



CARDERO RESOURCE CORP.

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President's Report

The past year has been one of exceptional growth and focus for your Company. We formed a key strategic alliance with Anglo American to explore a new iron oxide copper gold (IOCG) district in the Baja, Mexico, we signed joint venture agreements with Rio Tinto Mining to acquire some excellent IOCG targets in the Marcona district of Peru, and we advanced our silver and gold projects in Argentina and central Mexico. Equally important for us, our successful philosophy of acquisition and the exciting plans we have for the coming year were recognized by the financial community, bringing us strong investor confidence and allowing your Company to add over \$15.5 million to its treasury.

In the Baja, Anglo American pursued a very aggressive exploration program this year, developing a minimum of five high priority targets to date, each with coincident, copper, gold, iron, silver mineralization typical of the IOCG environment. All targets are related to regional scale low angle structures and large, well defined magnetic and gravity anomalies. As quickly as Anglo discovered new targets they acquired more mineral concessions and now control a highly prospective land position in excess of 300,000 hectares. Detailed analysis and modelling of each of the key targets is now underway in advance of an Anglo drill program planned to commence in the next quarter.

Thanks to the strong support we enjoy from our partners in the mining community in Peru your Company has been very successful in acquiring attractive exploration assets in the Marcona IOCG copper iron district. This region of southern Peru has long been recognized as an important northern extension of the IOCG belts of Chile which hosts the successful Candelaria deposit, containing approximately 475 million tonnes at 0.95 per cent copper. This year, through our initiatives with Rio Tinto Mining and Exploration, we acquired the right to earn a 100% interest in the massive Pampa de Pongo iron deposit. The Pampo de Pongo deposit, part of the Marcona district, is an attractive exploration and development target known to include significant untested zones of copper and gold mineralization. Together with over 40,000 hectares of exploration properties your Company is now well positioned for a discovery in this exciting district.

Our silver projects at Olaroz in northern Argentina continued to return encouraging exploration results. At Providencia drilling to the north of the historic mine workings has returned multiple high grade silver values over significant intervals opening up over ten kilometres of attractive strike length to be explored. In Mexico the Company has added the Franco and Gachupines properties to its portfolio of attractive gold projects. Here early results from initial surface exploration programs are very positive. Geophysics programs are now being planned in anticipation of drill programs to be finalized later in the year.

It has been an exciting year for all of us, and on behalf of the Board of Directors, its Officers and Management, I would like to thank all our shareholders for your loyalty and support. The coming year looks bright and we can all look forward to another exciting period of growth and the realization of the long term goals of the Company.

On behalf of the Board of Directors of
CARDERO RESOURCE CORP.

“Henk Van Alphen”
President & CEO

March 15, 2004

CARDERO RESOURCE CORP.

**Consolidated Financial Statements
October 31, 2003 and 2002**

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF CARDERO RESOURCES CORP.

We have audited the consolidated balance sheets of Cardero Resources Corp. as at October 31, 2003 and 2002 and 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. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

"Smythe Ratcliffe"

Chartered Accountants

Vancouver, British Columbia

February 16, 2004

CARDERO RESOURCE CORP.
Consolidated Balance Sheets
October 31

	2003	2002
Assets		
Current		
Cash and cash equivalents	\$3,752,305	\$1,063,479
Accounts receivable	246,434	13,289
Prepaid expenses	107,535	7,988
	4,106,274	1,084,756
Property and Equipment (note 5)	19,036	14,449
Investment in and Expenditures on Resource Properties (notes 4 and 6)	4,752,575	670,728
	\$8,877,885	\$1,769,933
Liabilities		
Current		
Accounts payable and accrued liabilities	\$420,061	\$46,554
Stockholders' Equity		
Capital Stock (note 7)	13,153,944	5,446,655
Contributed Surplus	740,408	0
Deficit	(5,436,528)	(3,723,276)
	8,457,824	1,723,379
	\$8,877,885	\$1,769,933

Approved on behalf of the Board:

"Henk Van Alphen"
..... Director
Henk Van Alphen

"Ken M. Carter"
..... Director
Ken M. Carter

CARDERO RESOURCE CORP.
Consolidated Statements of Operations and Deficit
Years Ended October 31

	2003	2002
Administrative Expenses		
Stock-based compensation	\$740,408	\$0
Professional fees	238,946	156,998
Travel and promotion	230,817	82,361
Management fees	129,000	70,000
Rent	59,099	24,098
Office expenses	46,161	14,762
Filing fees	34,138	10,586
Transfer agent fees	13,129	6,567
Amortization	6,818	3,240
Loss Before Other Items	(1,498,516)	(368,612)
Other Items		
Gain on sale of subsidiaries (note 8(b))	0	71,409
Interest income	52,997	3,131
Write off of Condor Yacu property (note 6(b)(vii))	0	(902,943)
Foreign exchange loss	(267,733)	0
	(214,736)	(828,403)
Net Loss for Year	(1,713,252)	(1,197,015)
Deficit, Beginning of Year	(3,723,276)	(2,526,261)
Deficit, End of Year	\$(5,436,528)	\$(3,723,276)
Loss Per Share	\$(0.08)	\$ (0.09)
Weighted Average Number of Shares Outstanding	22,349,311	12,993,633

CARDERO RESOURCE CORP.
Consolidated Statements of Cash Flows
Years Ended October 31

	2003	2002
Operating Activities		
Net loss	\$(1,713,252)	\$(1,197,015)
Items not involving cash		
Amortization	6,818	3,240
Stock based compensation	740,408	0
Write-off of Condor Yacu property	0	902,943
Gain on sale of subsidiaries	0	(71,409)
Operating Cash Flow	(966,026)	(362,241)
Changes in Non-Cash Working Capital		
Accounts receivable	(233,145)	(11,791)
Prepaid expenses	(99,547)	(7,988)
Accounts payable and accrued liabilities	373,507	7,965
Due to shareholder	0	(16,030)
	40,816	(27,844)
Cash Used in Operating Activities	(925,211)	(390,085)
Investing Activities		
Investment in and expenditures on resource properties	(2,567,847)	(1,007,861)
Purchase of equipment	(11,405)	(13,101)
Cash Used in Investing Activities	(2,579,252)	(1,020,962)
Financing Activities		
Proceeds from shares issued	6,434,902	2,500,725
Proceeds from sale of subsidiaries	0	1
Share issue costs	(241,613)	(32,952)
Cash Provided by Financing Activities	6,193,288	2,467,774
Inflow of Cash	2,688,826	1,056,727
Cash and Cash Equivalents, Beginning of Year	1,063,479	6,752
Cash and Cash Equivalents, End of Year	\$3,752,305	\$1,063,479
Supplemental Information		
Shares issued for property option payments	\$1,461,000	\$117,500
Shares issued for data acquisition	\$53,000	\$0
Income tax paid	\$0	\$0
Interest paid	\$0	\$0

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Cardero Resource Corp. (the "Company") was incorporated under the Laws of the Province of British Columbia. It is a development stage public company whose principal business activity is the exploration for and the development of natural resource properties.

These consolidated financial statements include the accounts of Cardero Resource Corp. and its wholly-owned subsidiaries Minerales y Metales California S.A. de C.V. ("MMC") and Cardero Argentina S.A. During the year ended October 31, 2003, the Company acquired 100% of MMC, a private company incorporated under the laws of Mexico, pursuant to an option agreement dated September 9, 2002 as described in note 6(a)(ii). MMC holds certain mineral concessions situated in Baja, Mexico and also has exclusive option rights to acquire more concessions in the same area. The Company also formed Cardero Argentina which it owns 100%. Cardero Argentina was formed under the laws of Argentina to hold all the Company's mineral properties located in Argentina as described in note 6(b). All intercompany transactions and balances have been eliminated.

During the year ended October 31, 2002, the Company sold its wholly-owned inactive subsidiaries 2696959 Canada Inc. (Canada) and Koripampa del Peru, S.A. (Peru) as described in note 8(b).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Securities with original maturities of three months or less are considered to be cash equivalents.

(b) Use of estimates

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

(c) Amortization

Amortization of property and equipment is recorded on a declining balance basis at the following annual rates:

Computer equipment	- 30%
Office equipment	- 20%

Additions to property and equipment are amortized at one-half the above rates in the year of acquisition.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investment in and expenditures on resource properties

Acquisition costs of mineral properties, rights and options together with direct exploration and development expenditures thereon are deferred in the accounts on a property-by-property basis. The expenditures related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method based upon estimated proven reserves. When there is little prospect of further work on a property being carried out by the Company or when minerals cannot be economically removed due to the current market price of the minerals, the costs of the property are charged to operations.

(e) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Interest income and expenses (excluding amortization, which is translated at the same rate as the related asset) at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

(f) Stock-based compensation

Effective November 1, 2002, the Company adopted the requirements of Section 3870 of the CICA Handbook with respect to stock-based compensation. Options granted to employees are accounted for using the settlement method where no compensation expense is recorded in the books of the Company. Options granted to non-employees are accounted for using the fair value method where compensation expense is calculated using the Black-Scholes options pricing method.

(g) Loss per share

Loss per share computations are based on the weighted average number of common shares outstanding during the year. Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each of the years presented. Shares held in escrow at year-end that are held based on a contingency other than the passage of time have not been included in the calculation of weighted average number of common shares.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

3. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short maturity of these financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary assets and liabilities.

(c) Credit risk

The Company is exposed to credit risk with respect to its accounts receivable which consists largely of tax credits receivable from Mexican, Argentinean, and Canadian agencies. Cash and cash equivalents have been placed with a major Canadian financial institution.

(d) Translation risk

The Company translates the results of its foreign operations into Canadian currency using rates approximating the average exchange rate for the year. The exchange rates may vary from time to time. At October 31, 2003, the Company held foreign currencies of US \$798,800, \$489,500 in Mexican pesos and \$69,861 in Argentine pesos for the purposes of financing operations and capital expenditures in those currencies.

4. REALIZATION OF ASSETS

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

5. PROPERTY AND EQUIPMENT

2003			
	Cost	Accumulated Amortization	Net
Computer equipment	\$24,768	\$10,132	\$14,636
Office equipment	5,518	1,118	4,400
	\$30,286	\$11,250	\$19,036
2002			
	Cost	Accumulated Amortization	Net
Computer equipment	\$16,881	\$4,232	\$12,649
Office equipment	2,000	200	1,800
	\$18,881	\$4,432	\$14,449

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

	Mexico (note 6(a))	Argentina (note 6(b))	Peru (note 6(c))	Total
Opening balance, October 31, 2001	\$0	\$448,310	\$0	\$448,310
Acquisition costs				
Cash payments	142,579	280,030	0	422,609
Common shares issued	28,000	89,500	0	117,500
	170,579	369,530	0	540,109
Deferred exploration costs				
Camp costs	108,268	82,155	0	190,423
Drilling and analysis	0	221,193	0	221,193
Personnel	145,536	28,100	0	173,636
	253,804	331,448	0	585,252
Total expenditures for year	424,383	700,978	0	1,125,361
Write-off Condor Yacu properties	0	(902,943)	0	(902,943)
Balance, October 31, 2002	\$424,383	\$246,345	\$0	\$670,728
Acquisition costs				
Cash payments	100,126	328,800	105,000	533,926
Common shares issued	490,500	573,000	397,500	1,461,000
	590,626	901,800	502,500	1,994,926
Deferred exploration costs				
Camp costs	317,920	728,841	45,860	1,092,621
Drilling and analysis	0	733,420	1,833	735,253
Personnel	132,000	118,547	8,500	259,047
	449,920	1,580,808	56,193	2,086,921
Total expenditures for year	1,040,546	2,482,608	558,693	4,081,847
Balance, October 31, 2003	\$1,464,929	\$2,728,953	\$558,693	\$4,752,575

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Mexico

The properties in Mexico consist of the following concessions:

(i) Municipality of Ensenada, Baja California Norte State, Mexico

On December 12, 2001, the Company entered into an option agreement with Minera Olympic S. de R.L. de C.V., whereby the Company can acquire a 100% interest in certain mineral tenures located in Baja, Mexico upon completion of the following:

- (a) Issuance of 100,000 common shares within 10 days of signing (done);
- (b) Issuance of 100,000 common shares on or before January 7, 2003 (done);
and
- (c) Issuance of 200,000 common shares on or before January 7, 2004 (done subsequent to year end).

(ii) Acquisition of Minerales y Metales California S.A. de C.V. ("MMC")

Pursuant to an option agreement signed on September 9, 2002, the Company acquired a 100% interest in MMC, a private Mexican corporation that owns 8,055 hectares of mineral concessions situated in Baja, Mexico. The Company earned the 100% interest in MMC by completing the following:

- (a) Payment of US \$75,000 (done) and issuance of 75,000 shares on or before February 3, 2003 (done);
- (b) Issuance of 75,000 common shares on or before February 3, 2004 (done);
and
- (c) Issuance of 75,000 common shares on or before February 3, 2005 (done).

The Company has earned its 100% interest in MMC and the shares of MMC are in the process of being transferred to the Company.

In addition to the above concessions, MMC has exclusive option rights to acquire a 100% interest in 30 hectares of land upon payment of the following to a third party:

- (a) US \$15,000 on or before February 26, 2002 (done);
- (b) US \$30,000 on or before March 15, 2003 (done);
- (c) US \$40,000 on or before March 15, 2004;
- (d) US \$45,000 on or before February 26, 2005; and
- (e) US \$45,000 on or before February 26, 2006.

(iii) Coahuila Data Acquisition, Mexico

Pursuant to an acquisition agreement dated August 22, 2003, the Company obtained from John A. Goodwin and Francis Guardia (the "Vendors") copies of and non-exclusive rights to use and retain certain property data and other information pertaining to copper prospects in Coahuila de Zaragoza State, Mexico. In consideration, the Company issued a total of 20,000 common shares to the Vendors (shares issued subsequent to year end).

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Mexico (Continued)

(iv) Acquisition of Interest in Exploration Data Relating to Iron Oxide Copper Gold Occurrences, Mexico

Pursuant to an agreement dated October 27, 2003 with Crockite Resources Ltd. and Murray McClaren, the Company acquired all rights, title and interest to certain geological information, data and materials with respect to the potential for, and occurrences of, iron oxide type copper gold deposits in Baja California, Mexico. Consideration for the purchase is as follows:

- (a) the allotment and issuance of 100,000 common shares (done subsequent to year end)
- (b) the allotment and issuance of 100,000 common shares on or before the day which is ten (10) business days from the earliest of the following to occur:
 - (i) Anglo American Mexico S.A. de C.V. ("Anglo") having earned an interest in certain mineral concessions situated in Baja California State in accordance with and pursuant to the agreement between Anglo and the Company (the "Anglo Agreement" as described in note 6(a)(v));
 - (ii) The Company having been advised by Anglo that Anglo has incurred aggregate Exploration Expenditures (as defined in the Anglo Agreement) of not less than US \$2,000,000; and,
 - (iii) If the Anglo Agreement is terminated prior to Anglo having incurred US \$2,000,000 in Exploration Expenditures, then upon Anglo, the Company or any third party which subsequently enters into an agreement with the Company to earn an interest in the Company's IOCG properties in Baja California State collectively having incurred Exploration Expenditures of not less than US \$2,000,000.

(v) Anglo American Alliance, Mexico

On December 1, 2002, the Company entered into an agreement with Anglo American Mexico, S.A. de C.V. (as amended by an agreement dated November 26, 2003) whereby Anglo will manage and fund expenditures for the identification and acquisition of mineral concessions with an area of interest measuring approximately 50,050 square kilometres in size. Anglo can earn a 70% interest in the mineral concessions and a 70% interest in a Mexican Newco to be formed to hold the concessions, by incurring exploration expenditures of not less than US \$3,700,000 as follows:

- (a) by December 1, 2003 – US \$200,000 (done);
- (b) by December 1, 2004 – US \$800,000;
- (c) by December 1, 2005 – US \$2,000,000; and
- (d) by December 1, 2006 – US \$3,700,000.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Mexico (Continued)

(v) Anglo American Alliance, Mexico (Continued)

Upon Anglo incurring the aggregate US \$3,700,000 of exploration expenditures, a non-participating party can be diluted to a minimum 20% working interest below which percentage its interest would be converted to a Net Profits Interest.

(vi) Franco Project, Mexico

Pursuant to an option agreement signed on August 29, 2003, the Company can acquire a 100% interest in the Franco Project, located in San Luis Potosi State in Mexico, from a private Mexican company upon completion of the following:

- (a) Due on signing, September 3, 2003 – US \$15,000 (done);
- (b) Payment due on or before March 3, 2004 – US \$20,000;
- (c) Optional payment due on or before September 3, 2004 – US \$60,000;
- (d) Optional payment due on or before September 3, 2005 – US \$100,000;
- (e) Optional payment due on or before September 3, 2006 – US \$150,000; and
- (f) Optional payment due on or before September 3, 2007 – US \$800,000.

Of the above payments, the first US \$35,000 is a firm commitment to the Company.

The agreement also requires work expenditures of:

- (a) US \$50,000 on or before March 3, 2004;
- (b) US \$250,000 on or before September 3, 2004;
- (c) US \$550,000 on or before September 3, 2005; and
- (d) US \$1,050,000 on or before September 3, 2006.

Of the above work expenditures, the first US \$250,000 is a firm commitment to the Company.

The acquisition will provide the Company with a 100% interest subject to a 2% NSR of which 1% can be bought anytime for US \$2.0 million.

Subsequent to the year end, on November 5, 2003, the Company optioned the property to Newport Exploration Ltd. whereby Newport can acquire a 50% interest in the Franco Project by paying to the Company the sum of US \$50,000 and completing the underlying payments in (b) and (c) above and exploration expenditures in (a) and (b).

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Mexico (Continued)

(vii) Gachupines Property, Mexico

On October 30, 2003 the Company entered into an option agreement with a private Mexican company, whereby it can earn a 100% interest in the Gachupines property, which measures 23 km (N-S) by 11 km (E-W) and is located approximately 100 km southeast of Hermosillo in the State of Sonora, Mexico, on completion of the following:

- (a) Payment of US \$5,000 on the Execution Date (done);
- (b) Payment of US \$15,000 on or before April 30, 2004;
- (c) Payment of US \$30,000 on or before October 30, 2004;
- (d) Payment of US \$60,000 on or before October 30, 2005;
- (e) Payment of US \$90,000 on or before October 30, 2006;
- (f) Payment of US \$120,000 on or before October 30, 2007;
- (g) Incurring an aggregate of CDN \$85,000 in exploration expenditures before May 30, 2004;
- (h) Issuance of 5,000 common shares on TSX approval (shares issued subsequent to year end);
- (i) Issuance of 50,000 common shares on April 30, 2004;
- (j) Issuance of 50,000 common shares on October 30, 2004;
- (k) Issuance of 50,000 common shares on October 30, 2005;
- (l) Issuance of 50,000 common shares on October 30, 2006; and
- (m) Issuance of 50,000 common shares on October 30, 2007.

This property is subject to a 2% NSR of which the Company has the option to purchase 1% of the NSR at any time for US \$1,000,000.

(b) Argentina

The properties in the Province of Jujuy, Argentina consist of the following concessions:

(i) Providencia Norte Property, Olaroz District, Jujuy Province, Argentina

On August 8, 2002 the Company entered into an option agreement whereby it can earn a 100% interest in the property upon completion of the following:

- (a) Payment of US \$50,000 due on signing (done);
- (b) Payment of US \$50,000 due February 8, 2003 (done);
- (c) Issuance of 100,000 common shares on or before April 8, 2003 (done);
- (d) Payment of US \$50,000 (done) and incurring expenditures of \$100,000 on the property by August 8, 2003 (done);
- (e) Payment of US \$100,000 and issuance of 150,000 common shares on or before April 8, 2004;
- (f) Incurring additional expenditures of US \$200,000 on the property, including a minimum of 1,000 meters of drilling by August 8, 2004;

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Argentina (Continued)

(i) Providencia Norte Property, Olaroz District, Jujuy Province, Argentina (Continued)

- (g) Payment of US \$300,000 due February 8, 2005;
- (h) Issuance of 150,000 common shares on or before April 8, 2005;
- (i) Incurring additional expenditures of US \$400,000 on the property, including a minimum of an additional 2,000 meters of drilling by August 8, 2005;
- (j) Payment of US \$600,000 due December 8, 2005; and
- (k) Payment of US \$1,000,000 due October 8, 2006.

This claim is subject to a 1.5% net smelter return royalty ("NSR") payable to the vendor. The Company may elect to purchase the NSR at any time at a price of US \$250,000 for each 0.25%.

Under the terms of the agreement, the Company is required to keep both the Providencia Norte Property (note 6(b)(i)) and La Providencia Property (note 6(b)(ii)) in good standing or to terminate both options. The Company is not entitled to exercise the option to acquire only one of these properties.

(ii) La Providencia Property, Olaroz District, Jujuy Province, Argentina

On August 8, 2002, the Company entered into an option agreement whereby it can earn a 100% interest in a 100-hectare concession upon completion of the following payments:

- (a) US \$15,000 due October 18, 2002 (done);
- (b) US \$25,000 due August 18, 2003 (done);
- (c) US \$75,000 due June 18, 2004;
- (d) US \$75,000 due April 18, 2005;
- (e) US \$75,000 due December 18, 2005; and
- (f) US \$100,000 due October 18, 2006.

The claim is subject to a 1.95% NSR payable to the vendor. The Company may elect to purchase the NSR at any time at a price of US \$250,000 for each 0.25%.

Under the terms of the agreement, the Company is required to keep both the Providencia Norte Property (note 6(b)(i)) and La Providencia Property (note 6(b)(ii)) in good standing or to terminate both options. The Company is not entitled to exercise the option to acquire only one of these properties. Similarly, the Company is required to keep both the Olaroz Chico and Tola mines (note 6(b)(iv)) and the La Providencia Property in good standing or to terminate both options. The Company is not entitled to exercise the option to acquire only one of these properties.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Argentina (Continued)

(iii) Chingolo Property, Jujuy Province, Argentina

On May 22, 2002, the Company entered into an option agreement which would give the Company a 100% interest in three concessions upon completion of the following:

- (a) Payment of US \$10,000 (paid); and issuance of 50,000 common shares on or before October 18, 2002 (done);
- (b) Issuance of 100,000 common shares on or before October 18, 2003 (shares issued subsequent to year end); and,
- (c) Issuance of 100,000 common shares on or before October 18, 2006.

(iv) Olaroz Chico and Tola mines, Jujuy Province, Argentina

On May 8, 2002 (as amended on August 8, 2002), the Company entered into an option agreement whereby it can earn a 100% interest in two properties totalling approximately 4,600 hectares upon completion of the following payments:

- (a) US \$23,000 due June 8, 2002 (done);
- (b) US \$38,000 due May 8, 2003 (done);
- (c) US \$69,000 due April 8, 2004;
- (d) US \$115,000 due February 8, 2005;
- (e) US \$115,000 due October 8, 2005; and
- (f) US \$115,000 due August 8, 2006.

The claim is subject to a 2% NSR payable to the vendor. The Company may elect to purchase 1% of the NSR at any time at a price of US \$500,000.

Under the terms of the agreement, the Company is required to keep both the Olaroz Chico and Tola mines (note 6(b)(iv)) and the La Providencia Property in good standing or to terminate both options. The Company is not entitled to exercise the option to acquire only one of these properties.

(v) Cozzi Property, Province, Argentina

Pursuant to an agreement dated December 9, 2002, the Company has purchased from Elisa Adela Cozzi a 100% interest in a certain mineral tenure located in the Department of Susques, Province of Jujuy, Argentina for the sole consideration of 100,000 common shares (done).

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Argentina (Continued)

(vi) Libertad Property, Jujuy Province, Argentina

Pursuant to an agreement dated April 17, 2003, the Company can acquire a 100% interest in the Mina Libertad concession located in the Province of Jujuy, northwestern Argentina, and forming part of the Olaroz Project. The terms of the agreement provide for cash payments as follows:

- (a) US \$10,000 due on signing, April 17, 2003 (paid);
- (b) US \$20,000 due on October 17, 2003 (paid)
- (c) US \$20,000 due on April 17, 2004;
- (d) US \$20,000 due on October 17, 2004; and
- (e) US \$30,000 due on April 17, 2005.

(vii) Condor Yacu and Relincho Concessions, Catamarca Province, Argentina

By an option agreement dated June 27, 2001 (as amended on January 21, 2002 and January 10, 2003), the Company can acquire a 100% interest in certain mining concessions known as the "Condor Yacu" located in Argentina upon completion of the following payments:

- (a) US \$75,000 due on signing of contract (done);
- (b) US \$50,000 due July 10, 2003 (done);
- (c) US \$100,000 due January 10, 2004 (done subsequent to year end);
- (d) US \$100,000 due May 10, 2004;
- (e) US \$100,000 due September 10, 2004;
- (f) US \$100,000 due January 10, 2005;
- (g) US \$130,000 due May 10, 2005;
- (h) US \$125,000 due September 10, 2005; and
- (i) US \$225,000 due January 10, 2006.

The Company carried out an initial program of work on these concessions in 2002 and 2001 and determined not to proceed with any further work at that time. During 2002 and 2001, the Company incurred acquisition and exploration expenditures of \$902,944, which included the issuance of 100,000 common shares of the Company pursuant to the original property agreement signed in 2001. During the year ended October 31, 2002, the Company was in default of the original Condor Yacu and Relincho contracts signed on June 27, 2001 and January 21, 2002. The Company wrote-off the properties to a nominal value, resulting in a charge to operations of \$902,943 in 2002.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Argentina (Continued)

(vii) Condor Yacu and Relincho Concessions, Catamarca Province, Argentina (Continued)

On January 14, 2003, the Company entered into an agreement whereby Maximus Ventures Ltd. ("Maximus") can earn an 80% interest in the Condor Yacu and Relincho concessions in Argentina. To acquire the interest, Maximus is required to complete property payments (outlined above) and exploration expenditures totalling US \$2 million by January 10, 2006. Upon completion of the expenditure requirements at Condor Yacu and Relincho, Maximus will have earned their 80% interest and the Company will retain a 20% interest in the project.

The Condor Yuca and Relincho claims are subject to a 2% NSR, provided that the Company may purchase 1% of the NSR for the sum of \$1,000,000.

(c) Marcona Project, Peru

Pursuant to option agreements dated October 23, 2003 and October 1, 2003, the Company acquired from a private Peruvian company approximately 30,000 hectares in the Marcona district of the Pacific Coastal Belt in Peru. Approximately 10,000 hectares are subject to an underlying agreement with Rio Tinto Mining and Exploration Limited ("Rio Tinto"). The private company holds the exclusive right and option to acquire a 100% interest from Rio Tinto, subject to a 0.5% NSR by incurring \$450,000 in exploration expenditures over three years ending August 22, 2006 and by paying Rio Tinto US\$500,000 on or before August 22, 2007. The Company can earn a 100% interest in all 30,000 hectares by assuming and performing all commitments to Rio Tinto and by making the following payments:

- (j) Issuance of 150,000 common shares on TSX Venture Exchange acceptance (received November 28, 2003 shares issued subsequent to year-end);
- (ii) Issuance of 100,000 common shares on or before May 28, 2004;
- (iii) Issuance of 200,000 common shares on or before November 28, 2004;
- (iv) Issuance of 200,000 common shares on or before November 28, 2005; and
- (v) Payment to the private company the sum of US \$10,000 per month for the first 12 months of the agreement for a total of US \$120,000.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

7. CAPITAL STOCK

(a) Authorized
100,000,000 Common shares without par value

(b) Issued and outstanding

	2003		2002	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	17,189,974	\$5,446,655	11,026,474	\$2,861,382
Issued during year				
For cash, pursuant to private placements	2,238,461	2,909,999	4,386,500	1,850,175
Pursuant to resource properties options				
For Baja, Mexico (note 6(a)(i))	100,000	190,000	100,000	28,000
For MMC property (note 6(a)(ii))	225,000	287,250	0	0
For Gachupines (note 6(a)(vii))	5,000	13,250	0	0
For Providencia Norte (note 6(b)(i))	100,000	150,000	0	0
For Chingolo (note 6(b)(iii))	100,000	265,000	50,000	47,500
For Cozzi (note 6(b)(v))	100,000	158,000	0	0
For Condor Yacu (note 6(b)(vii))	0	0	100,000	42,000
For Marcona (note 6(c))	150,000	397,500	0	0
Pursuant to Coahuila Data purchase (note 6(a)(iii))	20,000	53,000	0	0
Exercise of share purchase warrants	5,133,361	2,772,403	1,040,000	431,400
Exercise of share options	1,250,000	752,500	487,000	219,150
Share issue costs	0	(241,613)	0	(32,952)
Balance, end of year	26,611,796	\$13,153,944	17,189,974	\$5,446,655

During the year ended October 31, 2003, the Company completed a private placement of 2,238,461 units at \$1.30 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable at a price of \$1.60 to purchase one common share to December 27, 2003. Total share issue costs related to the private placement were \$241,613, which includes finder's fees of \$232,800 and filing fees of \$8,813, all paid in cash. The Company also issued agent's warrants related to the private placement to purchase 43,077 common shares at \$1.30 per share expiring December 27, 2003, of which 10,000 agent's warrants were exercised during the year ended October 31, 2003.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

7. CAPITAL STOCK (Continued)

Shares issued for property acquisition have been recorded at the closing market prices on the TSX Venture Exchange on the date of the transaction. Included in shares issued pursuant to resource property option payments are 275,000 shares which were due at the year end but not physically delivered until subsequent to the year end.

During the year ended October 31, 2002, the Company completed the following private placements:

- (i) On January 30, 2002, a private placement of 908,000 units for \$0.25 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant was exercisable at a price of \$0.35 to purchase one common share to January 30, 2004.
- (ii) On February 19, 2002, a non-brokered private placement of 600,000 units for \$0.25 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant was exercisable at a price of \$0.35 to purchase one common share to February 19, 2004.
- (iii) On July 12, 2002, a non-brokered private placement of 1,100,000 units for \$0.45 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant was exercisable at a price of \$0.55 to purchase one common share to July 12, 2003.
- (iv) A non-brokered private placement of 1,778,500 units for \$0.55 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant was exercisable at a price of \$0.65 to purchase one common share to July 22, 2003.

Total share issue costs related to the above private placements total \$32,952, including finder's fees of \$23,100 paid in cash.

(c) Escrow

At October, 31, 2002, 328,125 common shares were held in escrow by the Company's transfer agent. These shares were released during the October 31, 2003 year-end upon consent of the regulatory authorities.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

7. CAPITAL STOCK (Continued)

(d) Stock options

During the year ended October 31, 2003, the Company received regulatory and shareholder approvals for its stock option plan dated November 28, 2002. The Plan is effective until November 28, 2012 unless earlier terminated. The Plan is administered by a Committee of two or more Directors of the Company. The Committee has full power to grant options, to determine the terms, limitations, restrictions and conditions respecting such options. Options may be granted to employees, senior officers, directors, non-employee directors, management company employees and consultants of the Company and its affiliates who are, in the opinion of the Committee, in a position to contribute to the success of the Company. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance may not exceed 10% of the issued shares at the time of grant and to each individual may not exceed 5% of the issued shares. The price per optioned share shall be determined by the Committee and shall not be less than the closing price of the shares on the TSX Venture on the trading day immediately preceding the day on which the option is granted, less up to the maximum discount permitted by TSX Venture. The option period shall not exceed five years from the date the option is granted. Options granted to an optionee who is a director, senior officer, employee, consultant must expire within 90 days after the optionee ceases to be in at least one of those categories and options granted to an optionee who is engaged in investor relations activities must expire within 30 days after the optionee ceases to be employed to provide such services, except in the case of death in which case they terminate after one year. Vesting of the options is determined by the Committee at the grant date, however options issued to consultants engaged to perform investor relations activities must be subject to a vesting requirement, whereby such options will vest over a period of not less than twelve months, with a maximum of 25% of such options vesting in any 3 month period. Once approved and vested, options are exercisable at any time.

A summary of the status of the stock option plan as of October 31, 2003 and 2002 and changes during the years ending on those dates is presented below:

	2003		2002	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding and exercisable, beginning of year	1,250,000	\$0.60	600,000	\$ 0.45
Expired	(175,000)	\$1.73	(113,000)	\$ 0.45
Exercised	(1,250,000)	\$0.60	(487,000)	\$ 0.45
Granted	2,325,000	\$1.66	1,250,000	\$ 0.60
Options outstanding and exercisable, end of year	2,150,000	\$1.66	1,250,000	\$ 0.60

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

7. CAPITAL STOCK (Continued)

Share purchase options outstanding are as follows:

Expiry Date	Exercise Price	Number of Shares	
		2003	2002
February 26, 2003	\$ 0.35	0	550,000
May 21, 2003	\$ 0.80	0	300,000
June 27, 2003	\$ 0.80	0	400,000
May 13, 2004	\$ 1.83	1,070,000	0
July 29, 2004	\$ 0.93	250,000	0
September 17, 2004	\$ 1.25	100,000	0
November 29, 2004	\$ 1.48	330,000	0
October 24, 2005	\$ 1.90	400,000	0
		2,150,000	1,250,000

Subsequent to year-end to February 16, 2004, 50,000 options were exercised and the Company issued the same number of shares for gross proceeds of \$62,500.

The Company applies the settlement method in accounting for its stock options granted to directors and employees, and accordingly, no compensation expense is recorded in these financial statements for those options granted. Had compensation expense been determined as provided in the fair value method using the Black-Scholes options pricing model, the pro-forma effect on the Company's net loss and per share amounts for the year ended October 31, 2003 would have been as follow:

Net loss, as reported	\$(1,713,252)
Net loss, pro-forma	\$(2,693,847)
Loss per share, as reported	\$(0.08)
Loss per share, pro-forma	\$(0.12)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for options granted to non-employees. During the year ended October 31, 2003, 100,000 options were granted to non-employees, which resulted in a professional fees expense totalling \$740,408.

The fair value of each option grant is calculated using the following weighted average assumption:

Expected life (years)	1.5
Interest rate	3.00%
Volatility	100.1%
Dividend yield	0.00%

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

7. CAPITAL STOCK (Continued)

(e) Share purchase warrants

At October 31, 2003, the following common share purchase warrants were outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Expiry Date	Exercise Price Per Share	Number of Shares	
		2003	2002
July 12, 2003	\$ 0.55	0	1,100,000
July 22, 2003	\$ 0.65	0	1,778,500
July 24, 2003	\$ 0.41	0	1,460,000
December 27, 2003	\$ 1.60	1,014,370	0
December 27, 2003	\$ 1.30	33,077	0
January 21, 2004	\$ 2.02	247,524	0
January 30, 2004	\$ 0.35	708,000	908,000
February 19, 2004	\$ 0.35	100,000	600,000
		2,102,971	5,846,500

During the year ended October 31, 2003, the Company arranged to settle a debt owing to Pacific International Securities Inc. by issuing 247,524 non-transferable common share purchase warrants. Each warrant will be exercisable to acquire one common share at a price of \$2.02 expiring January 21, 2004.

Subsequent to year-end to February 16, 2004, 2,101,686 warrants were exercised and the Company issued the same number of shares for gross proceeds of \$2,446,735. The remaining 1,285 warrants expired subsequent to year-end.

8. RELATED PARTY TRANSACTIONS

(a) During the years ended October 31, 2003 and 2002, the Company incurred the following expenses paid to directors of the Company or companies with common directors:

	2003	2002
Management fees	\$129,000	\$70,000
Professional fees	95,145	17,175
Rent and secretarial	23,600	13,000
Fees charged to investment in and expenditures on resource properties	49,000	0
	\$296,745	\$100,175

At October 31, 2003, \$43,000 (2002 - \$Nil) was included in accounts payable and accrued liabilities which relate to management fees payable to a director of the Company. Professional fees include \$79,845 paid to a law firm of which a director is a partner.

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

8. RELATED PARTY TRANSACTIONS (Continued)

- (b) During the year ended October 31, 2002, the Company sold its formerly wholly-owned subsidiaries Koripampa del Peru, S.A. and 2696959 Canada Inc. to a director of the Company. At the date of sale both companies were inactive. The details of the sale are as follows:

Proceeds on sale of subsidiaries		\$1
Net liabilities discharged on sale		
Cash	\$1,462	
Accounts payable	(72,870)	(71,408)
Gain on sale of subsidiaries		\$71,409

9. INCOME TAX LOSSES

The components of future income tax assets are as follows:

	2003	2002
Future income tax assets		
Non-capital loss carry-forwards for Canadian income tax purposes	\$1,605,900	\$851,814
Excess of undepreciated capital cost over net book value of property and equipment	11,249	11,485
Cumulative eligible capital deduction	58,830	58,830
Unused cumulative foreign exploration and development expenditures	1,175,416	1,175,416
	2,851,395	2,097,545
Tax rate	38%	38%
	1,083,530	797,067
Less: Valuation allowance	(1,083,530)	(797,067)
	\$0	\$0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

CARDERO RESOURCE CORP.
Notes to Consolidated Financial Statements
Years Ended October 31, 2003 and 2002

9. INCOME TAX LOSSES (Continued)

The Company has available approximate non-capital losses which may be carried forward to apply against future years' income for Canadian income tax purposes. The losses expire as follows:

Available to	Amount
2004	\$64,000
2005	49,100
2006	52,300
2007	115,500
2008	145,300
2009	362,200
2010	817,500
	<hr/>
	\$1,605,900

The Company also has approximately \$1,098,000 of capital losses which can be applied against future capital gains taxable in Canada, which carry-forward indefinitely. The benefit of these losses have not been recorded in these financial statements.

10. SUBSEQUENT EVENTS

- (a) Subsequent to October 31, 2003, the Company completed a brokered private placement of 3,565,000 units at a price of \$1.65 per unit for gross proceeds of \$5,882,250. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole common share purchase warrant is exercisable to acquire one additional common share at a price of \$2.25 per share to December 10, 2004.

The agents received as finders fees an aggregate commission of \$61,004 paid in cash plus 176,927 units and Pacific International Securities Inc., as lead agent, received a corporate finance fee of \$30,000. In addition, the agents received agent's options entitling the agents to purchase up to 356,500 units of the Company at a price of \$1.70 per agents' unit until December 10, 2004. Each agents' unit consist of one common share and one-half of a common share purchase warrant, each whole warrant being exercisable to acquire one additional common share at a price of \$2.30 per share to December 10, 2004.

- (b) Subsequent to October 31, 2003, the Company granted stock options to certain directors, officers, employees and consultants to acquire up to an aggregate of 900,000 shares in capital stock of the Company. The options are exercisable on or before January 27, 2006 at a price of \$2.35 per share.

FORM 51-901F

QUARTERLY REPORT

Incorporated as part of Schedules A, B & C

ISSUER DETAILS:	
Name of Issuer	CARDERO RESOURCE CORP.
Issuer's Address	Suite 1901 – 1177 West Hastings Street Vancouver, B.C., V6E 2K3
Issuer Telephone Number	(604) 408-7467
Issuer Web Site	www.cardero.com
Contact Person	Ken M. Carter
Contact's Position	Chief Financial Officer
Contact's Email Address	ken_carter@telus.net
Contact Telephone Number	(604) 408-7488
For Quarter Ended	October 31, 2003
Date of Report	
CERTIFICATE	
<i>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.</i>	
<i>"Henk Van Alphen"</i>	<i>2004/03/15</i>
Name of Director	Date Signed
<i>"Ken M. Carter"</i>	<i>2004/03/15</i>
Name of Director	Date Signed

CARDERO RESOURCE CORP.

QUARTERLY REPORT – OCTOBER 31, 2003

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS, YEAR TO DATE

Expenses

The breakdown is provided on the income statement.

Deferred Costs

See Note 6 to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

2. RELATED PARTY TRANSACTIONS, YEAR TO DATE

See Note 8 to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED

Securities Issued in the Quarter

The following securities were issued during the quarter:

- 144,361 common shares were issued for cash upon the exercise of 144,361 warrants to net the Company \$191,103
- 275,000 shares were to be issued for property payments

The following incentive stock options were issued during the quarter:

- On September 17, 2003, 100,000 stock options were granted at an exercise price of \$1.25 for a period of one year, expiring September 17, 2004:

Name of Optionee	Position	No. of Optioned Shares
G.F. Consulting Corp.	Consultant	100,000 (subsequently exercised)

- On October 24, 2003, 400,000 stock options were granted at an exercise price of \$1.90 for a period of two years, expiring October 24, 2005:

Name of Optionee	Position	No. of Optioned Shares
Henk Van Alphen	Director/Sr. Officer	100,000
Marla Ritchie	Sr. Officer	100,000
Gary Belik	Consultant	100,000
Joseph Charland	Consultant	100,000

Securities Issued for the Year to Date

<u>Date of Issue</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Price per Security</u>	<u>Commission /Discount</u>	<u>Net Proceeds to Company</u>	<u>Reason for Issuance</u>
Nov.07/02	Warrants	100,000	\$0.35	None	\$35,000	Warrant exercise
Nov. 07/02	Common shares	50,000	\$0.95	None	\$47,500	Property option payment
Nov 18/02	Warrants	78,000	\$0.55	None	\$42,900	Warrant exercise
Nov 21/02	Options	50,000	\$0.35	None	\$17,500	Option exercise
Nov 26/02	Warrants	37,500	\$0.65	None	\$24,375	Warrant exercise
Dec 06/02	Options	20,000	\$0.80	None	\$16,000	Option exercise
Dec 17/02	Options	10,000	\$0.80	None	\$8,000	Option exercise
Dec 20/02	Options	10,000	\$0.80	None	\$8,000	Option exercise
Dec 27/02	Private placement	2,238,461	\$1.30	None	\$2,909,999	Private placement
Jan 02/03	Options	50,000	\$0.35	None	\$17,500	Option exercise
Jan 07/03	Warrants	30,000	\$0.41	None	\$12,300	Warrant exercise
Jan 07/03	Warrants	50,000	\$0.65	None	\$32,500	Warrant exercise
Jan 08/03	Options	150,000	\$0.35	None	\$52,500	Option exercise
Jan 09/03	Warrants	23,000	\$0.55	None	\$12,650	Warrant exercise
Jan 10/03	Warrants	25,000	\$0.55	None	\$13,750	Warrant exercise
Jan 13/03	Options	100,000	\$0.80	None	\$80,000	Option exercise
Jan 13/03	Warrants	100,000	\$0.65	None	\$65,000	Warrant exercise
Jan 16/03	Warrants	10,000	\$0.65	None	\$6,500	Warrant exercise
Jan 24/03	Warrants	100,000	\$0.35	None	\$35,000	Warrant exercise
Jan 28/03	Common shares	75,000	\$0.23	None	Nil	Property option payment
Jan 30/03	Warrants	6,500	\$0.65	None	\$6,600	Warrant exercise
Feb 05/03	Warrants	18,000	\$0.65	None	\$11,700	Warrant exercise
Feb 05/03	Warrants	50,000	\$0.65	None	\$32,500	Warrant exercise
Feb 05/03	Warrants	100,000	\$0.35	None	\$17,500	Warrant exercise
Feb 11/03	Warrants	16,000	\$0.55	None	\$8,800	Warrant exercise
Feb 17/03	Warrants	100,000				Warrant exercise
Feb 18/03	Warrants	20,500	\$0.35	None	\$7,175	Warrant exercise
Feb 20/03	Warrants	100,000	\$0.55	None	\$55,000	Warrant exercise
Feb 24/03	Warrants	10,000	\$0.65	None	\$6,500	Warrant exercise
Feb 24/03	Warrants	100,000	\$0.35	None	\$35,000	Warrant exercise
Feb 24/03	Options	300,000	\$0.35	None	\$105,000	Option exercise
Feb 27/03	Warrants	15,000	\$0.65	None	\$9,750	Warrant exercise
Feb 27/03	Common shares	100,000	\$0.35	None	Nil	Property option payment
Feb 28/03	Warrants	10,000	\$0.65	None	\$6,500	Warrant exercise
Mar 11/03	Warrants	2,500	\$0.65	None	\$1,625	Warrant exercise
Mar 24/03	Warrants	12,000	\$0.55	None	\$6,600	Warrant exercise
Mar 24/03	Warrants	8,500	\$0.65	None	\$5,525	Warrant exercise
Mar 31/03	Warrants	10,000	\$0.65	None	\$6,500	Warrant exercise
Apr 02/03	Common shares	100,000	\$1.40	None	Nil	Property option payment.
Apr 03/03	Warrants	5,000	\$0.65	None	\$3,250	Warrant exercise
Apr 07/03	Options	20,000	\$0.80	None	\$16,000	Option exercise
Apr 07/03	Options	1,700	\$0.80	None	\$1,360	Option exercise
Apr 07/03	Options	5,000	\$0.80	None	\$4,000	Option exercise
Apr 08/03	Options	18,300	\$0.80	None	\$14,640	Option exercise
Apr 08/03	Common shares	100,000	\$1.50	None	Nil	Property option payment
Apr 08/03	Warrants	100,000	\$0.41	None	\$41,000	Warrant exercise
Apr 08/03	Warrants	14,000	\$0.65	None	\$9,100	Warrant exercise
Apr 10/03	Options	5,000	\$0.80	None	\$4,000	Option exercise
Apr 11/03	Warrants	100,000	\$0.35	None	\$35,000	Warrant exercise
Apr 17/03	Warrants	25,000	\$0.65	None	\$16,250	Warrant exercise
Apr 17/03	Warrants	50,000	\$0.65	None	\$32,500	Warrant exercise
Apr 25/03	Warrants	10,000	\$0.65	None	\$6,500	Warrant exercise
May 7/03	Warrants	10,000	\$0.55	None	\$5,500	Warrant exercise
May 8/03	Options	10,000	\$0.80	None	\$8,000	Option exercise

SCHEDULE "B"
QUARTERLY REPORT

Supplementary Information
for the period ended October 31, 2003

Page 3

<u>Date of Issue</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Price per Security</u>	<u>Commission /Discount</u>	<u>Net Proceeds to Company</u>	<u>Reason for Issuance</u>
May 8/03	Options	200,000	\$0.80	None	\$160,000	Option exercise
May 12/03	Warrants	30,000	\$0.65	None	\$19,500	Warrant exercise
May 12/03	Options	120,000	\$0.80	None	\$96,000	Option exercise
May 13/03	Options	30,000	\$0.80	None	\$24,000	Option exercise
May 15/03	Warrants	200,000	\$0.65	None	\$130,000	Warrant exercise
May 21/03	Warrants	100,000	\$0.35	None	\$35,000	Warrant exercise
May 21/03	Warrants	45,000	\$0.55	None	\$24,750	Warrant exercise
May 22/03	Warrants	70,000	\$0.65	None	\$45,500	Warrant exercise
May 22/03	Options	50,000	\$0.80	None	\$40,000	Option exercise
May 30/03	Warrants	45,000	\$0.65	None	\$29,250	Warrant exercise
June 4/03	Options	100,000	\$0.80	None	\$80,000	Option exercise
June 5/03	Warrants	10,000	\$0.55	None	\$5,500	Warrant exercise
June 13/03	Warrants	60,000	\$0.55	None	\$33,000	Warrant exercise
June 17/03	Warrants	36,000	\$0.65	None	\$23,400	Warrant exercise
June 20/03	Warrants	100,000	\$0.41	None	\$41,000	Warrant exercise
June 24/03	Warrants	35,000	\$0.55	None	\$19,250	Warrant exercise
June 24/03	Warrants	13,000	\$0.65	None	\$8,450	Warrant exercise
June 26/03	Warrants	15,000	\$0.65	None	\$9,750	Warrant exercise
June 27/03	Warrants	20,000	\$0.55	None	\$11,000	Warrant exercise
June 27/03	Warrants	40,000	\$0.65	None	\$26,000	Warrant exercise
July 7/03	Warrants	100,000	\$0.41	None	\$41,000	Warrant exercise
July 7/03	Warrants	75,000	\$0.55	None	\$41,250	Warrant exercise
July 10/03	Warrants	197,000	\$0.55	None	\$108,350	Warrant exercise
July 10/03	Warrants	50,000	\$0.55	None	\$27,500	Warrant exercise
July 11/03	Warrants	256,000	\$0.55	None	\$140,800	Warrant exercise
July 11/03	Warrants	50,000	\$0.55	None	\$27,500	Warrant exercise
July 15/03	Warrants	38,000	\$0.55	None	\$20,900	Warrant exercise
July 18/03	Warrants	70,000	\$0.65	None	\$45,500	Warrant exercise
July 18/03	Warrants	90,000	\$0.65	None	\$58,500	Warrant exercise
July 21/03	Warrants	30,000	\$0.41	None	\$12,300	Warrant exercise
July 21/03	Warrants	50,000	\$0.65	None	\$32,500	Warrant exercise
July 22/03	Warrants	27,000	\$0.65	None	\$17,550	Warrant exercise
July 22/03	Warrants	36,000	\$0.65	None	\$23,400	Warrant exercise
July 22/03	Warrants	104,500	\$0.65	None	\$67,925	Warrant exercise
July 22/03	Warrants	210,000	\$0.65	None	\$136,500	Warrant exercise
July 22/03	Warrants	270,000	\$0.65	None	\$175,500	Warrant exercise
July 22/03	Warrants	1,100,000	\$0.41	None	\$451,000	Warrant exercise
July 22/03	Warrants	20,000	\$0.65	None	\$13,000	Warrant exercise
July 29/03	Common shares	150,000	\$0.68	None	\$102,000	Property payment
October 1/03	Warrants	29,500	\$0.35	None	\$10,325	Warrant exercise
October 2/03	Warrants	10,000	\$1.30	None	\$13,000	Warrant exercise
October 24/03	Warrants	61,400	\$1.60	None	\$98,240	Warrant exercise
October 28/03	Warrants	5,000	\$1.60	None	\$8,000	Warrant exercise
October 30/03	Warrants	38,461	\$1.60	None	\$61,538	Warrant exercise
To be issued at October 31/03	Common shares	20,000	\$2.65	None	\$53,000	Property payment - Coahuila
To be issued at October 31/03	Common shares	100,000	\$2.65	None	\$265,000	Property payment - Chingolo
To be issued at October 31/03	Common shares	5,000	\$2.65	None	\$13,250	Property payment - Gachupines
To be issued at October 31/03	Common shares	150,000	\$2.65	None	\$397,500	Property payment - Marcona

4. SUMMARY OF SECURITIES AS AT OCTOBER 31, 2003

Authorized Capital

100,000,000 common shares without par value

Number and Recorded Value for Shares Issued and Outstanding

26,611,796 common shares at a recorded value of \$13,153,944.

Outstanding Options

See note 7(d) to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

Outstanding Warrants

See note 7(e) to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

Shares in Escrow or Pooling Agreements

None.

5. LIST OF DIRECTORS & OFFICERS AS AT OCTOBER 31, 2003

Directors

Henk Van Alphen, *Victoria, B.C.*
Leonard Harris, *Littleton, Colorado*
John A Toffan, *West Vancouver, BC*
Ken M. Carter, *North Vancouver, BC*
Lawrence W.E. Talbot, *Richmond, BC*

Officers

Henk Van Alphen, President
Ken M. Carter, Chief Financial Officer
Marla K. Ritchie, Corporate Secretary

CARDERO RESOURCE CORP.

QUARTERLY REPORT – OCTOBER 31, 2003

1. DESCRIPTION OF BUSINESS

Cardero Resource Corp. is in the mineral exploration business. The properties in which the Company has, or has the right to acquire, an interest are described in note 6 to the financial statements.

2. DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

General

Cardero's general and administrative costs for the year ended October 31, 2003 were \$1,498,516 as compared to \$368,612 for the corresponding period in 2002. The main component of the 2003 costs was stock based compensation of \$740,408. This is a non-cash item, the calculation of which is described in note seven to the audited financial statements. There is no comparative figure in the 2002 numbers. The cash general and administrative costs for 2003 were \$966,026 as compared to \$362,241 for 2002. The largest item in the 2003 costs was professional fees of \$238,946. This includes \$96,000 paid to David Shaw for geological fees and \$79,845 paid in legal fees to a law firm of which a director is a partner. Travel and promotion costs for the year were \$230,817. The most significant component of this was payments to Rock Marketing Inc. for its public relations services totaling \$68,875. Management fees paid to the Company president were \$129,000. The Company has been very active over the past year and the present level of administration costs can be expected to continue.

Many of the Company's expenditures are in US dollars and as a result the Company keeps certain funds in US deposits. The decline in the US dollar over the period resulted in a loss on foreign exchange of \$267,733. The Company's surplus funds are placed in short term bankers' acceptance and this resulted in interest income of \$52,997.

Overall the loss for the year was \$1,713,252 or \$0.08 per share as compared to \$1,197,015 or \$0.09 per share for 2002. The most significant item in the 2002 figures was the write down of the Condor Yacu property of \$902,943. There were no comparable write downs in 2003.

The Company spent \$2,567,847 on its resource properties in fiscal 2003 and issued shares with a deemed value of \$1,514,000 for resource property acquisition. These expenditures are described below under exploration activities. There were no significant dispositions of resource properties in 2003.

The Company had working capital of \$3,686,213 at October 31, 2003. For a discussion of the liquidity and solvency of the Company please see section five.

Exploration Activities

Anglo Joint Venture, Mexico

The Company announced on April 9, 2003, that it had entered into an agreement with Anglo American Mexico, S.A. DE C.V ("Anglo") to explore and develop projects in Mexico. The target area was identified by Cardero as having the potential to host large copper-gold deposits and is defined in the agreement as an Area of Interest measuring approximately 50,000 square kilometres in size. The terms of the agreement provide that Anglo will manage and fund expenditures for exploration and acquisition of mineral concessions within

the Area of Interest and that Anglo can earn a 70% interest in the mineral concessions (and a Mexican Newco to be formed to hold the properties) so acquired by incurring exploration expenditures of not less than US\$2,500,000 according to the following schedule:

- by December 1, 2003: US\$ 200,000
- by December 1, 2004: US\$ 600,000
- by December 1, 2005: US\$ 1,300,000
- by December 1, 2006: US\$ 2,500,000

On November 26, 2003, the Company announced the signing of an amending and supplementing agreement with Anglo American Mexico S.A. de C.V. with respect to its joint venture agreement. The amending agreement covers the same Area of Interest referred to in the original agreement and corresponds to an area of approximately 50,000 square kilometres in the Baja California Norte area of Mexico. The original contract, which required Anglo to spend \$2.5-million (U.S) to earn a 70-per-cent interest, has been amended to reflect an increase in the Anglo expenditure requirement to \$3.7 million (U.S.) to earn a 70-per-cent interest. In consideration for the increase in expenditures, the Company has agreed to include five additional mineral claims totalling 4,950 hectares in the joint venture Area of Interest.

The Anglo joint venture Area of Interest includes the lower Cretaceous Alisitos Arc of Baja California Norte. This belt of rocks shows geological similarities to the central Andean coastal iron belts of Chile and Peru which host several producing iron-oxide-copper-gold (IOCG) deposits including the Candelaria deposit containing approximately 475 million tonnes at 0.95 per cent copper. During 2003 Anglo completed initial targeting using regional geophysical, geological and geochemical datasets in conjunction with remote sensing (Landsat/Aster), and structural analyses. The program highlighted 31 target areas for ground acquisition and follow-up. The targets were screened using reconnaissance stream sediment geochemistry (884 samples), geological prospecting and mapping, a ground gravity survey (430 stations) and an airborne magnetics and radiometrics survey. The combination of these studies identified several large, zoned hydrothermal systems with associated IOCG style mineralization.

In the Anglo joint venture the most advanced target to date is the San Fernando prospect. San Fernando is a hydrothermal system of approximately 30 square kilometres comprising multiple structurally controlled and replacive IOCG occurrences, the largest of which is traceable over 800 metres. Geophysical surveys indicate that mineralization occurs within a zone of having coincident high frequency magnetic and gravity anomalies. Modelling and interpretation of geophysics data at San Fernando are in progress to prioritize drill targets.

Other targets in the Anglo joint venture include Picale, El Cuervito, El Encanto Fault zone, and, the Manto Amargosa.

At Picale mapping has identified a hydrothermal system approximately 20 square kilometres in size. Picale contains more than 20 copper showings, many of which appear to be associated with low-angle structures over approximately nine kilometres of strike length and 200 metres of vertical section. Chip samples from parts of the Picale mineralized system returned the following values:

South Manto: 2.0 metres grading 1.8 per cent copper (Cu) and 25 parts per billion (ppb) gold (Au) 1.6 metres grading 2.1 per cent Cu and 18 ppb Au;

Main Manto: 2.0 metres grading 4.3 per cent Cu and 0.46 gram per tonne (g/t) Au; and

North Manto: 1.8 metres grading 3.3 per cent Cu and 38 ppb Au 1.2 metres grading 1.9 per cent Cu and 2.0 g/t Au.

At the El Cuervito prospect steeply dipping magnetite-silica veins occur within a north-south trending shear zone up to 1,700 metres wide. The intrusive and volcanoclastic hosted veins vary from one metre to ten metres in width and are traceable intermittently along strike for up to two kilometres. Alteration associated with these showings is typical of that associated with IOCG deposits. A composite dump sample from one of these occurrences (Santa Maria 1) returned the following values: less than 10 per cent Cu, 2.6 g/t gold, 15.4 g/t silver, 13.9 per cent iron.

The El Encanto Fault zone is a major northeast-trending fault zone traceable for eight kilometres along strike and averaging 150 to 250 metres in width. This structure is locally associated with broad zones of epidote alteration and frequently copper-oxide mineralization. Mineralization comprises secondary copper minerals associated with quartz and specular hematite. Chip samples from one showing (Llanito Colorado) returned the following values: 3.0 metres grading 4.7 per cent Cu, 176 ppb Au and 49 g/t Ag. This type of mineralization is typical of distal or high-level mineralization within an IOCG system which has undergone oxidation and supergene enrichment.

The Manto Amargosa is a recently discovered occurrence of extensive Cu and iron-oxide mineralization in a fragmental volcanic unit. Mineralization is found over a distance of approximately 450 metres along an arroyo and its total dimensions are presently undefined. A chip sample of one zone of mineralization returned a value of 1.4 per cent Cu over 10 metres. This occurrence and several others in the immediate area are associated with discrete high-frequency magnetic anomalies.

Each of the prospects defined to date by the Anglo joint venture, as well as numerous other magnetic anomalies, will be further evaluated by more detailed ground surveys and geophysical modelling to define drill targets.

Marcona IOCG District, Peru

The Marcona IOCG District is a part of the central Andean coastal iron belts of Chile and Peru. This region is host several producing IOCG type deposits including the Candelaria deposit containing approximately 475 million tonnes at 0.95 per cent copper.

On October 17, 2003, the Company announced the acquisition of the Carbonara and Daniela mineral concessions totalling approximately 30,000 hectares and located in the Marcona IOCG District of the Pacific coastal belt in Peru. Approximately 10,000 of the 30,000 hectares are subject to an underlying agreement with Rio Tinto Mining and Exploration Ltd. On November 28, 2003, the TSX Venture Exchange accepted for filing option agreements dated Oct. 1, 2003, and Oct. 23, 2003, between the Company and Minera Koripampa del Peru SA, whereby the company has been granted an option on the Carbonera property and the Daniela property, which are located in the Marcona district in Peru. The total consideration is 650,000 common shares, payable over a 24-month period, assuming and performing \$450,000 in exploration expense pursuant to an underlying agreement with Rio Tinto Mining and Exploration Ltd. ("RT") over three years ending Aug. 22, 2006, and the payment of \$500,000 (U.S.) on or before Aug. 22, 2007, to Rio Tinto.

Copper mineralization on the 30,000 hectare Carbonara and Daniela mineral concessions defines a broad northwest-trending belt within which the copper occurs as secondary copper oxides. Individual grab samples assay up to 18-per-cent copper and up to six grams per tonne gold.

On February 3, 2004 the Company announced the acquisition of the Pampa de Pongo iron deposit located in the Marcona IOCG District of Peru. The Pampa de Pongo mineral concession covers a total of 8,000 hectares and is located 60 km southwest of the city of Nasca and 400 km south of Lima, Peru. A deep sea port facility is located 42 km northwest of the Pampa de Pongo project at Puerto San Nicolas. An agreement has been signed between the Company and Minera Koripampa del Peru SA ("Koripampa"), whereby the company has been granted an option to earn a 100% interest in the Pampa de Pongo project. Koripampa, a private Peruvian

company, will receive a combination of cash and shares, and Cardero will assume all terms and conditions of the underlying agreement with RT and make the following payments to RT or RT's designated affiliates:

Due Date	Payment US\$
27 January 2005	\$50,000
27 January 2006	\$50,000
27 January 2007	\$100,000
27 January 2008	\$300,000
TOTAL	US\$500,000

The Pampa de Pongo iron deposit was discovered by RT in 1994 while exploring a large magnetic anomaly 30 km southeast of the Marcona iron ore mine. The strike length of the iron deposits have been confirmed in drilling over a distance of approximately six kilometres. The thickest intersection to date is 169 metres of magnetite at 52.9% iron. Preliminary metallurgical test work indicates that simple low intensity magnetic separation could produce a saleable concentrate with 66 to 69% iron.

Olaroz Project, Argentina

The Company began drilling on the Providencia and Chingolo properties in April, 2003 and the results available to date are summarized below. The Olaroz project comprises mineral concessions encompassing 35,000 hectares located in the province of Jujuy in northwestern Argentina. The Olaroz project, which consists of a number of individual concessions, was acquired under the terms of four separate option agreements announced by the Company on September 30, 2002, and includes the La Providencia silver deposit and the nearby Chingolo silver prospect. The Company subsequently acquired rights to the Cozzi property and the Mina Libertad concession, which are part of the Olaroz project. The silver mineralization at La Providencia Mine and the Chingolo silver prospect occurs in poorly cemented piedmont-fan and talus conglomerates which are part of a Tertiary graben fill. In a news release dated September 30, 2002, the Company reported results of 54 chip samples from open pits at the historic La Providencia mine. Chip sampling tested an area 120 metres wide by 550 metres long over an estimated vertical interval of 75 metres and returned a weighted average grade of 494.8 grams silver per tonne.

In a news release dated June 19, 2003 assays from the initial two drill holes at Chingolo and the first nine holes at Providencia were reported.

At Chingolo the holes were designed to test the altered conglomerate immediately underlying a silica-barite cap and coincident geochemical anomaly.

Drill Hole No.	Hole Depth	From (metres)	To (metres)	Interval (metres)	Silver (g/t)	Rock types
DDH-C01	241.0 m	40.3	130.0	89.7	24.1	Conglomerate
						Conglomerate
DDH-C02	241.1 m	47.3	61.0	13.7	43.7	Conglomerate
	And	89.0	159.0	70.0	32.1	Conglomerate
	And	178.0	241.1	63.1	10.4	Conglomerate

A program of detailed mapping and trenching was initiated at Chingolo. Results of this program indicate that the alteration zone within which the first two holes were completed now measures approximately 1,600 metres long by 800 metres wide.

At Providencia the initial nine holes tested the immediate vicinity of the Providencia Mine workings and were designed to determine controls on silver mineralization. Assays are described in the table below.

Drill Hole No.	Hole Depth	From	To	Interval	Silver	Rock types
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		(metres)	(metres)	(metres)	(g/t)	
DDH-P01	51.2 m	0.7	17.0	16.3	60.2	conglomerate + siltstone
	and	25.0	51.2	26.2	24.3	Siltstone
DDH-P02	59.4 m	3.0	11.0	8.0	14.4	conglomerate + sandstone
	and	26.0	50.0	24.0	16.3	conglomerate + siltstone
	including	32.0	37.0	5.0	35.0	conglomerate + siltstone
DDH-P03	46.8 m	1.5	18.0	16.5	43.8	sandstone + conglomerate
	and	26.0	41.0	15.0	27.9	sandstone + conglomerate
DDH-P04	40.2 m	9.0	22.0	13.0	63.4	conglomerate
DDH-P05	43.6 m	1.5	36.0	34.5	133.2	conglomerate + siltstone
DDH-P07	60.0 m	3.0	27.0	24.0	100.3	conglomerate + sandstone
DDH-P08	51.2 m	3.0	21.0	18.0	49.7	conglomerate
DDH-P09	31.4 m	1.5	22.0	20.5	60.0	conglomerate
DDH-P10	49.4 m	19.0	25.0	6.0	31.0	conglomerate

The initial drilling at Providencia provided a preliminary estimate of the distribution and controls of silver mineralization at Providencia. In a review of results of this initial drill program the Company concluded that significant core loss may have been a contributing factor to lower than expected grades of silver in certain areas. Several areas were re-drilled to address this concern, including the area of mineralized conglomerate beds to the east, west and south of the Providencia fault block. Results of this drilling were reported in a News Release dated July 21, 2003 as follows:

Drill Hole No.	Dip/ azimuth	From (metres)	To (metres)	Interval (metres)	Silver (g/t)
DDH-PO6	-75/270	3.05	22.00	18.95	224.3
	Including	3.05	15.00	11.95	339.3
DDH-PO6A	-75/270	1.50	15.00	13.50	556.5
DDH-PO6B	-75/270	1.50	15.00	13.50	497.1
DDH-PO6C	-75/270	1.50	15.00	13.50	406.1
DDH-PO11	-50/270	6.10	14.00	5.90	16.9
		31.00	50.60	19.60	25.8
DDH-PO12	-50/270	32.00	62.00	30.00	38.7
		77.00	81.00	4.00	52.8
DDH-PO13	-50/270	37.00	57.00	20.00	37.4
		69.00	80.00	11.00	82.8
		92.00	102.00	10.00	39.7
DDH-PO14	-50/270	53.00	59.00	6.00	18.7
		88.00	91.00	3.00	24.7
		116.00	132.00	16.00	35.2
DDH-PO15	-50/270	57.00	60.00	3.00	50.0
		83.00	89.00	6.00	29.3
		118.00	118.40	0.35	43.0
DDH-PO16	-50/270	No silver values intersected			
DDH-PO19	-50/270	Sporadic anomalous silver values intersected			
DDH-PO22	-50/270	1.00	41.00	40.00	187.1
	Including	1.00	12.00	11.00	452.7

On September 24, 2003, the Company provided an update on the exploration programs at the Olaroz silver project in Argentina. At Chingolo, a program of mapping and trenching was completed. Results from the trenching confirmed that the alteration zone measures approximately 1,600 metres in length by up to 800 metres in width. At Providencia property surface mapping at a local and regional scale continued and a trenching program commenced in September, 2003, in anticipation of a fall drill program.

On January 22, 2004, the Company announced results from the drill programs completed at Chingolo and Providencia late in the Fall of 2003. Six diamond drill holes (DDH 23 – 28 incl.) were completed at Providencia for a total of 313 metres. The objective of all six holes was improved definition of near surface mineralized conglomerate and sandstones previously mapped and tested by the Spring 2003 drill program. Five of the six holes (DDH 23 – 27), were located in and around the old Providencia Mine pits and drilled to the west at an inclination of minus 55°. The sixth hole (DDH 28) was collared at the south end of the North Fault Block, immediately north of the Providencia Mine.

The host rocks at Providencia are described as matrix supported conglomerate and coarse sandstone. The Fall 2003 drill program frequently experienced significant core loss, most notably in zones interpreted to have been comprised of mainly matrix and fracture fill. Such a loss is a serious issue as the matrix and fracture fill host the bulk of the mineralization. Accordingly the sampling procedures were modified to incorporate a program of recovery and assay of drill sludge returns to provide an indication of the metal values associated with the material not recovered in core.

Significant core assay intervals and associated sludge sample values are tabulated below:

Hole No.	Interval From – To (m)	Length (m)	Core Ag (ppm)	Sludge Equivalent Interval Ag (ppm)
23	1.52 – 29.4	27.88	44.80	52.53
24	9.0 – 23.0	14.00	87.00	97.00
25	12.0 – 17.0	5.00	28.76	28.78
25	25.0 – 34.0	9.00	22.24	27.740
27	20.0 – 49.0	29.00	78.72	108.90
28	52.0 – 85.0	33.00	59.37	107.00
28	74.0 – 78.0	4.00	293.65	405.75
28	81.0 – 85.0	4.00	90.25	92.35
28	98.0 – 103.0	5.00	40.12	66.20
28	113.0 – 115.0	2.00	204.5	226.50

There is a readily apparent correlation of both high and low values in the core and sludge assays suggesting that the core assays are underestimating the overall silver values. To address this problem the Company is currently planning a 2,000 metre program of reverse circulation drilling which will enable the collection of non-contaminated samples from both above and below the water table. The Company is also considering collection of a bulk sample, initially from the Providencia pits, in order to gain a more accurate understanding of the overall grade of the mineralized sequence.

At Chingolo six inclined diamond drill holes were completed in the Fall 2003 program for a total of 1,194 metres. Of the six holes drilled three encountered significant silver values while the remaining three holes appear to have been drilled on the periphery of the interpreted zone of mineralization. Significant intersections are tabulated below:

Hole No.	Interval From – To (m)	Length (m)	Ag Grade (ppm)
DDH CH03-3	144.00 – 150.00	5.00	71.0
DDH CH03-7	229.20 – 227.02	2.18	32.6
	170.99 – 229.20	58.21	56.8
DDH CH03-8	10.82 – 13.00	2.18	138.3
	59.00 – 64.00	5.00	62.3

The interpreted zone of mineralization is approximately 125 metres wide and has been traced along strike for approximately 250 metres.

Condor Yacu Project, Argentina

With respect to the Condor Yacu project in Argentina, the Company entered into an agreement on January 14, 2003 whereby Maximus Ventures Ltd. (TSXV: MXV) can earn an 80% interest in the Condoryacu project. To acquire the interest Maximus is required to make the property payments to the underlying vendor aggregating US\$1,000,000 and incur exploration expenditures totalling US\$2,000,000 over the next four years.

Maximus completed a preliminary phase of diamond drilling at Condor Yacu, the results of which were reported in a Maximus news release dated June 12, 2003.

Franco Property, Mexico

On September 17, 2003, the Company announced that it had entered into an option agreement with Las Minas de Franco, S.A. de C.V., a private Mexican company at arm's length to the Company, to acquire the Franco project in the state of San Luis Potosi in Mexico. The Franco property consists of two concessions aggregating 983 hectares and is located 60 kilometres southeast of the city of San Luis Potosi. The cash payments and work expenditures to acquire a 100% interest in the Franco project are as follows:

	Cash Payments		Cumulative Work Expenditures	
	Committed	Optional	Committed	Optional
Due on signing (paid)	US\$15,000			
On or before March 3, 2004	US\$20,000		US\$50,000	
On or before September 3, 2004		US\$60,000	US\$250,000	
On or before September 3, 2005		US\$100,000		US\$550,000
On or before September 3, 2006		US\$150,000		US\$1,050,000
On or before September 3, 2007		US\$800,000		

The acquisition will provide Cardero with a 100% interest subject to a 2% NSR royalty of which 1% can be bought anytime for US\$2.0 million.

The Franco project covers a partially exposed, high level, epithermal precious metal system hosted by Tertiary rhyolitic volcanics. Mineralization consists of a NNW trending swarm of quartz veins and stockwork exposed in an area measuring about 1 kilometre (N-S) by about 500 meters (E-W).

Gachupines, Mexico

On November 12, 2003, the Company announced an option agreement with Compania Minera Palo Fierro, S.A. de C.V. ("Fierro"), a private Mexican company, to acquire the Gachupines property. The Gachupines mineral concession is located 100 km southeast of Hermosillo in the state of Sonora, Mexico. The Company has the right to acquire a 100-per-cent interest in the Gachupines property by completing payments to Fierro totaling \$320,000 and 255,000 common shares payable in stages over a 48-month period, and \$85,000 in exploration expenditures on or before May 30, 2004. The property covers multiple gold occurrences some of which show a potential to host bulk tonnage type gold deposits.

Transactions with Related Parties

See Note 8 to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

Material Contracts and Commitments

Other than with respect to the agreements through which the Company has acquired its interests in its various properties, contracts related to the exploration of its properties (all of which are in the normal course of business), and consulting agreements with certain of its officers, the Company does not have any material contracts or commitments.

Investor Relations Activities

Investor relations activities on behalf of the Company are carried out primarily by Henk Van Alphen, the President of the Company, who is available to answer shareholder inquiries at 604-408-7488. In addition, on June 6, 2003, the Company entered into an Investor Relations Agreement with Rock Marketing Inc., of North Vancouver, BC, which is intended to deal primarily with the Company's European investor base. Pursuant to this agreement, Rock will provide the Company with certain public relations services for an initial term of six months. Rock will focus primarily on introducing and presenting the Company and its mineral projects to individual and institutional European investors and analysts, translating the Company's corporate information into German and disseminating such information through the German financial press and internet website portals. In addition, Rock will assist the Company in the preparation of advertising and promotional materials and generally increasing the public's awareness of the Company and its activities and mineral projects. The Company will pay Rock a monthly retainer fee of US\$3,000, plus additional fees for specific public relations activities of up to US\$32,300. Rock is an arms length to the Company and its principals, and does not presently hold, directly or indirectly, any securities, or rights to acquire securities of the Company. Following the initial term of the contract, the Company extended the terms of the contract, paying Institutional Market Communications Inc. (formerly Rock Marketing Inc.) a monthly fee of Cdn\$6,000/month. The term of this contract may be terminated by either party with 30 days written notice.

Material Proceedings

The Company is not involved in any material proceedings and does not have any material contingent liabilities. The Company does not have any material debt obligations. There have been no special resolutions passed by the members during the year ended October 31, 2003. There are no pending regulatory approvals nor is the Company in breach of any corporate or securities laws.

3. SUBSEQUENT EVENTS

See note 10 to the audited Consolidated Financial Statements for the year ended October 31, 2003 and 2002.

4. FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES

Cardero does not have any restrictions on the use of its funds as a result of prospectus filings. At October 31, 2003, the Company had working capital of \$3,686,213 (compared with working capital of \$1,038,202 as at October 31, 2002). The increase in working capital is as a result of the private placements completed by the Company in December of 2002, as well as monies received from the exercise of private placement warrants and incentive stock options, which have generated monies in excess of the amounts utilized by the Company to date in connection with its ongoing activities.

The proceeds of the private placement of 2,238,461 units completed in December 2002, totalling \$2,909,999 have been and continue to be spent as anticipated and previously disclosed. In particular, these proceeds are being used to fund the Company's current exploration/drilling program on the Olaroz project, Argentina and to fund the Company's ongoing general and administrative expenses, including property investigations.

See subsequent events (Note 10) for details of financing completed after October 31, 2003.

5. LIQUIDITY AND SOLVENCY

At October 31, 2003, Cardero had a working capital of \$3,686,213. The Company's general and administrative costs, net of its small interest income, are approximately \$65,000 per month. The Company has sufficient working capital to meet its ongoing obligations as they come due, and to fund its presently planned exploration programs on its Argentinean and Mexican projects, as well as investigate additional property acquisitions. However, the Company does not presently have sufficient funds to meet all of the payments necessary to complete the acquisition of all of its present mineral properties, some of which require large payments in 2004 and 2005. The Company will require additional funding in order to meet these payments and to carry on exploration in those years. The Company has no internal source of funding, and its only source of funding is the issuance of additional equity securities or the sale or joint venture of its mineral properties. Management believes that, if the results of its exploration programs on its current properties are favourable, the Company will be able to raise the funding necessary to carry on its activities on these properties, but there can be no guarantee that the results will be favourable or that it will, in fact, be able to raise the required funding as and when necessary. The success of the Company depends on its ability to fund the exploration on, and acquisition costs of, its existing projects or to find new projects and then finance the acquisition and exploration of such properties.