underground exploration and development, and recently reached a significant milestone in that program. The underground workings now extend from the northern end of the Open Pit over 1,800 feet to the north to intersect the southern portion of the D-Zone high grade mineralized target.

Channel sampling from the underground workings returned multi-ounce assays from the southern portion of the D-Zone, confirming the grades indicated by core holes drilled from surface. These excellent results will be followed up with a substantial underground core drilling program planned to convert D-Zone resources to the reserve level and to aid design of further underground workings and future stopes.

The Company's objective at Copperstone is to convert the resources to reserves, explore to expand the resources, and develop a significant high grade underground gold mining operation to production. Copperstone is an excellent project to realize this objective. Exploration efforts will focus on expanding the D and C Zones and on drilling the footwall zone, which may represent a mineralized structure parallel to the Copperstone Fault – the primary host of mineralization at Copperstone. The underground high grade potential of the property is only now beginning to be uncovered.

During the year, Bonanza completed an exploration drilling program at the Pamlico project in Nevada. Four distinct mineralized structures were targeted and all four were encountered by the drilling, with two structures returning multi-ounce per ton gold grades within narrow veins. Given the early stage of the exploration drilling, these results are considered encouraging. High quality targets are present on the Pamlico property, and the Company is evaluating these targets with a view toward planning future drilling to explore new targets and follow up recent results.

Exploration work has also resumed at the Gold Bar project in Nevada. The target deposit at Gold Bar is a deep, high grade Carlin type deposit. Existing mines producing from these types of deposits are among the most economically significant gold mines in the world. Three-dimensional modeling to refine initial drill plans has recently been completed and initial drilling will commence during the summer of 2003. The Pamlico and Gold Bar exploration programs are currently being funded by the Company's partner under the option agreement mentioned above.

My thanks go out to all the Directors of the Company; without their support the continued progress of the Company during 2002 would not have been possible. Their support was essential to the Company during the year. Bonanza welcomes to the Board of Directors a new independent Director, Mr. Robert McKnight whose wealth of experience in the mining industry will further strengthen our team.

On behalf of the Board of Directors,

Signed: Brian P. Kirwin
President & Chief Executive Officer
May 9, 2003

FORM 51-901F
ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2002
INCORPORATED AS PART OF: SCHEDULE A, B AND C

ISSUER DETAILS:	
Name of Issuer	**AMERICAN BONANZA GOLD MINING CORP.**
Issuer's Address	Suite 1606 – 675 West Hastings Street Vancouver, British Columbia, V6B 1N2
Issuer Telephone Number	(604) 699-0023
Issuer's Web Site	www.americanbonanza.com
Contact Person	Giulio T. Bonifacio
Contact's Position	Director, Executive Vice President & Chief Financial Officer
Contact Telephone Number	(604) 699-0023
Contact E-mail	gtbonifacio@boni.ca
For Quarter Ended	December 31, 2002 (Annual Report)
Date of Report	May 12, 2003
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. Please note this form is incorporated as part of both the required filing of Schedule B and C.*	
"Brian P. Kirwin"	2003/05/12
Name of Director	**Date Signed**
"Giulio T. Bonifacio"	2003/05/12
Name of Director	**Date Signed**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The information and representations in this Annual Report have been prepared by management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and, where appropriate, reflect management's best estimates and judgments. The financial information presented throughout this report is consistent with the data presented in the financial statements.

Systems of internal accounting controls are maintained in order to assure, on a reasonable basis, the reliability of this financial information. Our independent auditor, whose report on their audit of the consolidated financial statements appears in this Annual Report, also review our systems of internal accounting controls in accordance with generally accepted auditing standards for the purpose of expressing their opinion on the consolidated financial statements.

The Board of Directors carries out its responsibilities for the financial statements principally through its Audit Committee which is comprised of a majority of outside directors. The Audit Committee meets periodically with management and the auditor to review the consolidated financial statements and the Management's Discussion and Analysis and reports to the Board of Directors. The auditor has full and direct access to the Audit Committee.

This Annual Report has been reviewed and approved by the Board of Directors.

Signed: Brian P. Kirwin
President & Chief Executive Officer
May 12, 2003

Signed: Giulio T. Bonifacio
Executive Vice President & Chief Financial Officer
May 12, 2003

Tony M. Ricci Inc.

Chartered Accountant

Suite 1304
925 West Georgia St.
Vancouver, B.C. V6C 3L2
Tel: (604) 669-3013
Fax: (604) 669-3015

AUDITOR'S REPORT

To the Shareholders of **AMERICAN BONANZA GOLD MINING CORP.**

I have audited the consolidated balance sheets of **American Bonanza Gold Mining Corp.** as at December 31, 2002 and 2001 the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), I report that, in my opinion, these principles have been applied on a consistent basis.

"Tony M. Ricci Inc."

CHARTERED ACCOUNTANT

Vancouver, British Columbia
April 16, 2003

American Bonanza Gold Mining Corp.

CONSOLIDATED BALANCE SHEETS
December 31

	2002	2001
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**1,616,691**	12,968
Cash from joint venture partner (note 5)	**210,971**	-
GST recoverable	**21,233**	-
Marketable securities (note 3)	**24,000**	-
	1,872,895	12,968
COPPERSTONE PROPERTY (note 4)	**7,049,387**	4,306,537
MINERAL PROPERTIES (note 5)	**1,700,492**	1,790,476
OFFICE EQUIPMENT, net	**36,911**	48,140
	10,659,685	6,158,121
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 4(b))	**695,851**	781,827
Current portion of long-term debt (note 6)	**854,451**	-
Funds held on behalf of joint venture partner (note 5)	**210,971**	-
Due to related parties (note 8)	**6,000**	453,999
	1,767,273	1,235,826
LONG-TERM DEBT (note 6)	**867,680**	-
FUTURE INCOME TAXES (note 10)	**328,654**	328,654
	2,963,607	1,564,480
SHAREHOLDERS' EQUITY		
Share capital (note 7)	**21,329,982**	17,742,491
Cumulative currency translation adjustment	**43,031**	43,031
Deficit	**(13,676,935)**	(13,191,881)
	7,696,078	4,593,641
	10,659,685	6,158,121

SUBSEQUENT EVENTS (notes 4(b), 6, 7 and 11)

CONTINGENT LIABILITY (note 4(b))

APPROVED ON BEHALF OF THE BOARD,

Signed: Brian P. Kirwin
Director

Signed: Ian W. Telfer
Director

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

American Bonanza Gold Mining Corp.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the years ended December 31

	2002	2001
	$	$
REVENUE		
Consulting income and other	-	180,687
	-	180,687
EXPENSES (INCOME)		
General and administrative (note 9)	**286,744**	232,902
Exploration	**199,069**	72,601
Amortization	**11,863**	11,702
Foreign exchange	**(12,622)**	53,546
Write-off of mineral properties	-	893,558
	485,054	1,264,309
NET LOSS	**(485,054)**	(1,083,622)
DEFICIT, beginning of year	**(13,191,881)**	(12,108,259)
DEFICIT, end of year	**(13,676,935)**	(13,191,881)
LOSS PER COMMON SHARE		
Basic and diluted	**(0.01)**	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES	**76,315,548**	64,735,129

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

American Bonanza Gold Mining Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31	**2002**	2001
	$	$
OPERATING ACTIVITIES		
Net loss	**(485,054)**	(1,083,622)
Items not affecting cash		
Amortization	**11,863**	11,702
Cumulative currency translation adjustment	-	69,062
Write-off of mineral properties	**-**	893,558
	(473,191)	(109,300)
Changes in non-cash operating accounts		
Accounts receivable	**(21,233)**	8,470
Accounts payable	**(6,944)**	(52,225)
Prepaids	**-**	12,485
	(501,368)	(140,570)
INVESTING ACTIVITIES		
Copperstone property	**(483,376)**	(204,056)
Acquisition of additional interests in Copperstone property	**(2,259,474)**	-
Mineral properties	**(41,516)**	(104,311)
Proceeds from joint venture partner	**107,500**	-
Office equipment	**(634)**	(3,214)
	(2,677,500)	(311,581)
FINANCING ACTIVITIES		
Issue of common shares, net of issue costs	**3,187,491**	-
Long-term debt	**1,742,341**	-
Repayment of long-term debt	**(20,210)**	**-**
Due to related parties	**(127,031)**	402,279
	4,782,591	402,279
INCREASE (DECREASE) IN CASH	**1,603,723**	(49,872)
CASH, beginning of year	**12,968**	62,840
CASH, end of year	**1,616,691**	12,968

SUPPLEMENTARY INFORMATION:

Cash flows include the following elements:		
Interest paid	**74,236**	**-**
Income taxes paid	-	-
Non-cash transactions:		
Marketable securities	**24,000**	**-**
Share for debt settlement	**400,000**	-

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

1. NATURE OF OPERATIONS

American Bonanza Gold Mining Corp. (the "Corporation") is a development stage mining company engaged in the identification, acquisition, exploration and development of high-grade gold properties located in the Great Basin of the American Southwest. The Corporation's properties contain defined mineral resources but the Corporation has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts capitalized is dependent upon the discovery of economically recoverable reserves, securing and maintaining title in the properties and obtaining the necessary financing to complete the exploration and development of these projects and upon the attainment of future profitable production. The amounts capitalized as deferred expenditures and property acquisition costs represent costs to date, and do not necessarily represent present or future values.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, Bonanza Gold Inc. (a Canadian corporation), which in turn has a wholly-owned subsidiary, Bonanza Explorations Inc. (a United States, Nevada corporation).

All significant intercompany transactions have been eliminated.

Deferred mineral costs

Costs related to mineral activities, which include the investigation, exploration, and development of mining properties, are capitalized on a property-by-property basis until such time as the Corporation determines that economically recoverable reserves are established or the property is evaluated as non-productive or uneconomical. In those cases where exploration activities are conducted jointly with others, only the Corporation's proportionate interest in the related mineral projects is included in the financial statements.

Costs relating to non-productive or uneconomical properties are charged to earnings. The recovery of the carrying amount of deferred mineral costs is dependent upon the future commercial success of related properties or from proceeds of disposition. The amounts shown for deferred mineral costs do not necessarily reflect present or future values.

Joint Ventures

The Corporation conducts some of its mineral property exploration activities in conjunction with other companies in unincorporated joint ventures.

Office Equipment

Office equipment, consisting of office and computer equipment, are recorded at cost and are amortized on a straight-line basis over five years.

Foreign currency translation

As the Corporation's foreign subsidiary has been dependent on funding from its parent, the Corporation has reclassified the operations of its foreign subsidiary from self-sustaining to integrated. As a result the temporal method of translating the accounts of the foreign subsidiary has been adopted in place of the current rate method

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

commencing in the current year.

Under this method, monetary assets and liabilities are translated at the prevailing year end exchange rate. Non monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at the average rate of exchange for the year. Translation gains and losses are included in the statement of operations and deficit.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest bearing securities, and are subject to standard deposit insurance limits.

Marketable securities

Marketable securities are carried at the lower of cost and market value.

Financial instruments

For certain of the Corporation's financial instruments, including cash and cash equivalents, GST recoverable, accounts payable and accrued liabilities and due to related parties, the carrying amounts approximate fair value due to their short-term maturity. The fair value of obligations under long term debt calculated at the discounted present value of future payments, approximates its carrying value.

Stock - Based Compensation

Effective January 1, 2002, the Corporation adopted the new accounting recommendations for stock based compensation issued by the Canadian Institute of Chartered Accountants which require prospective application to all stock options granted on or after the date of adoption.

Under this standard, all stock options granted to non-employees are accounted for using the fair value based method of accounting. Under the fair value based method, stock based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock based payments to non-employees is periodically re-measured until counterpart performance is complete and any change therein recognized over the period and in the same manner as if the Corporation had paid cash instead of paying with or using equity instruments. The cost of stock based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

In respect of stock options granted to directors and employees, the standard requires pro forma disclosure of the net loss or income figures as if these grants were accounted for using the fair value method for options granted after January 1, 2002. The Corporation accounts for options granted to employees under the settlement method whereby no compensation cost is recorded for options granted to employees. Consideration paid by employees on the exercise of stock options is recorded as share capital.

During the year, the Corporation granted stock options to directors, officers and employees as set out in note 7.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Corporation accounts for income taxes under the liability method. Under this method, temporary differences arising from the difference between the tax basis of an asset and a liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to be in effect in the periods that the temporary differences are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs.

Share issuance costs

Costs incurred in connection with share issuances are accounted for as a reduction to share capital.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies 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.

Loss per share

Basic loss per share is calculated by dividing net loss available to the shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic loss per share have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

Comparative figures

Prior year figures have been reclassified where applicable to conform with the presentation adopted in the current year.

Segmented information

The Corporation's principal operations are located in the United States. The Corporation conducts it business in a single operating segment being the investment in exploration and development of mineral properties. All mineral properties are located in the United States.

3. MARKETABLE SECURITIES

As at December 31, 2002, the Corporation held the following marketable securities:

	Number of Shares	Original/ Adjusted Cost	Market Value December 31, 2002
		$	$
American Nevada Gold Corp.	300,000	24,000	27,000

3. MARKETABLE SECURITIES (Continued)

Pursuant to the terms of the Option Agreement entered into with American Nevada Gold Corp. (note 5) the Corporation received 300,000 common shares and other consideration for entering into this Agreement.

4. COPPERSTONE PROPERTY

(a) The Corporation is currently engaged in exploring and developing the Copperstone gold property in La Paz County, Arizona, U.S.A. through two joint ventures as follows:

	2002	2001
	$	$
Copperstone Project	**4,364,150**	2,482,067
Copperstone D-Zone	**2,685,237**	1,824,470
	7,049,387	4,306,537

COPPERSTONE PROJECT

	$
Balance, December 31, 1997	-
Option payment	783,250
Exploration expenditures	575,260
Balance, December 31, 1998	1,358,510
Exploration expenditures	377,396
Balance, December 31, 1999	1,735,906
Exploration expenditures	576,120
Balance, December 31, 2000	2,312,026
Exploration expenditures	170,041
Balance, December 31, 2001	2,482,067
Exploration expenditures	150,012
Acquisition of additional interest	1,732,071
Balance, December 31, 2002	**4,364,150**

In August 1998, the Corporation entered into an agreement (the "Arctic Joint Venture") with Arctic Precious Metals Inc. ("Arctic"), a subsidiary of Royal Oak Mines Inc., to explore and develop the Copperstone gold property. Pursuant to the Arctic Joint Venture, the Corporation acquired a 25 percent interest in the Copperstone Project for a cash payment of US$500,000 with an option to increase its interest in the property to 80 percent by incurring US$4,000,000 of exploration expenditures and other payments. Additionally the Corporation has agreed to make a US$30,000 annual advance royalty payment to the property owner.

In November 1999, the Corporation entered into a purchase and sale agreement with Arctic whereby the Corporation agreed to purchase for US$1,000,000 all of Arctic's rights, title and interest in the Copperstone Project owned by Arctic who was undergoing U.S. Bankruptcy Code Chapter 11 financial restructuring.

During the year, court approval was received in Arctic's U.S. bankruptcy proceedings and on March 4, 2002 the Corporation completed the acquisition of the remaining 75 percent not already owned in the Copperstone property at a cost of US$1,000,000, having received the necessary approvals from the U.S. Bankruptcy Court. Funding for this acquisition was by way of a loan of US$1,100,000 from Brascan Financial Corporation ("Brascan") (note 6).

4. COPPERSTONE PROPERTY (Continued)

(b) COPPERSTONE D-ZONE

	$
Initial advance	407,382
Advance royalty payment	199,706
Acquisition of D-Zone joint venture interest	601,639
Exploration expenditures	1,476,510
	2,685,237

In June 2000, the Corporation entered into an agreement (the Copperstone D-Zone Joint Venture) with Centennial Development Corporation ("CDC") for the underground exploration and extraction of mineralized materials from the D-Zone of up to 50,000 tons of mineralized material from the Copperstone property. Pursuant to the Copperstone D-Zone Joint Venture, as amended, the Corporation assumed a 55 percent interest in the Copperstone D-Zone Joint Venture for a cash payment of US$375,000 with a an option to increase its interest in the property as follows:

(a) additional 5 percent interest if the Corporation provides all funding necessary to complete Phase One as documented in the agreement; and,

(b) further 15 percent interest for a cash payment of US$500,000.

During 2001, Phase One was completed and the Corporation earned the additional 5 percent interest in the Copperstone D-Zone Joint Venture for a total earned interest of 60 percent.

On February 14, 2002, the Corporation entered into an agreement with CDC whereby it would acquire the remaining 40 percent interest of the D-Zone Joint Venture not already owned for the following consideration:

(a) assumption of a total of US$325,000 of Copperstone related liabilities and if these liabilities exceed the estimated amount then the additional amounts will be paid equally by CDC and the Corporation. These liabilities were recorded by the Corporation as at December 31, 2000. The Corporation subsequently settled approximately US$218,815 of the liabilities for approximately US$83,500 and accordingly wrote down these liabilities by US$135,315 during the year;

(b) assumption of an estimated CDC payroll tax liability of up to US$180,000 that may arise. If these liabilities exceed the estimated amount, then the additional amounts will be paid equally by CDC and the Corporation;

(c) US$345,000 payable to CDC and or its principal on or before July 31, 2002;

(d) A net smelter royalty of three percent paid to CDC from the first 50,000 tons of mineralized material extracted from the D-Zone, subsequent to repayment pursuant to its Brascan loan agreement (note 6); and,

(e) US$70,000 from initial proceeds from extraction of mineralized materials from the D-Zone, following repayment pursuant to its Brascan loan agreement (note 6).

On July 26, 2002 the Corporation paid US$345,000 to CDC in accordance with the above agreement and recorded a further US$180,000 (Cdn.$283,968) in accounts payable to reflect the estimated CDC payroll tax liability that may arise.

4. COPPERSTONE PROPERTY (Continued)

On October 17, 2002 the Corporation entered into mining services agreement with an Underground Mining Contractor ("Mining Contractor") for purposes of the development and extension of an existing underground decline in the D-Zone to establish underground infrastructure for subsequent exploration and development programs. On the basis of meeting certain pre-determined performance criteria the Mining Contractor can earn up to a 5 percent net profits royalty from the D-Zone bulk sample of up to 50,000 tons of mineralized material that may be completed.

All required payments were made with respect to the Copperstone project during 2002; therefore, the claims held are in good standing until August 2003.

5. MINERAL PROPERTIES

Other mineral properties consist of the following:

	2002	2001
	$	$
Pamlico	**1,377,552**	1,414,486
Gold Bar	**322,940**	375,990
	1,700,492	1,790,476

Through the acquisition of Bonanza Gold Inc. and its wholly-owned subsidiary, Bonanza Explorations Inc., in 2000 the Corporation owned, or controlled by option, a number of exploration projects in the State of Nevada, U.S.A.

The primary projects consisted of Pamlico, Golden Arrow, Gilbert, Gold Bar and Snowstorm properties.

During 2001 the Corporation returned the Golden Arrow project to the property vendor and released the Snowstorm, Gilbert and other mineral claims recognizing a write-down of $893,558 during the year.

The Pamlico and Gold Bar projects currently comprise 133 patented and unpatented claims covering approximately 10 square kilometers which are prospective for gold. An annual cash filing of US$105 per unpatented claim is required to be paid to the Bureau of Land Management and the local counties. Annual taxes on patented claims are payable to the local authorities. All required payments were made with respect to the Pamilco and Gold Bar projects during 2002; therefore, the claims held are in good standing until August 2003.

Pamlico

The Pamlico property is located in Mineral County, 15 kilometres from Hawthorne, Nevada. Pamlico was subject to a cash payment of US$25,000 due November 2001 which was deferred and paid in 2002. In 2002, a cash payment of US$150,000 was made and in 2003 the final cash payment will increase to US$675,000. The property is subject to a 1 percent net profits interest royalty after the final cash payment. Pamlico has no associated work commitments.

Gold Bar

The Gold Bar properties are located in Eureka County, 50 kilometres northwest of Eureka, Nevada. Gold Bar is subject to a 2 percent net smelter royalty capped at US$1,000,000 on future production.

5. MINERAL PROPERTIES (Continued)

On September 27, 2002 the Corporation entered into an Option Agreement with American Nevada Gold Corp. ("American Nevada"). Under the terms of the Option Agreement, American Nevada will be granted an option to earn a 50 percent interest in both the Pamlico and Gold Bar properties (the "Properties") for the following consideration:

(a) Cash consideration totaling $107,500; and,

(b) Issuance of 800,000 common shares of American Nevada with 300,000 common shares (note 3) to be issued in Year 1, and 250,000 common shares to be issued in each of Year 2 and 3 and fund exploration expenditure totaling $3,600,000 over a three-year period.

Joint venture funding of $480,000 has been received at December 31, 2002 of which $269,029 was expended on exploration and $210,971 was held as an advance on exploration, with additional funding requirements as follows: Year 1- $20,000; Year 2 - $1,100,000 and Year 3 – $2,000,000. American Nevada's interest will vest at a rate of Year 1- 5 percent; Year 2 – 20 percent and Year 3 – 25 percent for a cumulative interest of 50 percent.

The Corporation has retained a back-in right to increase its interest in the Properties from 50 percent to 70 percent at any time within sixty days of the third anniversary date of the Option Agreement by reimbursing American Nevada for 200 percent of its required cumulative exploration expenditures or $7,200,000.

6. LONG-TERM DEBT

In connection with the acquisition of the remaining 75 percent interest in the Copperstone project not already owned (note 4) the Corporation received a loan of US$1,100,000 from Brascan Financial Corporation ("Brascan"), fully secured against the assets of the Corporation (the "Brascan Loan") with interest accruing at the U.S. Base Rate and to be paid monthly.

Under the terms of the agreement with Brascan, the Brascan Loan is repayable in two equal installments of US$550,000 on March 4, 2003 and March 4, 2004, and in addition the Corporation has agreed to cause all proceeds, net of reasonable commissions and legal and other expenses related to such transaction, of any issuance of securities of the Corporation in excess of the aggregate sum of US$1,000,000 received by the Corporation at any time during which the loan is outstanding, to be immediately paid to Brascan in accordance with the following formula:

(a) 10% of cumulative proceeds greater than US$1,000,000 but less than US$2,000,000;

(b) 20% of cumulative proceeds equal to or greater than US$2,000,000 but less than US$4,000,000; and

(c) 30% of cumulative proceeds equal to or greater than US$4,000,000 but less than US$6,000,000.

Furthermore, the Corporation has agreed to cause all proceeds (less direct mining and operating expenses and other direct costs of sale) of any sale or other disposition of gold or gold-bearing ores or concentrates from the Corporation's interest in the Copperstone Property, including all such sales and dispositions in the ordinary course of the Corporation's business, at any time during which any of the Brascan Loan remains outstanding, to be immediately paid to Brascan on account of such outstanding amounts.

As a result of the Corporation's public offering completed on June 10, 2002 (note 7) the Corporation paid Brascan US$12,800 on July 2, 2002 as a partial principal repayment of the loan outstanding.

6. **LONG-TERM DEBT** (Continued)

On March 4, 2003 the Corporation repaid US$537,200 to satisfy its remaining repayment obligation in 2003 pursuant to the loan agreement.

The Corporation has also granted Brascan a non-transferable warrant to purchase up to 1,500,000 common shares of the Corporation at $0.13 per share until March 4, 2004, with an option to extend the warrant for three additional one-year terms (note 7).

7. **SHARE CAPITAL**

Authorized

The authorized share capital of the Corporation consists of 400,000,000 (2000 - 400,000,000) Class "A" common voting shares without par value, and 100,000,000 Class "B" preferred shares without par value, issuable in series.

Issued – Class A Common	Number of Common Shares	Amount
		$
Balance, December 31, 2000 and 2001	64,735,129	17,742,491
Shares issued for:		
Public offering	15,384,600	2,000,000
Corporate finance fee on public offering	400,000	-
Warrant exercise	20,000	3,000
Stock option exercise	310,000	40,850
Debt settlement	2,000,000	400,000
Private placement	10,166,665	1,525,000
Corporate finance fee on private placement	250,000	-
Share issue costs	-	(381,359)
Balance, December 31, 2002	**93,266,394**	**21,329,982**

On June 10, 2002 the Corporation completed a public offering of 15,384,600 units at a price of $0.13 per unit totaling $2,000,000. Each unit is comprised of one common share and one transferable common share purchase warrant ("warrant"). Each warrant entitles the holder to acquire one additional common share for a period of two years until June 10, 2004 at a price of $0.15 in the first year and $0.17 in the second year. The warrants were listed for trading on the TSX Venture Exchange on June 11, 2002.

Canaccord Capital Corporation ("Canaccord") as agent for this offering was paid an agent fee of 8.5 percent on the aggregate gross proceeds, non-transferable agent warrants totaling 2,307,690 representing 15 percent of the number of units sold, exercisable under the same terms as the public financing, and a corporate finance fee payable through the issuance of 400,000 units. Each unit is comprised of one common share and one non-transferable warrant exercisable under the same terms as the public financing.

On October 17, 2002 the Corporation completed shares for debt settlement agreements for indebtedness totaling $400,000 by the issuance of 2,000,000 common shares at a deemed price of $0.20 per common share. All these securities are subject to Exchange and Securities Act hold periods expiring February 17, 2003.

7. SHARE CAPITAL (Continued)

On October 18, 2002 the Corporation completed a private placement of 10,166,665 units at a price of $0.15 per unit totaling $1,525,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant (“warrant”). Each warrant entitles the holder to acquire one additional common share for a period of two years until October 18, 2004 at a price of $0.17.

Canaccord as agent for this offering was paid an agent fee of 7 percent on the aggregate gross proceeds of the brokered portion sold by Canaccord, non-transferable agent warrants totaling 766,666, exercisable under the same terms as the private placement, representing 10 percent of the number of units sold by Canaccord and a corporate finance fee payable through the issuance of 250,000 units. Each unit is comprised of one common share and one non-transferable warrant exercisable under the same terms as the private placement. All these securities issued pursuant to the Private Placement are subject to Exchange and Securities Act hold periods expiring February 18, 2003.

Subsequent to year end, and on January 31, 2003 the Corporation completed a brokered private placement of 18,295,454 units at a price of $0.22 per unit totaling $4,025,000. Each unit is comprised of one common share and one half of a non-transferable common share purchase warrant (“warrant”). Each whole warrant entitles the holder to acquire one additional common share for a period of one year until January 31, 2004 at a price of $0.28.

Canaccord as agent for this offering was paid an agent fee of 7 percent on the aggregate gross proceeds, agent warrants totaling 1,829,545 representing 10 percent of the number of units sold, exercisable under the same terms as the private placement, and a corporate finance fee payable through the issuance of 450,000 units. Each unit is comprised of one common share and one non-transferable warrant exercisable under the same terms as the private placement. All these securities issued pursuant to the Private Placement are subject to Exchange and Securities Act hold periods expiring May 31, 2003.

Options

The Corporation presently does not have a formal plan for the granting of stock options. Pursuant to the policies of the TSX-V, the Corporation may grant incentive stock options to its officers, directors and employees enabling them to acquire up to 10 percent of the issued shares of the Corporation. The exercise price of stock options is determined by the Board of Directors of the Corporation at the time of grant and may not be less than the discounted market price. Options have a maximum term of five years and terminate 90 days following the termination of the optionee’s employment, except in the case of retirement, death or disability, in which case they terminate one year after the event.

The Corporation has granted stock options to acquire an aggregate of 9,010,000 common shares to directors, officers and employees exercisable at between $0.10 and $0.20 per share at varying times up until December 4, 2007 as follows:

Number of Options	Exercise Price	Expiry Date
190,000	$0.20	January 11, 2005
310,000	$0.15	September 11, 2005
2,050,000	$0.15	December 22, 2005
2,560,000	$0.10	March 4, 2007
3,900,000	$0.17	December 6, 2007
9,010,000		

7. SHARE CAPITAL (Continued)

The weighted average exercise price of these options is $0.15 per share. Subsequent to December 31, 2002 100,000 share options were exercised at $0.10.

On February 24, 2003 the Corporation granted 1,250,000 share options to directors and employees, at an exercise price of $ 0.31 exercisable until February 24, 2008.

During the year ended December 31, 2002 no compensation costs were recorded in the financial statements of operation and deficit for option granted to employees or non-employees. Had compensation costs been determined for employee awards granted after December 31, 2001 using the fair value based method at their respective grant dates, the Corporation's proforma net loss and proforma basic and diluted loss per share would have been as follows:

	December 31, 2002
	$
Net loss for the year as reported	485,054
Compensation expense related to fair value of stock options	443,967
Pro forma net loss for the year	929,021
Pro forma loss per share basic and diluted	(0.01)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in the year ended December 31, 2002; no dividends are to be paid; volatility of 100 percent; risk free interest rate of 3 percent; and expected life of two years.

Warrants

The Corporation has granted share purchase warrants to acquire an aggregate of 30,755,621 common shares as follows:

Number of warrants	**Exercise price**	**Expiry date**
18,072,290	$ 0.15 to $0.17	June 10, 2003 to June 10, 2004
11,183,331	$ 0.17	October 18, 2004
1,500,000	$ 0.13	March 4, 2004 (1)
30,755,621		

(1) Brascan has an option (the "Option") to extend the term of its warrant or any unexercised portion thereof for three additional one year terms beyond the original two year Expiry Date of its warrant, which Option may be exercised by Brascan by giving notice in writing to the Corporation to that effect at any time during the 30 day period (the "Option Period") commencing prior to the then current Expiry Date of its warrant. If Brascan exercises the Option, the Corporation is required to deliver to Brascan a new warrant certificate, against surrender to the Corporation of the old warrant certificate, and obtain all necessary stock exchange approval relating to the new warrant. The new Brascan warrant shall be on that same terms and conditions as the current Brascan warrant; provided that (a) as required by the Exchange, the exercise price of the new warrant will be the weighted average of the closing price of the Corporation's common shares during the 10 day period commencing on the date that is no more than 30 days prior to the expiry date of the then current Brascan warrant, and (b) the term of the new Brascan warrant shall be one year subject to the renewal Option.

7. SHARE CAPITAL (Continued)

Subsequent to December 31, 2002 794,243 share purchase warrants were exercised at $0.15 and a further 2,000,000 share purchase warrants were exercised at $0.17

Shares held in escrow

At December 31, 2002, 9,000,000 common shares of the 20,000,000 common shares of the Corporation issued to acquire Bonanza Gold Inc. remained in escrow and are subject to further release for a period of up to 36 months from the date of the acquisition on December 21, 2000.

On March 14, 2003 the Corporation qualified and met the requirements for a TIER 1 issuer on the TSX Venture Exchange. As a result of the change in classification all remaining common shares held in escrow were released.

8. RELATED PARTY TRANSACTIONS

During the year the Corporation settled approximately $320,968 in due to related parties debt by the issuance of shares (note 7), wrote-off approximately $26,712 and paid out the remaining balance resulting in a due to related party balance of $6,000 at March 31, 2002.

During the year, the Corporation accrued $nil (2001-$6,358) in professional fees to a director of the Corporation.

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2002	2001
	$	$
Management fees, consulting and salaries	**271,327**	194,544
Office and administration	**8,082**	5,777
Legal and accounting	**56,607**	27,906
Public company expenses	**39,849**	4,675
Expense recoveries	**(89,121)**	-
	286,744	232,902

10. INCOME TAXES

The Corporation has tax loss carryforwards of approximately $3,700,000 available to offset future income for tax purposes which expire as follows:

	$
2003	552,000
2004	1,008,000
2005	581,000
2006	526,000
2007	495,000
2008	222,000
2009	316,000

In addition, the Corporation has approximately $11,400,000 of foreign exploration and development expense carryforwards available to be deducted against certain future resource profits. The availability of these foreign tax deductions is restrictive.

10. INCOME TAXES (Continued)

The Corporation has taken a full valuation allowance in respect of these carryforwards; accordingly, no future tax asset has been recognized in these financial statements.

Future income taxes result primarily from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. Significant components of the Corporation's future income tax assets and liabilities are as follows:

	2002	2001
	$	$
Future income tax assets		
Tax loss carryforwards	1,800,000	1,877,000
Resource exploration deductions	5,700,000	5,294,000
Book and tax base differences on assets	8,000	4,000
Valuation allowance	(7,508,000)	(7,175,000)
Future income tax assets	-	-
Future income tax liability		
Mineral properties	(328,654)	(328,654)

11. SUBSEQUENT EVENT

In addition to items disclosed elsewhere in these notes, the Corporation entered into employment agreements subsequent to December 31, 2002 with two of its senior executives. These employment agreements provide for combined annual base salaries and benefits of US$250,000 and in the event of termination without cause, or any change in effective control of the Corporation that occurs, the Corporation must pay these executives liquidated damages in an amount equal to three years salary and benefits.

Supplementary Information
For the year ended December 31, 2002

1. ANALYSIS OF DEFERRED EXPENDITURES

Summary of exploration and acquisition related expenditures on active properties:

	Copperstone Project	Copperstone D-Zone	Nevada Projects	Total
	$	$	$	$
Balance, December 31, 2001	**2,482,067**	**1,824,470**	**1,790,476**	**6,097,013**
Additions during the year				
Acquisition of an additional 75%	1,657,835			1,657,835
Interest capitalized on loan	74,236			74,236
Acquisition of D-Zone JV interest		601,639		601,639
Underground decline (mining)		157,020		157,020
Underground decline (geology)		55,002		55,002
BLM land payments	44,594		54,686	99,280
Advance royalty payment		47,106		47,106
Property payment			235,530	235,530
Drilling and support costs			20,329	20,329
Site maintenance & camp support				
Utilities and power	58,140			58,140
Property caretakers	15,331			15,331
Disposal	10,310			10,310
Telephone	13,143			13,143
Maintenance program	3,819			3,819
Supplies	3,117			3,117
Other	1,558			1,558
Less: recovery from joint venture partner			(269,029)	(269,029)
Less: consideration from joint venture partner			(131,500)	(131,500)
	1,882,083	**860,767**	**(89,984)**	**2,652,866**
Balance, December 31, 2002	**4,364,150**	**2,685,237**	**1,700,492**	**8,749,879**

2. RELATED PARTY TRANSACTIONS

During the year the Corporation settled approximately $320,968 in due to related parties debts by the issuance of shares, wrote-off approximately $26,712 and paid out the remaining balance resulting in a due to related party balance of $6,000 on April 3, 2003.

During the year, the Corporation accrued $nil (2001-$6,358) in professional fees to a director of the Corporation.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE YEAR ENDED DECEMBER 31, 2002

(a) Securities Issued During the year ended December 31, 2002:

Date of Issue	Type of Security	Type of Issue	Number of Shares Issued	Price per Share	Total Proceeds	Type of Consideration	Commission Paid
				$	$		$
10-Jun-02	Common Shares	Public Offering[1]	15,384,600	0.13	2,000,000	Cash	170,000
10-Jun-02	Common Shares	Corporate Finance Fee	400,000	0.13	-	Fee	Nil
14-Jun-02	Common Shares	SFOD Warrant exercise	20,000	0.15	3,000	Cash	Nil
11-Jul-02	Common Shares	Options Exercised	210,000	0.14	28,350	Cash	Nil
11-Jul-02	Common Shares	Options Exercised	50,000	0.15	7,500	Cash	Nil
15-Jul-02	Common Shares	Options Exercised	50,000	0.10	5,000	Cash	Nil
17-Oct-02	Common Shares	Share for Debt Settlement	2,000,000	0.20	400,000	Debt	Nil
18-Oct-02	Common Shares	Private Placement	10,166,665	0.15	1,525,000	Cash	80,500
18-Oct-02	Common Shares	Corporate Finance Fee	250,000	0.15	-	Fee	Nil
			28,531,265		**3,968,850**		**250,500**

(1) By way of Short Form Offering Document

(b) Incentive Stock Options Granted During the year ended December 31, 2002:

Date of Grant	Number of Options	Optionee	Position	Exercise Price	Expiry Date
04-Mar-02	1,060,000	Brian Kirwin	President & Director	$0.10	04-Mar-07
04-Mar-02	200,000	Ian Telfer	Director	$0.10	04-Mar-07
04-Mar-02	150,000	Don Foster	VP Exploration	$0.10	04-Mar-07
04-Mar-02	700,000	Giulio Bonifacio	Executive VP & CFO	$0.10	04-Mar-07
04-Mar-02	250,000	Foster Wilson	Employee	$0.10	04-Mar-07
04-Mar-02	50,000	Kendall Rae (1)	Former consultant	$0.10	04-Mar-07
04-Mar-02	200,000	David Beling	Director	$0.10	04-Mar-07
04-Mar-02	200,000	Ron Netoliztsky (2)	Former Director	$0.10	04-Mar-07
06-Dec-02	1,300,000	Brian Kirwin	President & Director	$0.17	06-Dec-07
06-Dec-02	500,000	Ian Telfer	Director	$0.17	06-Dec-07
06-Dec-02	200,000	Don Foster	VP Exploration	$0.17	06-Dec-07
06-Dec-02	1,350,000	Giulio Bonifacio	Executive VP & CFO	$0.17	06-Dec-07
06-Dec-02	250,000	Foster Wilson	Employee	$0.17	06-Dec-07
06-Dec-02	200,000	David Beling	Director	$0.17	06-Dec-07
06-Dec-02	100,000	Maggie Graham	Employee	$0.17	06-Dec-07
	6,710,000				

(1) Options exercised July 15, 2002 and subsequently resigned.
(2) Options expired, resigned as Director July 9, 2002.

4. SUMMARY OF SECURITIES AS AT DECEMBER 31, 2002

(a) Authorized Capital

400,000,000 Class "A" common voting shares without par value
100,000,000 Class "B" preferred shares without par value

(b) Number and Recorded Value for Shares Issued and Outstanding

93,266,394 common shares at a recorded value of $21,329,982

(c) Outstanding Options

Number of Options	Option Exercise Price	Option Expiry Date
190,000	$0.20	January 11, 2005
310,000	$0.15	September 11, 2005
2,050,000	$0.15	December 22, 2005
2,560,000	$0.10	March 4, 2007
3,900,000	$0.17	December 6, 2007
9,010,000		

(d) Outstanding Warrants

Number of Warrants	Exercise Price of Warrants	Expiry Date of Warrants
1,500,000	$0.13	March 4, 2004(1)
18,072,290	$0.15 to $0.17	June 10, 2003 to June 10, 2004
10,166,665	$0.17	October 18, 2004
250,000	$0.17	October 18, 2004
766,666	$0.17	October 18, 2004
30,755,621		

(1) Brascan Financial Corporation has an option (the "Option") to extend the term of its warrants or any unexercised portion thereof for three additional one year terms beyond the original two year Expiry Date of its warrant, which Option may be exercised by Brascan by giving notice in writing to the Corporation to that effect at any time during the 30 day period (the "Option Period") commencing prior to the then current Expiry Date of its warrant. If Brascan exercises the Option, the Corporation is required to deliver to Brascan a new warrant certificate, against surrender to the Corporation of the old warrant certificate, and obtain all necessary stock exchange approval relating to the new warrant. The new Brascan warrant shall be on that same terms and conditions as the current Brascan warrant; provided that (a) as required by the Exchange, the exercise price of the new warrant will be the weighted average of the closing price of the Corporation's common shares during the 10 day period commencing on the date that is no more than 30 days prior to the expiry date of the then current Brascan warrant, and (b) the term of the new Brascan warrant shall be one year subject to the renewal Option.

(e) Shares in Escrow

As at December 31, 2002, 9,000,000 common shares of the 20,000,000 common shares issued to acquire Bonanza Gold Inc. remained in escrow and were subject to further release for a period of up to 36 months form the date of acquisition on December 21, 2000.

On March 14, 2003 the Corporation qualified and met the requirements for a TIER 1 issuer on the TSX Venture Exchange. As a result of the change in classification all remaining common shares held escrow were released.

5. **LIST OF DIRECTORS AND OFFICERS**

Ian W. Telfer, Director
West Vancouver, British Columbia

Robert T. McKnight
West Vancouver, British Columbia

Brian P. Kirwin, Director, President &
Chief Executive Officer
Reno, Nevada

Giulio T. Bonifacio, Director, Executive Vice
President & Chief Financial Officer
Vancouver, British Columbia

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements for the years ended 2002 and 2001.

Description of Business

American Bonanza Gold Mining Corp. (the "Corporation") is a development stage mining company engaged in the identification, acquisition, exploration and development of high-grade gold properties primarily located in the Great Basin of the American Southwest.

The Corporation conducts its exploration and development activities independently as well as through option or earn-in arrangements. These arrangements are structured in such a way as to allow an interested party an ability to earn an interest in a project by funding exploration expenditures on the Corporation's projects over a period of time. Typically, the partner may earn up to a 50 percent interest on a vest in basis over a period of time with the Corporation retaining a back-in right to increase its interest by way of reimbursing exploration expenditures on a predetermined basis.

Results of Operations

For the year ended December 31, 2002, the Corporation had a net loss of $485,054 or $0.01 per share compared with a net loss of $1,083,622 or $0.02 per share in 2001. The decrease from the comparable period was primarily attributable to the write off of mineral properties of $893,558 recorded in 2001 combined with increases in both general and administrative and exploration expenditures in the current year.

General and administrative expenditures increased from $232,902 to $286,744 which was inclusive of $89,121 in expense recoveries which represented general and administrative liabilities that were settled at a discount from those amounts previously recorded. On a comparable basis management fees, consulting and salaries increased to $271,327 from $ 194,544 reflecting additional personnel and fees. Legal and accounting professional fees and public company expenses also increased as a direct result of the number of transactions entered into by the Corporation during the year which included the public offering, private placement and several corporate development related initiatives.

Exploration expenditures increased from $72,601 in 2001 to $199,069 reflecting increased activity resulting from several project evaluations. The Corporation conducted several project evaluations in the year using its metallogenic explorations techniques which represent state-of-the-art tools for modern exploration in the Great Basin of the American Southwest. Exploration expenditures in the year reflect all cost associated with maintaining the Corporation's exploration office in Reno, Nevada.

Financial Condition, Liquidity and Capital Resources

The Corporation's working capital as at December 31, 2002 was $105,622 compared with a working capital deficiency of $1,228,858 as at December 31, 2001. The increase was primarily attributed to the public offering and private placement of 26,201,265 Common Shares, including corporate finance shares totaling 650,000 Common Shares, for net proceeds of $3,143,641. Additionally, the Corporation issued 2,000,000 Common Shares for debt settlements totaling $400,000.

During the year the Corporation entered into a loan agreement with Brascan Financial Corporation for US$1.1 million in connection with the acquisition of the remaining 75 percent of the Copperstone project not already owned. Under the terms of this agreement the loan is repayable in two equal installments of US$550,000 on March 4, 2003 and March 4, 2004. The March 2003 was made subsequent to December 31, 2002.

During the year the Corporation also entered into an option agreement with American Nevada Gold Corp. ("American Nevada"). Under the terms of the option agreement American Nevada will be granted an option to earn a 50 percent interest in both the Pamlico and Gold Bar properties for total cash consideration of $107,500; 800,000 common shares of American Nevada and funding $3.6 million of exploration expenditures over a three year period. The Corporation also retained a back-in right to increase its interest from 50 percent to 70 percent under certain terms and conditions.

On the basis of the Corporation's total equity and debt financings in the year it incurred the following significant capital expenditures: acquired the remaining 75 percent of the Copperstone project not already owned for $1,732,071 which includes capitalized interest and other related costs; acquired 40 percent of the D-Zone joint venture not already held for $601,639; and incurred exploration and property related expenditures totaling $450,656.

The Corporation completed a public offering in June 2002 and its actual expenditures during the year differed from those initially budgeted with specific reference to the following items:

- Pamlico's estimated drilling costs of $94,044 were funded by way of an option agreement with American Nevada and as such this program was delayed during the period in which this agreement was negotiated;
- Brascan partial repayment of $183,000 was deferred on the basis of the Corporation's review of the preferential repayment obligations pursuant to the loan agreement. Subsequent to December 31, 2002 the Corporation satisfied its total March 2003 payment obligation of US$550,000;
- The Copperstone underground decline was delayed due to the extended period of time required to identify and negotiate favourable terms with an underground mining contractor and as a result of final permitting. This program commenced in November 2002 and was completed in May 2003; and,
- As a result of deferring the preferential loan repayment to Brascan and receiving funds pursuant to the option agreement entered into on the Pamlico and Gold Bar projects, the Corporation was able to use these funds and funds allocated for general working capital purposes to acquire 40 percent of the Copperstone D-Zone Joint Venture which management deemed extremely favourable to the future economics of the Copperstone project.

On the basis of the terms negotiated on the acquisitions of the Copperstone D-Zone joint venture interest the Corporation also agreed to assume related liabilities of approximately US$325,000 which were recorded on the accounts of the Corporation's as at December 31, 2000. The Corporation has been successful in negotiating settlements on these accounts and has written off US$135,315 of this previously recorded amount to date. Additionally, the Corporation has recorded as a contingent liability of up to US$180,000 in accounts payable for tax related liability that may arise.

As at December 31, 2002 the Corporation had cash of $1,616,691 compared to $12,968 at December 31, 2001. Subsequent to December 31, 2002 the Corporation completed a private placement of 18,745,454 Common Shares, including corporate finance shares of 450,000 Common Shares, for net proceeds of $ 3,703,128. The Corporation also repaid Brascan to satisfy its March 4, 2003 loan re-payment obligation.

In management's opinion and in view of the total debt and equity related financings in conjunction with project financing by way of the option agreement on both the Gold Bar and Pamlico projects the Corporation has adequate funds for purposes of completing its current work programs and achieving its short-term corporate objectives while ensuring adequate working capital over the next 18 months.

Outlook

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored that ultimately achieve commercial production. As present, none the Corporation's properties have a known body of commercial ore. Other risks facing the Corporation include economic risks, permitting, fluctuations in mineral prices, share price volatility and uncertainty as to its ability to complete additional financings to fund its future development and exploration work programs.

The Corporation will continue to focus the majority of its exploration and development activities in the Great Basin and the American Southwest. The Corporation will also continue to use its metallogenic explorations techniques which represent state-of-the-art tools for modern exploration in the Great Basin of the American Southwest which management views will be the catalyst for future corporate growth and achieving its stated mission of becoming a highly profitable gold producer.

As a mining company in the development stage the future liquidity of the Corporation will be affected principally by the level of exploration expenditures and by its ability to raise adequate level of capital through the equity markets. In management's opinion the Corporation's current cash position is sufficient for funding its currently planned development expenditures on the Copperstone project and meeting its ongoing obligations as they become due. Additionally, the Corporation has adequate funding in place over a three year period by way of its option agreement on the Gold Bar and Pamlico projects to fund exploration expenditures on these projects.

DIRECTORS

Ian W. Telfer
West Vancouver, Canada

Robert T. McKnight
West Vancouver, Canada

Brian P. Kirwin
Reno, United States
President & Chief Executive Officer

Giulio T. Bonifacio
Vancouver, Canada
Executive Vice President, Chief Financial Officer
& Corporate Secretary

OFFICES

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AUDITOR

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Vancouver, Canada

LEGAL COUNSEL

Lang Michener
Vancouver, Canada

Davis & Company
Vancouver, Canada

Erwin & Thomas LLP
Reno, United States

OFFICERS

Brian P. Kirwin
President & Chief Executive Officer

Giulio T. Bonifacio
Executive Vice President & Chief Financial Officer

Foster Wilson
Vice President, Corporate Development

Catherine Tanaka
Assistant Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, Canada

SHARES LISTED

The TSX Venture Exchange (BZA)

CAPITALIZATION
(As at April 30, 2003)

Shares Issued and Outstanding: 115,227,707

ANNUAL AND EXTRAORDINARY GENERAL MEETING

Annual and Extraordinary General Meeting
of Shareholders will be held at 2:00 p.m.
on Friday, June 13, 2003 at Suite 1500,
1055 West Georgia Street, Vancouver, Canada.

INVESTOR RELATIONS CONTACT

Foster Wilson
Vice President, Corporate Development
Telephone (775) 824-0707

WEB SITE

Additional information about the Corporation can be found at our web site *www.americanbonanza.com*