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IMA EXPLORATION INC
Form 6-K
December 09, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of NOVEMBER , 2002 .

IMA EXPLORATION INC.
(Translation of registrant's name into English)

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

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

Form 20-F X Form 40-F _____

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

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

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

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

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

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Yes _____ No _____

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

SIGNATURES

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

Date November 27, 2002 By /s/ William Lee
IMA EXPLORATION INC. (Registrant)
(Signature)

William Lee, Director and Chief Financial Officer

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

BC Form 51-901F

QUARTERLY REPORT

Incorporated as part of: X Schedule A
X Schedules B & C
(place x in appropriate category)

ISSUER DETAILS:

NAME OF ISSUER IMA EXPLORATION INC.
ISSUER ADDRESS #709 - 837 WEST HASTINGS STREET VANCOUVER, BC V6C 3N6
ISSUER TELEPHONE NUMBER (604) 687-1828
ISSUER FAX NUMBER (604) 687-1858
CONTACT PERSON MR. NIKO CACOS
CONTACT'S POSITION CORPORATE SECRETARY
CONTACT'S TELEPHONE NUMBER (604) 687-1828
CONTACT'S E-MAIL ADDRESS info@imaexploration.com
WEBSITE www.imaexploration.com
FOR QUARTER ENDED SEPTEMBER 30, 2002

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DATE OF REPORT

NOVEMBER 27, 2002

CERTIFICATE

THE THREE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.

| | | |
|------------------|-------------------|------------------------|
| JOSEPH GROSSO | /s/ Joseph Grosso | 02/11/27 |
| ----- | ----- | ----- |
| NAME OF DIRECTOR | SIGN (TYPED) | DATE SIGNED (YY/MM/DD) |
| WILLIAM LEE | /s/ William Lee | 02/11/27 |
| ----- | ----- | ----- |
| NAME OF DIRECTOR | SIGN (TYPED) | DATE SIGNED (YY/MM/DD) |

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

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SCHEDULE A

IMA EXPLORATION INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2002

(Unaudited - Prepared by Management)

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SCHEDULE A

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

September 30,
 2002
 \$

A S S E T S

CURRENT ASSETS

| | |
|---------------------------------|-----------|
| Cash and cash equivalents | 2,086,820 |
| Amounts receivable and prepaids | 43,501 |
| Marketable securities | 23,460 |

 2,153,781
 50,238

PROPERTY, PLANT AND EQUIPMENT

| | |
|---|-----------|
| MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Note 3) | 5,519,637 |
|---|-----------|

 7,723,656
 =====

L I A B I L I T I E S

CURRENT LIABILITIES

| | |
|--|--------|
| Accounts payable and accrued liabilities | 40,829 |
|--|--------|

S H A R E H O L D E R S ' E Q U I T Y

| | |
|------------------------|------------|
| SHARE CAPITAL (Note 4) | 21,354,824 |
|------------------------|------------|

| | |
|---------|--------------|
| DEFICIT | (13,671,997) |
|---------|--------------|

 7,682,827

 7,723,656
 =====

APPROVED BY THE BOARD OF DIRECTORS

/s/ Joseph Grosso, Director

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/s/ William Lee , Director

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

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SCHEDULE A

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

| | Three Months Ended September 30, | |
|--|-------------------------------------|--------------|
| | 2002 | 2001 |
| | \$ | \$ |
| EXPENSES | | |
| Administrative and management services | 55,160 | 54,051 |
| Amortization and depreciation | 4,892 | 5,501 |
| Bank charges and interest | 1,151 | 2,066 |
| Corporate development and investor relations | 54,546 | 33,179 |
| General exploration | 37,965 | 21,015 |
| Office and sundry | 6,652 | 9,165 |
| Printing | 1,694 | 3,873 |
| Professional fees | 36,016 | 31,462 |
| Rent, parking and storage | 18,680 | 17,151 |
| Salaries and employee benefits | 52,394 | 47,320 |
| Telephone and utilities | 11,279 | 5,800 |
| Transfer agent and regulatory fees | 6,452 | 2,255 |
| Travel and accommodation | 136 | 17,145 |
| | ----- | ----- |
| LOSS BEFORE THE FOLLOWING | (287,017) | (249,983) |
| FOREIGN EXCHANGE | (6,501) | 6,108 |
| PROVISION FOR MARKETABLE SECURITIES | - | (16,618) |
| LOSS ON SALE OF MARKETABLE SECURITIES | - | (6,534) |
| INTEREST AND MISCELLANEOUS INCOME | 9,390 | 26,230 |
| | ----- | ----- |
| LOSS FOR THE PERIOD | (284,128) | (240,797) |
| DEFICIT - BEGINNING OF PERIOD | (13,387,869) | (12,172,226) |
| | ----- | ----- |
| DEFICIT - END OF PERIOD | (13,671,997) | (12,413,023) |
| | ===== | ===== |
| BASIC AND DILUTED LOSS PER COMMON SHARE | \$ (0.01) | \$ (0.01) |
| | ===== | ===== |

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| | | | |
|---|---------------------|---------------------|-------------|
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 25,048,704 ===== | 16,464,002 ===== | 22 ===== |
|---|---------------------|---------------------|-------------|

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

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SCHEDULE A

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

| | Three Months Ended September 30, | | |
|--|-------------------------------------|-----------|---|
| | 2002 | 2001 | |
| | \$ | \$ | |
| OPERATING ACTIVITIES | | | |
| Loss for the period | (284,128) | (240,797) | |
| Item not involving cash | | | |
| Amortization and depreciation | 4,892 | 5,501 | |
| Loss on sale of marketable securities | - | 6,534 | |
| Provision for marketable securities | - | 16,618 | |
| | (279,236) | (212,144) | |
| Decrease (increase) in amounts receivable and prepaids | 24,578 | (15,995) | |
| Increase (decrease) in accounts payable and accrued liabilities | (41,543) | 191,339 | |
| | (296,201) | (36,800) | |
| INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | (6,478) | (2,435) | |
| Additions to mineral properties and related deferred costs | (227,265) | (435,347) | |
| Proceeds on sale of marketable securities | - | 16,966 | |
| | (233,743) | (420,816) | |
| FINANCING ACTIVITIES | | | |
| Issuance of common shares | 912,935 | 780,000 | 3 |
| Share subscriptions received | - | (780,000) | |
| Share issue costs | (31,823) | (33,750) | |
| | 881,112 | (33,750) | 3 |

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| | | | |
|---|-----------|-----------|---|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 351,168 | (491,366) | 1 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 1,735,652 | 1,130,763 | |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | 2,086,820 | 639,397 | 2 |

SUPPLEMENTAL CASH FLOW INFORMATION (Note 7)

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

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SCHEDULE A

IMA EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

The Company is in the process of exploring its mineral properties in South America and evaluating other mineral properties. The Company considers itself to be an exploration stage company. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The amounts shown as mineral properties and related deferred costs represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production.

The Company considers that it has adequate resources to maintain its operations for the next year. However, the Company recognizes that it will require additional financing in the forthcoming year to complete its proposed exploration programs. The Company is seeking additional financing to complete these programs, and while it has been successful at doing so in the past, there can be no assurance that it will be able to do so in the future. See also Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts

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reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

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SCHEDULE A

IMA EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited - Prepared by Management)

3. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

| | September 30, 2002 | | | December 31, 2002 | |
|---------------|----------------------------|--|-------------|----------------------------|--|
| | Acquisition Costs \$ | Deferred Exploration Costs \$ | Total \$ | Acquisition Costs \$ | Deferred Exploration Costs \$ |
| Argentina: | | | | | |
| Valle de Cura | 654,277 | 1,881,370 | 2,535,647 | 622,791 | 1,866,361 |
| Gualcamayo | 52,880 | 11,812 | 64,692 | 52,880 | 9,595 |
| Other | 52,839 | 332,052 | 384,891 | 37,096 | 188,735 |
| | 759,996 | 2,225,234 | 2,985,230 | 712,767 | 2,064,691 |
| Peru: | | | | | |
| Rio Tabaconas | 659,272 | 1,875,135 | 2,534,407 | 535,217 | 1,268,497 |
| | 1,419,268 | 4,100,369 | 5,519,637 | 1,247,984 | 3,333,188 |
| | 1,419,268 | 4,100,369 | 5,519,637 | 1,247,984 | 3,333,188 |

4. SHARE CAPITAL

Authorized: 100,000,000 common shares without par value
Issued:

| | Nine Months Ended September 30, 2002 | | Year December 31, 2002 |
|-------------------------------|---|--------------|---------------------------|
| | Shares | Amount \$ | Shares |
| Balance, beginning of period | 18,592,219 | 18,090,497 | 13,529,219 |
| Issued during the period for: | | | |

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| | | | |
|-------------------------|------------|------------|------------|
| Private placements | 5,691,915 | 2,547,870 | 5,063,000 |
| Exercise of warrants | 2,085,361 | 837,513 | - |
| Exercise of options | 170,000 | 68,000 | - |
| Agent's fee | 11,111 | 5,000 | - |
| Less: Share issue costs | - | (194,056) | - |
| | ----- | ----- | ----- |
| | 7,958,387 | 3,264,327 | 5,063,000 |
| | ----- | ----- | ----- |
| Balance, end of period | 26,550,606 | 21,354,824 | 18,592,219 |
| | ===== | ===== | ===== |

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SCHEDULE A

IMA EXPLORATION INC.
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
 (Unaudited - Prepared by Management)

4. SHARE CAPITAL (continued)

During the nine months ended September 30, 2002, the Company:

- a) completed a brokered private placement for 637,000 units at a price of \$0.38 for cash proceeds of \$222,695, net of share issue costs of \$19,365. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Two warrants entitle the holder to purchase one common share for the exercise price of \$0.45 on or before March 31, 2003. In addition, agent's warrants were issued to purchase 63,700 common shares at a price of \$0.45 on or before March 31, 2003. During the nine months ended September 30, 2002, 318,500 warrants and 63,700 agent's warrants remained unexercised;
- b) completed a brokered private placement of 1,777,778 units at a price of \$0.45 per unit for cash proceeds of \$686,132, net of share issue costs of \$118,868. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant. Two warrants entitle the holder to purchase an additional common share of the Company at a price of \$0.54 per share on or before April 9, 2003. In addition, the Company issued 11,111 shares to the agents, at an ascribed amount of \$0.45 per share. The agents also received agent's warrants to purchase 355,556 common shares at a price of \$0.54 per share on or before April 9, 2003. During the nine months ended September 30, 2002, 562,528 warrants and 355,556 agent's warrants remained unexercised;
- c) completed a non-brokered private placement for 1,722,222 units at a price of \$0.45 per unit, for cash proceeds of \$751,000 net of share issue costs of \$24,000. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of \$0.53 per share on or before May 23, 2003 and \$0.60 per share on or before May 23, 2004. The agents also received agent's warrants to purchase 66,666 common shares for the exercise price of \$0.53 per share on or before May 23, 2003. Certain directors

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have purchased 191,111 units. During the nine months ended September 30, 2002, 1,722,222 warrants and 66,666 agent's warrants remained unexercised;

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SCHEDULE A

IMA EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited - Prepared by Management)

4. SHARE CAPITAL (continued)

- d) completed a brokered private placement for 1,554,915 units at a price of \$0.47 for cash proceeds of \$698,987, net of share issue costs of \$31,823. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of \$0.55 per share on or before September 27, 2003 and \$0.60 on or before September 27, 2004. The agent's also received agent's warrants to purchase 37,496 common shares at a price of \$0.50 per share on or before September 27, 2003. The President of the Company has purchased 150,000 units. During the nine months ended September 30, 2002, 1,554,915 warrants and 37,496 agent's warrants remained unexercised.
- e) granted stock options to purchase 1,050,000 common shares exercisable for a period of five years, at a price of \$0.50 per share.

5. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2002, the Company:

- (i) paid \$104,376 to companies controlled by certain directors and officers of the Company for management and consulting services provided; and
- (ii) paid \$45,693 for rent to a company owned by the President of the Company and his wife.

See also Note 4.

6. SEGMENTED INFORMATION

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

Segment assets by geographical location are as follows:

September 30, 2002

Canada Argentina Peru

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| | \$ | \$ | \$ |
|---|--------|-----------|-----------|
| Property, plant and equipment | 37,969 | 5,817 | 6,452 |
| Mineral properties and related deferred costs | - | 2,985,230 | 2,534,407 |
| | ----- | ----- | ----- |
| | 37,969 | 2,991,047 | 2,540,859 |
| | ===== | ===== | ===== |

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SCHEDULE A

IMA EXPLORATION INC.
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
 (Unaudited - Prepared by Management)

6. SEGMENTED INFORMATION (continued)

| | December 31, 2002 | | |
|---|-------------------|-----------|-----------|
| | Canada | Argentina | Peru |
| | \$ | \$ | \$ |
| Property, plant and equipment | 45,376 | 5,817 | 5,895 |
| Mineral properties and related deferred costs | - | 2,777,458 | 1,803,714 |
| | ----- | ----- | ----- |
| | 45,376 | 2,783,275 | 1,809,609 |
| | ===== | ===== | ===== |

7. SUPPLEMENTARY CASH FLOW INFORMATION

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

| | Nine Months Ended September 30, 2002 \$ | Nine Months Ended September 30, 2001 \$ |
|---|---|---|
| Financing Activities | | |
| Issuance of common shares for agent's fee | 5,000 | - |
| Share issue costs | (5,000) | - |
| | ----- | ----- |
| | - | - |
| | ===== | ===== |

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SCHEDULE B

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IMA EXPLORATION INC.
 QUARTERLY REPORT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

1. (a) GENERAL AND ADMINISTRATIVE EXPENSES

| | \$ |
|--|---------|
| Administrative and management services | 171,575 |
| Amortization and depreciation | 14,676 |
| Bank charges and interest | 6,488 |
| Corporate development and investor relations | 177,758 |
| Office and sundry | 24,952 |
| Printing | 19,629 |
| Professional fees | 111,074 |
| Rent, parking and storage | 54,582 |
| Salaries and employee benefits | 148,853 |
| Telephone and utilities | 24,598 |
| Transfer agent and regulatory fees | 33,208 |
| Travel and accommodation | 74,930 |
| | ----- |
| | 862,223 |
| | ===== |

1. (b) MINERAL PROPERTIES AND RELATED DEFERRED COSTS

| | ARGENTINA | | | PERU |
|--------------------------------|---------------|------------|---------|---------------|
| | VALLE DE CURA | GUALCAMAYO | OTHER | RIO TABACONAS |
| Balance, beginning of period | 2,489,152 | 62,475 | 225,831 | 1,803,714 |
| Expenditures during the period | | | | |
| Assays | - | - | 6,574 | 24,278 |
| Consultants | - | - | - | 48,296 |
| Environmental | - | - | - | 59,962 |
| Field supplies | - | - | - | 16,550 |
| Field workers | - | - | - | 44,011 |
| Geological | 812 | 2,217 | 89,293 | 206,295 |
| Maps | - | - | - | 5,083 |
| Office | - | - | - | 13,888 |
| Option payments | 31,486 | - | 15,743 | 124,055 |
| Other | 14,197 | - | 47,450 | 102,543 |
| Survey | - | - | - | 20,923 |
| Travel | - | - | - | 35,118 |
| Vehicles | - | - | - | 29,691 |
| | ----- | ----- | ----- | ----- |
| | 46,495 | 2,217 | 159,060 | 730,693 |
| | ----- | ----- | ----- | ----- |
| Balance, end of period | 2,535,647 | 64,692 | 384,891 | 2,534,407 |
| | ===== | ===== | ===== | ===== |

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SCHEDULE B

IMA EXPLORATION INC.
 QUARTERLY REPORT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

1.(c) GENERAL EXPLORATION EXPENSES

| | \$ |
|------------|--------|
| Assays | 1,448 |
| Bank fees | 10,137 |
| Consulting | 37,068 |
| Geological | 33,971 |
| Maps | 474 |
| Office | 3,936 |
| Supplies | 612 |
| Travel | 1,124 |
| Vehicles | 1,897 |
| | ----- |
| | 90,667 |
| | ===== |

2.(a) RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2002, the Company:

- (i) paid \$104,376 to companies controlled by certain directors and officers of the Company, for management and consulting services provided; and
- (ii) paid \$45,693 for rent to an affiliated company.

3.(a) SECURITIES ISSUED DURING THE PERIOD ENDED SEPTEMBER 30, 2002

| DATE OF ISSUE | TYPE OF SECURITY | TYPE OF ISSUE | NUMBER | PRICE | TOTAL PROCEEDS | TYPE OF CONSIDERATION |
|---------------|------------------|-------------------|-----------|--------|----------------|-----------------------|
| Feb/02 | Common | Private Placement | 637,000 | \$0.38 | \$242,060 | Cash |
| Apr/02 | Common | Private Placement | 1,777,778 | \$0.45 | \$800,000 | Cash |
| Apr/02 | Common | Private Placement | 11,111 | \$0.45 | \$5,000 | Agent's Fee |
| May/02 | Common | Warrants | 41,250 | \$0.45 | \$18,562 | Cash |
| May/02 | Common | Warrants | 382,500 | \$0.40 | \$153,000 | Cash |
| May/02 | Common | Private Placement | 1,722,222 | \$0.45 | \$775,000 | Cash |
| Jun/02 | Common | Warrants | 259,000 | \$0.35 | \$90,650 | Cash |
| Jun/02 | Common | Warrants | 222,611 | \$0.45 | \$100,176 | Cash |
| Jun/02 | Common | Warrants | 732,500 | \$0.40 | \$293,000 | Cash |
| Jun/02 | Common | Options | 170,000 | \$0.40 | \$68,000 | Cash |
| Jul/02 | Common | Warrants | 385,000 | \$0.40 | \$154,000 | Cash |
| Jul/02 | Common | Warrants | 62,500 | \$0.45 | \$28,125 | Cash |
| Sep/02 | Common | Private Placement | 1,554,915 | \$0.47 | \$730,810 | Cash |

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SCHEDULE B

IMA EXPLORATION INC.
 QUARTERLY REPORT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

3. (b) OPTIONS GRANTED DURING THE PERIOD ENDED SEPTEMBER 30, 2002

| DATE GRANTED | NUMBER OF SHARES | TYPE OF OPTION | NAME | EXERCISE PRICE \$ | EXPIRY DATE |
|--------------|------------------|----------------|---------------|-------------------|-------------|
| May 02/02 | 50,000 | Employee | I. Saldana | 0.50 | May 02/02 |
| May 02/02 | 50,000 | Director | W. Lee | 0.50 | May 02/02 |
| May 02/02 | 60,000 | Director | S. Hurd | 0.50 | May 02/02 |
| May 02/02 | 20,000 | Employee | N. Cacos | 0.50 | May 02/02 |
| May 02/02 | 10,000 | Employee | B. Fallin | 0.50 | May 02/02 |
| May 02/02 | 80,000 | Employee | M. De Simone | 0.50 | May 02/02 |
| May 02/02 | 80,000 | Employee | I Chiarantano | 0.50 | May 02/02 |
| May 02/02 | 10,000 | Employee | J. Denee | 0.50 | May 02/02 |
| May 02/02 | 150,000 | Employee | C. Smyth | 0.50 | May 02/02 |
| Sep. 23/02 | 50,000 | Consultant | K. Patterson | 0.50 | Sep 23/02 |
| Sep. 23/02 | 20,000 | Consultant | A. Montgomery | 0.50 | Sep 23/02 |
| Sep. 23/02 | 100,000 | Director | N. Cacos | 0.50 | Sep 23/02 |
| Sep. 23/02 | 50,000 | Director | R. Brown | 0.50 | Sep 23/02 |
| Sep. 23/02 | 50,000 | Employee | N. DeMare | 0.50 | Sep 23/02 |
| Sep. 23/02 | 2,500 | Consultant | J. Caplan | 0.50 | Sep 23/02 |
| Sep. 23/02 | 67,500 | Employee | E. Grosso | 0.50 | Sep 23/02 |
| Sep. 23/02 | 200,000 | Director | J. Grosso | 0.50 | Sep 23/02 |

4. (a) AUTHORIZED AND ISSUED SHARE CAPITAL AS AT SEPTEMBER 30, 2002

| CLASS | PAR VALUE | AUTHORIZED NUMBER | ISSUED | |
|--------|-----------|-------------------|------------|--------------|
| | | | NUMBER | AMOUNT |
| Common | WPV | 100,000,000 | 26,550,606 | \$21,354,824 |

4. (b) OPTIONS AND WARRANTS OUTSTANDING AS AT SEPTEMBER 30, 2002

| SECURITY | NUMBER | EXERCISE PRICE \$ | EXPIRY DATE |
|----------|-----------|-------------------|-------------|
| Options | 1,415,500 | 0.40 | Jul. 19/06 |
| Options | 510,000 | 0.50 | May 02/07 |
| Options | 540,000 | 0.50 | Sept. 23/07 |
| | 2,465,500 | | |

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SCHEDULE B

IMA EXPLORATION INC.

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QUARTERLY REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

4.(b) OPTIONS AND WARRANTS OUTSTANDING AS AT SEPTEMBER 30, 2002 (continued)

| SECURITY | NUMBER | EXERCISE PRICE \$ | EXPIRY DATE |
|----------|-----------|-------------------------|----------------|
| Warrants | 1,558,000 | 0.75 | Sept. 15/04 |
| Warrants | 637,000 | 0.75 | Apr. 19/05 |
| Warrants | 1,397,167 | 0.90 | Mar. 16/05 |
| Warrants | 1,237,800 | 0.45 | Mar. 31/03* |
| Warrants | 382,200 | 0.45 | Mar. 31/03* |
| Warrants | 562,528 | 0.54 | Apr. 09/03 |
| Warrants | 355,556 | 0.54 | Apr. 09/03 |
| Warrants | 66,666 | 0.53 | May 23/03 |
| Warrants | 1,722,222 | 0.53 | May 23/03 |
| | | 0.60 | May 23/04 |
| Warrants | 1,554,915 | 0.55 | Sept. 27/03 |
| | | 0.60 | Sept. 27/04 |
| Warrants | 37,496 | 0.50 | Sept. 27/03 |
| | ----- | | |
| | 9,511,550 | | |
| | ===== | | |

*Received regulatory approval to amend expiry dates from December 18, 2002 and January 29, 2003 to March 31, 2003.

4.(c) SHARES IN ESCROW OR SUBJECT TO POOLING AS AT SEPTEMBER 30, 2002

There were no shares subject to escrow or pooling as at September 30, 2002.

5.(a) LIST OF DIRECTORS AND OFFICERS AS AT SEPTEMBER 30, 2002

DIRECTORS:

Gerald Carlson
Joseph Grosso
William Lee
Sean Hurd
Robert Brown
Nikolaos Cacos

OFFICERS:

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

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MANAGEMENT DISCUSSION & ANALYSIS

Description of Business

IMA Exploration Inc. is in the process of exploring its mineral properties in South America and evaluating other mineral properties. The Company considers itself to be an exploration stage company. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves.

Operations

During the nine months ended September 30, 2002, the Company reported a consolidated loss of \$953,158 (\$0.04 per share), an increase of \$377,099 from the loss of \$576,059 (\$0.04 per share) in 2001. The increase in the loss experienced by the Company in 2002, compared to 2001, was due to a number of factors of which \$258,562 can be attributed to operating expenditures and \$118,537 to non-operating items.

The Company for the period ended September 30, 2002 has significantly increased its focus on activities in the Patagonia region of Argentina carrying out an extensive exploration program in the Chubut Province and acquiring five new gold projects. Additionally the Company has evaluated a number of projects available for option ranging from grass roots projects to advanced projects including those with resources. The Company has continued with the market awareness and investor relations program throughout North America and Europe.

As a result the Company experienced increases in the following expenses: (i) Administration and management services - \$ 7,034; (ii) Bank charges and interest - \$829; (iii) Corporate development and investor relations - \$128,739 of which \$51,419 reflects the cost of full time investor relations staff, \$62,080 for various media advertising and \$15,240 for International Conferences; (iv) General exploration - \$15,255; (v) Printing - \$8,275 mainly for investor presentation material; (vi) Professional fees - \$37,570 which relates to the ongoing North America and European market awareness program; (vii) Rent, parking and storage - \$2,367; (viii) Salaries and employee benefits - \$2,112 reflects a slight increase in administration wages and benefits cost; (ix) Telephone and utilities - \$7,762 due to the increase in correspondence with Europe, North America and South America; (x) Transfer agent and regulatory fees - \$21,611 as a result of the various equity financings; (xi) Travel and accommodation - \$32,580 mainly due to the European market awareness and investor relations program.

The following expenses decreased for the period: (i) Amortization and depreciation -\$1,829; and (ii) Office and sundry - \$3,743.

Interest and miscellaneous income reported for the period ended September 30, 2002 was \$15,695 a decrease of \$113,335 from \$129,030 reported in 2001 mainly due to the reduction of overhead charges for the exploration expenditures on the Valle del Cura property allowed under the Barrick agreement.

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SCHEDULE C

IMA EXPLORATION INC.
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MANAGEMENT DISCUSSION & ANALYSIS (continued)

During the period ended September 30, 2002, the Company did not dispose of any Viceroy common shares. No provision was required for marketable securities for the period ended September 30, 2002 as compared to \$16,618 reported in 2001.

Liquidity and Capital Resources

The Company's total assets increased from \$5,487,374 at December 31, 2001 to \$7,723,656 at September 30, 2002. The increase is attributed to issuance of share capital of \$2,358,814 through four private placements, \$837,513 and \$68,000 through the exercise of warrants and options, respectively, during the period.

As at September 30, 2002, the Company had working capital of \$2,112,952. As a result of revising the timetable for exploration on Rio Tabaconas in Peru, the Company has amended its exploration budget to \$305,000 for the remaining three months to December 31, 2002 and approximately \$120,000 for property payments on its existing property holdings. The Company currently considers that it has adequate working capital to meet all its ongoing overhead obligations but may not have sufficient working capital to fund all of its planned exploration work and property commitments for the next year. The Company will continue to rely on successfully completing additional equity financing and/or conducting joint venture arrangements to further exploration on its properties. There can be no assurance that the Company will be successful in obtaining the required financing or negotiating joint venture agreements. The failure to obtain such financing or joint venture agreements could result in the loss of or substantial dilution to the Company's interest in its properties.

Properties

New Epithermal Vein Discoveries - Patagonia, Argentina

On September 3, 2002, IMA announced the acquisition of several new gold properties to its existing portfolio in the Patagonia region of southern Argentina. These new acquisitions bring IMA's land position in this high profile gold district to almost 750 square kilometers (74,906 ha) on which the Company holds a 100% interest with no underlying royalties.

The newly acquired properties are within the same geological trend, and in a similar geological environment as Meridian Gold Inc.'s Esquel deposit (formerly owned by Brancote Holdings PLC and containing a resource of 3.8 million ounces gold, and 6.9 million ounces of silver).

On September 30, 2002, the Company reported progress on its Patagonia exploration program which commenced on August 13, 2002, as well as due diligence exploration on properties under negotiation in the region. Work to date had identified two gold bearing, low-sulphidation epithermal vein systems that potentially extend up to 10 kilometers in length. The geological environment and style of mineralization is very similar to the Esquel gold discovery, indicating excellent exploration potential for IMA's projects.

Work on IMA's Los Toros property was completed and the Company was waiting for final assays and field reports, while the exploration team has moved to the nearby Las Bayas/Victoria claims. Both projects contain large, low-sulphidation

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SCHEDULE C

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MANAGEMENT DISCUSSION & ANALYSIS (continued)

epithermal vein systems. An additional 3,000 hectares has been added to Los Toros to cover two newly discovered epithermal vein systems located approximately 6 kilometers to the southeast. Los Toros now covers 7,200 hectares that are 100% IMA owned.

On the Company's 100% owned Las Bayas and adjacent Victoria claims, individual veins had previously been traced for 350 meters. Recent work has now extended this into a zone of intense quartz veining (including individual veins up to 22 meters wide) for a strike length of 4.5 kilometers. Additional veining has been found 5.5 kilometers along strike to the northeast, suggesting a total strike length in excess of 10 kilometers.

The Patagonia region has also seen several other new gold discoveries, including; Cerro Vanguardia, and Manantial Espejo. Consequently, the district has attracted the keen interest of several of the world's largest gold and silver producers, as well as an increasing number of medium and small exploration companies.

Financings

The Company received \$182,125 on July 2, 2002 from the exercise of 385,000 warrants at a price \$0.40 and 62,500 warrants at a price of \$0.45. On September 27, 2002, IMA completed a brokered private placement for 1,554,915 units at \$0.47 per unit for net proceeds of \$698,987. Proceeds from the sale of the units and exercise of warrants are to be used for general working capital.

Investor Relations

During the nine months ended September 30, 2002 the Company had retained two consultants, Raven Capital of Vancouver, British Columbia and Strategic Financial Services of Scottsdale, Arizona to assist with IMA's market awareness and investor relations activities throughout North America and Europe. Both contracts have been terminated and activities during the quarter ended consisted of investor mailings and shareholders communications by Company personnel.