



GREAT QUEST METALS LTD.

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Second Quarter Report to Shareholders - For the Six Months Ended June 30, 2004
Schedule C: Management Discussion and Analysis

Dear Shareholders:

Introduction

Results from exploration surveys on the Keniba concession in Mali, West Africa conducted during the Second Quarter (April 1, 2004 to June 30, 2004), and subsequently, could potentially set the focus of exploration for Great Quest Metals for the foreseeable future. Work on the Djambaye 2 zone traced, gold mineralization over a length of 2,342 meters through sampling material from pits. On the Djambaye 1 zone, gold mineralization was delineated over a distance of 975 meters. Work on the Kabaya 1 zone, southwest of the Djambaye 2 area, identified anomalous gold along two diorite dikes. More work is required on the Djambaye 1 and Kabaya 1. The next step for the Djambaye 2 zone is drilling.

Keniba Concession

Exploration on the Keniba concession this spring and summer has identified 3 significant zones of gold mineralization. This concession is in western Mali south of and adjacent to the block of concessions covering the Tabakoto and Segala gold deposits held by Nevsun Resources. The Tabakoto gold deposit is scheduled to go into production in 2005.

In the Djambaye 2 area, a 2,342 metre zone of gold mineralization has been delineated. The gold is found in 3 sets of quartz veins within a 2-phase, rhyodacite-diorite dike which is up to 20 metres wide. The width of the mineralization has not been determined. The initial program consisted of taking 29 samples from the bottom of 24 10-to-12-metres-deep holes. Assays on the 29 samples averaged 31.44 g/t gold or 0.92 oz/ton. Results of assaying an additional 27 samples of reject material taken from around old pits over a length of 1,950 m north and south of, and on line with, the 392 m zone averaged 2.82 g/t gold and extends the zone to a total known length of 2,342 m.

A second dike, Djambaye 1, occurs 550 m east of Djambaye 2. It consists of mineralized quartz veins in a diorite dike. A total of 8 samples from reject material around old pits over a length of 975 m averaged 1.89 g/t gold. The line of sampling starts 1200 m south of the southern known limit of the Djambaye 2 zone and

continues south. The Kabaya 1 zone, southwest of the Djambaye 2 area, consists of gold mineralization in quartz veins along parts of 2 diorite dikes, 1100 m long.

Management thinks that the diorite is significant because of the fact that diorite is found at the Tabakoto and Segala deposits held by Nevsun Resources and the Sadiola and Yatela Mines held by AngloGold and Iamgold. Much of the diorite in these deposits is mineralized with gold, and the diorite is thought to be very significant in the genesis of the gold deposits.

Bourdala Concessions

A total of 5 areas were drilled during the 2003 - 2004 drill program on the Bourdala concessions, also in the western part of Mali. In the Bourdala Sud Ouest area gold is found along veins parallel to a north-northeast structure. One higher grade (10.0 m of 3.92 g/t gold and 5.0 m of 8.63 g/t gold) east-northeast zone cross-cuts the first zone. Future drilling will focus on the quest for more east-northeast zones along the main structure. In the TD zone, gold occurs in two zones of gently dipping quartz veins west of a diorite-felsite dike. Future drilling will define the zone as well as testing the area east of the dike.

Other Projects

The Company acquired an option on the 8sq km Alamoutala Ouest concession which is well placed directly between the Sadiola and Yatela gold mine in, western Mali. A program of mapping and soil sampling has recently been completed. A program of pit sampling and mapping was carried out on the Winza concession in southwestern Mali with insignificant results. The Company decided not to go ahead with work on the Taseko property this year, however assessment has been filed on the claims into 2008.

The Exploration Team

Planning for and supervision of the projects is carried out by Mamadou Keita, M.Sc. Geo., Willis W. Osborne M.Sc. Geo., and Marvin Mitchell B.Sc. Geo.

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GREAT QUEST METALS LTD.

Second Quarter Report to Shareholders - For the Six Months Ended June 30, 2004 Schedule C: Management Discussion and Analysis

Mr. Keita led the team that made the initial discovery of the Loulo deposit in Mali, and Mr. Osborne led the team that outlined the Empress deposit on the Taseko property in B.C. Mr. Mitchell B.Sc. Geo. Is the qualified person under National Instrument 43-101.

Overview of Performance

The Company's total assets of approximately \$2,755,340 have remained virtually unchanged since December 31, 2003. Working capital deficiency of \$60,159 at June 30, 2004 has increased by \$477,892 since December 31, 2003, largely as a result of \$120,236 spent on ongoing overhead to run the Company in Canada and Mali as well as \$457,743 spent on mineral properties. The loss for the quarter ended June 30, 2004 was \$120,236 (2003 - \$83,294) due mainly to increases in office costs, shareholder relations, and telephone.

Results of Operations

The Company's operations consist of the exploration and development of mineral properties in Mali as well as running two administrative offices in Canada and Mali. Expenditures on mineral properties during the second quarter increased to \$2,695,120, from \$2,231,992, in December 31, 2003, largely as a result of \$100,797 spent on property payments in Mali and \$356,946 spent on exploration and development costs.

The statement of operations demonstrates some variability in overhead from the same period in 2003, including increased office and shareholder relations 2003. Office costs increased due to increased corporate activity in connection with drilling in Mali and shareholder relations increased due to an increase to shareholders promotional activities. Overhead for the remainder of 2004 is expected to remain at similar levels.

Summary of Quarterly Results

Selected financial information for the most recent quarter of 2004 and each of the last eight quarters of fiscal 2002 and 2003 is as follows:

Quarter	Revenue	Net (loss)	Net (loss) per share
2004 2 nd Q	\$ -	\$ 118,717	\$ 0.000
2004 1 st Q	\$ -	\$ 59,817	\$ 0.004
2003 4 th Q	\$ -	\$ 191,039	\$ 0.02
2003 3 rd Q	\$ -	\$ 122,291	\$ 0.009
2003 2 nd Q	\$ -	\$ 83,050	\$ 0.007
2003 1 st Q	\$ -	\$ 36,334	\$ 0.003
2002 4 th Q	\$ -	\$ 165,583	\$ 0.02
2002 3 rd Q	\$ -	\$ 105,991	\$ 0.01
2002 2 nd Q	\$ -	\$ 73,639	\$ 0.009
2002 1 st Q	\$ -	\$ 32,352	\$ 0.004

Liquidity and Capital Resources

The Company's working capital deficiency at June 30, 2004 was \$60,159. Subsequent to June 30, 2004, Great Quest completed a private placement of \$150,000. This will be sufficient to fund projects and ongoing overhead until the end of the third quarter. The Company will need to raise capital to continue its exploration projects. While the company has been successful in accessing the equity market in the past, there is no guarantee that this will continue to be available. Management believes it will be able to obtain necessary financing to complete the development and exploration of its projects.

Investor Relations

James Mathers currently represents Great Quest in Investor Relations. Mr. Mathers liaises with the investment community and communicates the Company's ongoing and upcoming exploration projects to potential investors and current shareholders. During the period ended June 30, 2004, the Company shared a booth at a New York Gold Conference, participated in the 2004 World Gold, PGM & Diamond Investment Conference in Vancouver, and plans to attend the Chicago Natural Resource and Technology Conference in October 2004. For more information on the Company and its activities, call toll free at 1-877-325-3838 or visit our website at www.greatquest.com.

ON BEHALF OF THE BOARD

"Willis W. Osborne"

Willis W. Osborne
President & Director

Schedule A: Financial Information

GREAT QUEST METALS LTD.
BALANCE SHEET
JUNE 30, 2004

(With comparative audited figures for December 31, 2003)

GREAT QUEST METALS LTD.

Vancouver, Canada

Financial Statements

(Unaudited - Prepared By Management)

June 30, 2004 and 2003

	JUNE 30 2004 (unaudited)	DECEMBER 31 2003 (audited)
ASSETS		
Current Assets		
Cash	\$ 6,174	\$ 310,744
Accounts receivable	1,687	0
Goods and services tax recoverable	1,971	3,000
Prepaid expenses	3,374	177,145
Property, Plant and Equipment (Note 2)	13,206	490,889
Mineral Properties, including deferred costs (Note 3)	38,600	1,299,936
Deposits	2,695,120	2,231,992
	8,414	1,841,414
	<u>\$ 2,755,340</u>	<u>\$ 2,761,231</u>

LIABILITIES

Current Liabilities	
Accounts payable and accrued liabilities	\$ 32,569
Due to related parties (Note 4)	40,796
	<u>73,365</u>
	<u>73,159</u>

SHAREHOLDERS' EQUITY

Share capital (Note 5)	4,883,294
Share subscription advances	20,000
Contributed surplus	81,398
Deficit	(2,302,717)
	<u>2,681,975</u>
	<u>2,688,072</u>
	<u>\$ 2,755,340</u>
	<u>\$ 2,761,231</u>

Approved on Behalf of the Board:

"Willis W. Osborne"

Director

"Victor J.E. Jones"

Director

"Prepared by Management without Audit"

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

"Prepared by Management without Audit"

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GREAT QUEST METALS LTD.
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE PERIODS ENDED JUNE 30, 2004 AND JUNE 30, 2003

	3 Months ended			6 Months ended		
	JUNE 30, 2004	JUNE 30, 2003	(Note 9)	JUNE 30, 2004	JUNE 30, 2003	(Note 9)
ADMINISTRATION COSTS:						
Accounting and audit	\$ 1,739	\$ 1,658		\$ 8,401	\$ 4,205	
Amortization	80	63		172	125	
Bank charges and interest	277	195		726	526	
Consulting	6,229	3,594		16,237	6,892	
Investor relations	3,600	5,728		7,200	9,270	
Legal	3,715	1,304		4,629	1,304	
Management fees	5,250	4,500		10,500	9,000	
Office and general	3,835	7,161		20,410	12,335	
Printing, promotion and travel	7,892	5,830		13,997	12,868	
Rent	3,838	5,476		7,676	9,159	
Securities and brokerage fees	9,235	10,369		10,735	15,941	
Shareholder relations	5,655	-		11,477	-	
Telephone	8,076	930		8,076	1,669	
TOTAL ADMINISTRATION COSTS	59,421	46,808		120,236	83,294	
OTHER ITEM:						
Interest income	(521)	(92)		(1,519)	(244)	
NET LOSS FOR THE PERIOD	58,900	46,716		118,717	83,050	
DEFICIT AT BEGINNING OF PERIOD	2,243,817	2,029,295		2,184,000	1,992,961	
DEFICIT AT END OF PERIOD	\$ 2,302,717	\$ 2,076,011		\$ 2,302,717	\$ 2,076,011	
Loss per share	\$ -	\$ -		\$ -	\$ -	

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GREAT QUEST METALS LTD.
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2004 AND JUNE 30, 2003

	3 Months ended			6 Months ended		
	JUNE 30, 2004	JUNE 30, 2003		JUNE 30, 2004	JUNE 30, 2003	
OPERATING ACTIVITIES:						
Net loss for the period	\$ (58,900)	\$ (46,716)		\$ (118,717)	\$ (83,050)	
Adjustment:						
Amortization	80	63		172	125	
Change in non-cash working capital items:						
Accounts receivable	(58,820)	(46,653)		(118,545)	(82,925)	
Goods and services tax recoverable	(1,687)	-		(1,687)	-	
Due from related parties	1,616	44		1,029	(609)	
Prepaid expenses	3,912	(349)		-	10,096	
Deposits	276,336	(94,264)		173,771	(99,772)	
Accounts payable and accrued liabilities	5,654	10,480		(4,814)	(34,379)	
Due to related parties	7,710	-		5,020	(28,760)	
	234,721	(130,757)		54,774	(236,349)	
FINANCING ACTIVITIES:						
Issue of share capital for cash	58,870	167,058		92,620	394,636	
Share subscription advances	20,000	-		20,000	(11,475)	
	78,870	167,058		112,620	383,161	
INVESTING ACTIVITIES:						
Acquisition costs of property, plant and equipment	-	(1,261)		(14,221)	-	
Acquisition costs of mineral properties	(60,406)	(23,075)		(100,797)	-	
Deferred exploration and development costs, net of amortization	(325,292)	(2,600)		(356,946)	(142,004)	
	(385,698)	(26,936)		(471,964)	(142,004)	
INCREASE (DECREASE) IN CASH	(72,107)	9,365		(304,570)	4,808	
CASH AT BEGINNING OF PERIOD	78,281	12,110		310,744	16,567	
CASH AT END OF PERIOD	\$ 6,174	\$ 21,475		\$ 6,174	\$ 21,475	

Supplemental cash flow information (Note 8)

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GREAT QUEST METALS LTD.

CORPORATE INFORMATION

(As at August 22, 2004)

SHARES LISTED

Canadian Venture Exchange: GQ

Authorized: 50,000,000 Issued: 14,617,897

Options: 690,500

Warrants: 400,000

Escrow: 143,734

12g3-2(b) Exemption #82-3116

Standard & Poor's Listed

OFFICERS & DIRECTORS

Mr. Victor J.E. Jones, Director

Mr. Mahamadou Keita, Vice President-Exploration & Director

Ms. Jennifer Nestoruk, Corporate Secretary

Mr. Willis W. Osborne, President & Director

REGISTRAR & TRANSFER AGENT

Computershare Trust Company of Canada

510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9

LEGAL COUNSEL & REGISTERED OFFICE

DuMoulin Black

10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5

AUDITORS

Jones Richards & Company, Certified General Accountants

900 – 1200 Burrard Street, Vancouver, British Columbia, Canada V6Z 2C7

CORPORATE HEAD OFFICE

Suite 515, 475 Howe Street, Vancouver, British Columbia, Canada V6C 2B3

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GREAT QUEST METALS LTD.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

At June 30, 2004, the Company had outstanding stock options to acquire 799,500 common shares as follows:

Number of Shares	Price	Expiry Date
89,000(1)	\$ 0.22	July 22, 2004
165,000	\$ 0.35	April 5, 2005
95,500	\$ 0.22	March 28, 2006
180,000	\$ 0.27	September 7, 2006
190,000(2)	\$ 0.30	September 4, 2007
80,000	\$ 0.55	February 20, 2009
799,500		

(1) exercised subsequently

(2) 20,000 exercised subsequently

Warrants:

At June 30, 2004, the Company had outstanding common share purchase warrants exercisable to acquire 400,000 shares at a price of \$0.62 on or before November 14, 2005.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

- Rent and office services totalling \$24,630 (2003 - \$34,958) and management fees totalling \$10,500 (2003 - \$19,000) were incurred with corporation related to the Company by common Directors.
- Consulting fees totalling \$8,746 (2003 - \$1,680) was incurred with a Director of the Company.

The above noted transactions have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

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GREAT QUEST METALS LTD.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

SEGMENTED INFORMATION

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development.

	Mali	Canada	Total
June 30, 2004			
Property, Plant and Equipment	\$ 36,893	\$ 1,707	\$ 38,600
Mineral properties, including deferred costs	2,079,357	615,763	2,695,120
	\$2,116,250	\$ 617,470	\$2,733,720

	Mali	Canada	Total
December 31, 2003			
Property, Plant and Equipment	\$ 29,528	\$ 408	\$ 29,936
Mineral properties, including deferred costs	1,616,229	615,763	2,231,992
	\$1,645,757	\$ 616,171	\$2,261,928

SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities during the periods ended June 30, 2004 and June 30, 2003 as follows:

	June 30, 2004	June 30, 2003
Non-cash financing activities:	\$ -	\$ -
Non-cash investing activities:		
Deferred exploration and development cost, net of Amortization	\$ (5,385)	\$ (2,520)

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's financial statements presentation.

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GREAT QUEST METALS LTD.
SCHEDULES OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS
FOR THE PERIODS ENDED JUNE 30, 2004 AND JUNE 30, 2003

	Mineral Properties					
	Mali		Taseko		2004	
	Properties	Property	Properties	Property	Properties	Total
EXPLOURATION AND DEVELOPMENT COSTS:						
Amortization:	\$ 5,385	\$ -	\$ 5,385		\$ 2,520	\$ 2,520
Drilling, reclamation and assays	296,415	-	296,415	-	77,844	77,844
Exploration surveys	42,483	-	42,483	-	-	-
Office, consulting and travel	18,049	-	18,049	-	2,849	2,849
Total costs incurred during the period	362,332	-	362,332	-	83,213	83,213
Balance, beginning of period	831,101	403,763	1,234,864		497,705	900,585
Balance, end of period	\$1,193,433	\$ 403,763	\$ 1,597,196		\$580,918	\$ 983,798

GREAT QUEST METALS LTD.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

INTERIM FINANCIAL STATEMENTS

While the interim financial statements are prepared by management without audit, they are prepared using the same accounting policies and methods of application as the Company's annual December 31, 2003 audited financial statements. It is suggested that these financial statements be read in conjunction with the Company's annual December 31, 2003 audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

	JUNE 30, 2004		DECEMBER 31, 2003
	Cost	Accumulated Amortization	Net Book Value
Automobile	\$ 54,518	\$ 29,049	\$ 25,469
Computer	1,287	97	1,190
Equipment	18,158	6,217	11,941
	<u>\$ 73,963</u>	<u>\$ 35,363</u>	<u>\$ 38,600</u>

MINERAL PROPERTIES

	JUNE 30, 2004			
	Acquisition Costs (Net of Recoveries)	Deferred Exploration And Development Costs	Write-off of Capitalized Costs	Total
a. Mali Properties	\$ 885,924	\$ 1,193,433	\$ -	\$ 2,079,357
b. Taseko Property	212,000	403,763	-	615,763
	<u>\$ 1,097,924</u>	<u>\$ 1,597,196</u>	<u>\$ -</u>	<u>\$ 2,695,120</u>

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