



## **REPORT TO THE SHAREHOLDERS**

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**Three-Month Period Ended  
March 31, 2004**

*For more information*

**Louven Mines Inc.**  
1 Place-Ville-Marie  
Suite 2130  
Montreal, Quebec  
Canada H3B 2C6

Tel: (514) 397-1410  
Fax: (514) 397-8620

TSX Venture Exchange: LOV



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

MONTREAL, April 29, 2004 – Louvem Mines Inc. announces revenues of \$1,904,675 for the first quarter ended March 31, 2004, compared with revenues of \$3,075,020 for the same period of 2003. This decrease in revenues is primarily attributable to the fact that over 22,000 tons of ore extracted at the Beaufor Mine had not been processed by the end of the quarter. The mill will process this ore along with the production of the second quarter. The Company reports net earnings of \$76,919, or nil per share, compared with \$715,773, or \$0.03 per share, in 2003. Cash flow from operations before net change in non-cash working capital was \$110,073 compared with \$742,248 for the corresponding period of 2003.

Louvem's share of production from the Beaufor Mine amounted to 29,344 tons of ore grading 0.17 ounces of gold per ton, or 4,909 ounces. Sales for the first quarter of 2004 totalled 3,481 ounces of gold produced at cash cost of US\$329 per ounce. In comparison, 6,002 ounces of gold were produced during the first quarter of 2003, while gold sales were 5,726 ounces produced at a cash cost of US\$240. This increase in production costs reflects the lower grades obtained and the appreciation of the Canadian dollar. Production forecasts indicate that grades will improve as of the second quarter.

During the first quarter, Louvem initiated a \$250,000 exploration program on its 81%-owned Monique property, located 10 miles east of the Beaufor Mine. The work was completed in April and an update will be released when the complete results are available.

As of March 31, 2004, Louvem had no long-term debt and working capital of \$2.1 million.

Jean-Guy Rivard  
President

**FINANCIAL DATA**

	<b>Three-month period ended March 31</b>	
	<b>(CAN\$)</b>	
	<b>2004</b>	2003
Revenues	<b>1,904,675</b>	3,075,020
Net earnings	<b>76,919</b>	715,773
Net earnings per share	-	0.03
Cash flow from operations before net change in non-cash working capital	<b>110,073</b>	742,248
Weighted average number of common shares outstanding	<b>26,266,038</b>	26,217,989

	<b>March 31, 2004</b>	December 31, 2003
<b>(CAN\$)</b>		
Working capital	<b>2,144,492</b>	2,148,531

**PRODUCTION AND SALES DATA**

<b>Beaufor Mine – 50%</b>	<b>Three-month period ended March 31</b>	
	<b>2004</b>	2003
Gold production (ounces)	<b>4,909</b>	6,002
Gold sales (ounces)	<b>3,481</b>	5,726
Cash cost (per ounce sold)	<b>US\$329</b>	US\$240
Average selling price of gold per ounce	<b>US\$418</b>	US\$364

2003 average exchange rate: US\$1 = CAN\$1.40

2004 average exchange rate: US\$1 = CAN\$1.30

**LOUVEM MINES INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)

(In Canadian dollars)

	<b>Three months ended</b>	
	<b>March 31, 2004</b>	March 31, 2003
	\$	\$
		<i>(Restated)</i>
<b>REVENUES</b>		
Precious metals	<b>1,890,586</b>	2,918,178
Other revenues	<b>14,089</b>	156,842
	<b>1,904,675</b>	3,075,020
<b>EXPENSES</b>		
Operating costs	<b>1,490,560</b>	1,925,310
Administration <i>(note 2)</i>	<b>162,332</b>	157,766
Interest expenses	-	30,833
Exploration costs	<b>192,925</b>	125,250
Accretion expense of asset retirement obligations	<b>1,826</b>	1,731
Depreciation and depletion	<b>31,328</b>	24,744
	<b>1,878,971</b>	2,265,634
Earnings before income and mining taxes	<b>25,704</b>	809,386
Mining and income taxes	<b>(51,215)</b>	93,613
<b>NET EARNINGS</b>	<b>76,919</b>	715,773
<b>NET EARNINGS PER SHARE BASIC AND DILUTED</b>	-	0.03
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>26,266,038</b>	26,217,989

**CONSOLIDATED STATEMENTS OF DEFICIT**  
(Unaudited)

(In Canadian dollars)

	<b>Three months ended</b>	
	<b>March 31, 2004</b>	March 31, 2003
	\$	\$
		<i>(Restated)</i>
<b>BALANCE, BEGINNING OF PERIOD</b>	<b>(4,753,478)</b>	(8,125,847)
Changes in accounting policies	-	139,124
Restated balance	<b>(4,753,478)</b>	(7,986,723)
Net earnings	<b>76,919</b>	715,773
Redemption of shares	<b>(34,279)</b>	-
<b>BALANCE, END OF PERIOD</b>	<b>(4,710,838)</b>	(7,270,950)

**LOUVEM MINES INC.  
CONSOLIDATED BALANCE SHEETS**

(In Canadian dollars)

	<b>March 31, 2004</b>	December 31, 2003
	\$ (Unaudited)	\$ (Audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,675,677	2,414,657
Accounts receivable	237,023	499,877
Inventories (note 3)	1,733,614	667,474
	<b>3,646,314</b>	3,582,008
<b>SECURITY DEPOSITS</b>	<b>4,900</b>	4,900
<b>PROPERTY, PLANT AND EQUIPMENT (note 4)</b>	<b>1,059,246</b>	1,014,188
<b>FUTURE MINING AND INCOME TAXES</b>	<b>424,299</b>	424,299
	<b>5,134,759</b>	5,025,395
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	1,192,825	961,424
Mining and income taxes payable	308,997	472,053
	<b>1,501,822</b>	1,433,477
<b>ASSET RETIREMENT OBLIGATIONS</b>	<b>137,366</b>	135,540
<b>FUTURE MINING AND INCOME TAXES</b>	<b>105,557</b>	105,557
	<b>1,744,745</b>	1,674,574
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 5)	2,471,277	2,474,724
Contributed surplus	5,629,575	5,629,575
Deficit	(4,710,838)	(4,753,478)
	<b>3,390,014</b>	3,350,821
Contingency (note 7)		
	<b>5,134,759</b>	5,025,395

**LOUVEM MINES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
(Unaudited)

(In Canadian dollars)

	<b>Three months ended</b>	
	<b>March 31, 2004</b>	March 31, 2003
	\$	\$
		<i>(Restated)</i>
<b>CASH FLOW FROM (USED IN) OPERATIONS</b>		
Net earnings	<b>76,919</b>	715,773
Adjustments for:		
Depreciation and depletion	<b>31,328</b>	24,744
Accretion expense of asset retirement obligations	<b>1,826</b>	1,731
	<b>110,073</b>	742,248
Net change in non-cash working capital	<b>(734,941)</b>	(342,168)
	<b>(624,868)</b>	400,080
<b>CASH FLOW USED IN INVESTMENTS</b>		
Beaufor Mine	<b>(76,386)</b>	(69,281)
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Redemption of shares	<b>(37,726)</b>	-
Reimbursements to the parent company	-	(500,000)
Issue of common shares	-	6,000
	<b>(37,726)</b>	(494,000)
Net decrease in cash and cash equivalents	<b>(738,980)</b>	(163,201)
Cash and cash equivalents, beginning of period	<b>2,414,657</b>	431,059
Cash and cash equivalents, end of period	<b>1,675,677</b>	267,858

**LOUVEM MINES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Three-month period ended March 31, 2004 and 2003**  
(Unaudited)

Louvem Mines Inc. (the « Company »), incorporated under Part 1A of the Quebec Companies Act, is engaged in mining, exploration and development of mining properties, principally gold.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

**2. ADMINISTRATION**

	<b>Three months ended</b>	
	<b>March 31, 2004</b>	March 31, 2003
	\$	\$
Services and management fees	<b>135,000</b>	135,000
General cost	<b>27,332</b>	22,766
	<b>162,332</b>	157,766

**3. INVENTORIES**

	<b>March 31, 2004</b>	December 31, 2003
	\$	\$
Precious metals	<b>717,780</b>	144,081
Ore	<b>685,404</b>	187,831
Supply	<b>330,430</b>	335,562
	<b>1,733,614</b>	667,474

**LOUDEM MINES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**Three-month period ended March 31, 2004 and 2003**  
(Unaudited)

**4. PROPERTY, PLANT AND EQUIPMENT**

	March 31, 2004			December 31, 2003		
	Cost	Accumulated depreciation and depletion	Net book value	Cost	Accumulated depreciation and depletion	Net book value
	\$	\$	\$	\$	\$	\$
Development and securement costs	1,184,771	736,854	447,917	1,116,578	724,750	391,828
Buildings	407,343	84,715	322,628	408,563	74,393	334,170
Equipments	373,272	113,100	260,172	363,859	105,107	258,752
Asset retirement	88,318	59,789	28,529	88,318	58,880	29,438
	<b>2,053,704</b>	<b>994,458</b>	<b>1,059,246</b>	1,977,318	963,130	1,014,188

**5. CAPITAL STOCK**

Authorized: Unlimited number of common shares, no par value.

	March 31, 2004		December 31, 2003	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Issued and paid: Common shares				
Balance, beginning of period	26,277,989	2,474,724	26,197,989	2,458,724
Issue of shares a)	-	-	80,000	16,000
Redemption of shares b)	(38,300)	(3,447)	-	-
Balance, end of period	<b>26,239,689</b>	<b>2,471,277</b>	26,277,989	2,474,724

**a) Issue of shares**

In 2003, the Company issued, through the exercise of stock options, 80,000 common shares for a cash consideration of \$16,000.

**b) Redemption of shares**

During the period, the Company redeemed 38,300 common shares for \$37,726. Those transactions increased the deficit by \$34,279.

**LOUDEM MINES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**Three-month period ended March 31, 2004 and 2003**  
(Unaudited)

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**6. RELATED PARTIES TRANSACTIONS**

The related parties transactions are:

	<b>Three months ended</b>	
	<b>March 31, 2004</b>	<b>March 31, 2003</b>
	<b>\$</b>	<b>\$</b>
Parent company, Richmond Mines Inc.		
Services and management fees	<b>135,000</b>	135,000
Interest on debt, 10%	-	30,833
Camflo Mill Inc., subsidiary of the parent company		
Milling costs	<b>484,368</b>	509,488

As at March 31, 2004, the accounts payable and accrued charges include \$128,772 (\$146,838 as at December 31, 2003) payable to related parties. These transactions were conducted in the normal course of operations and were calculated at the exchange amount, which is the amount established under normal market terms.

**7. CONTINGENCY**

The Company has received government assistance between August 1, 2001 and August 31, 2003, and this assistance may become repayable under certain conditions specified in an agreement with the Quebec Ministry of Natural Resources. It is not currently possible to determine the amount of such repayment, if any, and, accordingly, no provision has been recorded in these financial statements. Government assistance recorded in earnings and as a reduction of the cost of property, plant and equipment resulting from this agreement, signed in July 2001, amounts to \$882,957 and \$287,122, respectively.

**8. COMPARATIVE FIGURES**

Certain comparative figures provided for the period ended March 31, 2003 have been reclassified to conform with the presentation adopted for the period ended March 31, 2004.