

Management's Discussion and Analysis of Financial Results for the quarter ended March 31, 2005

(all figures in Canadian dollars unless otherwise stated)

Date report prepared: May 27, 2005

The following is the Management's Discussion and Analysis ("MD&A") of the financial condition of Geoinformatics Exploration Inc. (formerly MinRes Resources Inc.) and the financial performance for the three months ended March 31, 2005. This MD&A should be read in conjunction with the Consolidated Financial Statements and related notes. Reference should also be made to the section herein headed "Business Combination".

Business Combination

On January 19, 2004, Geoinformatics Explorations Limited ("Geoinformatics" or the "Company") and MinRes Resources Inc. ("MinRes"), a TSX Venture Exchange listed company, entered into an agreement, as amended by agreements dated effective March 29, 2004, September 3, 2004, and December 20, 2004 (collectively, the "Share Exchange Agreement") whereby MinRes agreed to purchase all of the issued and outstanding common shares of Geoinformatics in consideration of the issuance of an aggregate of 48,000,000 MinRes common shares. This transaction closed on January 28, 2005.

The business combination has been accounted for as a reverse takeover (the "RTO") whereby the purchase method of accounting has been used with Geoinformatics being identified as the acquirer and the accounting parent. The consolidated financial statements include the operations of Geoinformatics Exploration Inc. ("GXL"), being the accounting subsidiary and legal parent, from the date of acquisition. The fair values of the net assets of Minres at the date of the acquisition were as follows;

Cash	3,770,872
Net current liabilities	56,090
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Share capital issue (net of costs)	3,714,782

Concurrent with the closing of the RTO, the Company raised additional financing of \$4,053,750, and net proceeds of \$3,766,655 following payment of the Agent's commission and legal fees. \$529,315 of the net proceeds was used to repay the loan outstanding to St. Andrew Goldfield Ltd. ("St. Andrew"), which resulted in \$3,237,340 of free cash for financing on-going corporate activities.

Following the RTO and as at March 31, 2005, MinRes had the following common shares issued and reserved for issuance:

Shares Issued and Outstanding	
MinRes (pre-closing)	3,246,511
Issued on RTO	48,000,000
Issued upon settlement of \$780,832 MinRes debt	3,123,328
Issued on financing	16,215,000
<hr/> Total issued shares	<hr/> 70,584,839
Shares Reserved Pursuant to Outstanding Convertible Securities	
Pursuant to Stock Options exercisable at \$0.175 until Nov. 9, 2008	2,234,000
Pursuant to Stock Options exercisable at \$0.25 until Nov. 9, 2008	1,060,000
Pursuant to Stock Options exercisable at \$0.25 until Feb.18, 2010	500,000
Pursuant to Stock Options exercisable at \$0.31 until March 10, 2010	1,850,000
Pursuant to Warrants exercisable at \$0.25 until June 30, 2006	500,000
Pursuant to Broker Warrants exercisable at \$0.25 until Jan. 28, 2007	1,297,200
<hr/> Total	<hr/> 7,441,200

On January 31, 2005, Geoinformatics Exploration Limited changed its name to 2012860 Ontario Limited and on February 1, 2005, MinRes changed its name to Geoinformatics Exploration Inc. (“GXL”) and trades under the symbol GXL on the TSE Venture.

Forward Looking Information

This document includes certain forward looking statements concerning the future performance of our business, its operations and its financial performance and condition, as well as management’s objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as “may”, “will”, “plan”, “expect”, “anticipate”, “estimate”, “intend” and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties, including the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and the availability of financing, as described in more detail in this document under “Risks and Uncertainties”. Actual events or results may differ materially from those projected in the forward looking-statements and we caution against placing undue reliance thereon. We assume no obligation to revise or update these forward-looking statements.

Overview

Geoinformatics is a global exploration company focused on the resources industry that exchanges intellectual capital for equity. Geoinformatics has long term relationships with some of the most senior mining companies and provides a pipeline of exploration resource projects to the mining community.

The Company’s long term vision is to grow shareholder value by delivering a sustainable and profitable revenue stream from a comprehensive portfolio of royalties and equities in a range of mineral commodities.

Geoinformatics core strategy is to deliver a pipeline of quality exploration projects to the mining industry by applying leading edge processes and technology. The goal is to optimize returns to all stakeholders, including shareholders and the mining industry. Past and current mineral targets include diamonds, gold,

copper, iron ore and base metals. As a result of success in these sectors, Geoinformatics has also more recently received expressions of interest from participants in the Oil and Gas sector.

The mining industry experienced a considerable downturn in spending on exploration particularly during the period between 1999 and 2003. The impact of the reduced level of exploration may result in a deficit of projects needed to sustain the mining industry. Geoinformatics believes that the reduced number of new significant discoveries over this period presents it with an opportunity. Geoinformatics has developed processes and technologies that management considers will enhance its ability to deliver a pipeline of projects to that industry. By applying a combination of equity funds and revenues received since July 2002, Geoinformatics has secured, or is negotiating, several strategic alliances and opportunities some of which have shown early positive indications. This can be demonstrated by the development of target banks from alliances, the acquisition of tenements and investment by third parties and the acquisition of royalties.

More specifically Geoinformatics has focused on a specific portion of the mining market process – that is early stage exploration. With the deficit of exploration globally over the past five years and the lack of significant discoveries, management identified a growing need to supply innovative, intellectually efficient means to source mineral targets to meet global demand. The decline in new resource discoveries has been compounded by a significant increase in demand from countries such as China and India for commodities including, but not limited to, iron ore, gold and copper.

Winning the Goldcorp Challenge in 2001 gave Geoinformatics a highly reputable brand for early stage exploration in North America and other parts of the world. With this strategy toward exploration, Geoinformatics has developed a portfolio of projects in Australia, North America and Europe. These projects have allowed Geoinformatics access to significant amounts of data covering highly mineralized terranes, while at the same time developing a portfolio of tenements, free-carried interests, royalties and equity in its corporate alliance partners.

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Examples of specific past performance of our strategy;

Alliance agreements, more particularly described below, have been signed with;

- Kennecott
- Anglo American
- Goldfields
- Goldcorp

Two companies listed their stocks subsequent to Geoinformatics identifying targets on their properties:

- Glass Earth Limited (TSX-V April 2005)
- AXG Mining Ltd (ASX, September 2004)

Geoinformatics was engaged by Polaris Metals N.L., a junior explorer that listed on the Australian Stock Exchange in April 2004, to apply its spatial integration and interpretation processes to generate a prioritized bank of mineral deposit targets. Geoinformatics identified 37 gold and 33 nickel targets of which 13 gold targets and 6 nickel targets were considered of high priority and warranting further exploration. In addition, following processing and modeling of geomagnetic data and field inspections by Geoinformatics, Polaris announced that a 13.8km strike length of magnetite banded iron formation targets had been identified.

For each of the above companies, we continue to work together on existing and new projects.

A more detailed listing of existing alliances is presented below:

Country	Partner	Project Description	Commodity
Australia – Lachlan project, New South Wales	Gold Fields Limited (JSE and NYSE listed)	<ul style="list-style-type: none"> Gold Fields can earn into any of 7 exploration licenses held by Geoinformatics, up to a 75% interest Geoinformatics is performing early phase exploration on behalf of the alliance to identify proposed project areas. Gold Fields is contributing A\$1million for this early phase work and target generation to fund the exploration work carried out by Geoinformatics. 	Copper/Gold
Australia – Bullfinch North project, Western Australia	Polaris Metals NL (ASX listed)	<ul style="list-style-type: none"> Geoinformatics has completed targeting work on the project. Polaris is proposing to carry out drilling and further field exploration of the high priority targets in 2005. Geoinformatics’s interest in the project includes a 2% NSR over the majority of the area and a 15% free-carried interest to completion of a feasibility study on the remainder 	Gold, Nickel and Iron Ore
Polaris progressing scoping study on its iron ore project and exploration of targets.			
Australia – Warda Warra Greenstone Belt, Western Australia	AXG Mining Ltd (ASX listed)	<ul style="list-style-type: none"> AXG is currently drilling targets generated by Geoinformatics. Geoinformatics has a 2% NSR on the project 	Gold
New Zealand – Central Volcanic Zone, North	Glass Earth Ltd (TSX-V listed)	<ul style="list-style-type: none"> Geoinformatics completed targeting for gold and geothermal power in the Taupo-Waihi area of the Central Volcanic Zone. In April 2005, 	Gold and Geothermal

Country	Partner	Project Description	Commodity
Island		<p>Glass Earth raised \$2.8 million to fund further field and geophysical exploration to deliver a drill ready epithermal gold targets for a program in 2006.</p> <ul style="list-style-type: none"> • Geoinformatics holds a 2% NSR on the project 	Energy
Currently flying airborne gravity and aeromagnetic surveys over targets.			
Ukraine - Saulyak Gold Project	Eurogold Ltd. (AIM listed)	<ul style="list-style-type: none"> • Geoinformatics assisting Eurogold with establishment of geological framework of the deposit and near-mine targeting • Geoinformatics holds an NSR on a sliding scale of up to 2%, based on project achieving 2 million ounces of gold or gold equivalent 	Gold
Geoinformatics has completed its modeling and near mine targeting.			
USA/Mexico - SW America Porphyry Project	<p>Kennecott Exploration Company</p> <p>(Rio Tinto plc subsidiary)</p>	<ul style="list-style-type: none"> • 30 year alliance with Kennecott over the SW American porphyry province of Arizona and New Mexico, USA and Sonora and Chihuahua, Mexico • Geoinformatics inherits projects and commodities that do not meet Kennecott's internal requirements. • Geoinformatics currently exploring 9 properties with gold, copper or silver potential with a view to defining walk-up drill targets • These properties will be farmed-out to third party explorers. Geoinformatics is currently assessing proposals. 	<p>Copper/Gold</p> <p>Gold/ Silver</p>
USA/Canada - Mid- Continent Rift project	<p>Anglo American (Exploration) Canada</p> <p>(subsidiary of Anglo American plc)</p>	<ul style="list-style-type: none"> • Geoinformatics has undertaken a major data modeling project through to targeting for Ni-Cu-PGE and IOCG in an area covering southern Manitoba, Ontario, Quebec (Canada) and northern Minnesota, Michigan and Wisconsin (USA) • GXL has the right to acquire any targets that do not meet Anglo American's requirements. 	<p>Nickel, Copper, PGE, Gold and Iron Oxide</p> <p>Copper-Gold</p>

Country	Partner	Project Description	Commodity
		<ul style="list-style-type: none"> Anglo American spent 2004 assessing and prioritizing targets in Canada. The alliance is currently formulating various options to take the project forward in 2005. 	
USA – Great Basin, Nevada	Kennecott Exploration Company / Goldcorp Inc.	<ul style="list-style-type: none"> Geoinformatics has access to Kennecott’s Great Basin database covering Nevada and western Utah. The project has targeted buried gold systems (e.g., Carlin, Cortez, Battle Mountain) and porphyry copper-gold deposits (e.g., Bingham Canyon). Geoinformatics has right to any properties that do not meet Kennecott’s internal requirements or are subsequently abandoned, and Goldcorp has right of first offer on any properties acquired by Geoinformatics. 	Gold, Silver, Lead, Zinc and Copper
Canada – Red Pickle project, Manitoba and Western Ontario	Goldcorp Inc.	<ul style="list-style-type: none"> Geoinformatics will receive a 2% NSR on any discovery outside of existing Goldcorp tenements or joint ventures and has access to project and commodity targets that do not meet Goldcorp’s corporate objectives 	Gold and Base Metals
USA - Uncle Sam project, Alaska	Midas Resources Limited (ASX listed)	<ul style="list-style-type: none"> Geoinformatics acquired the Uncle Sam gold property in Alaska subject to back in rights or 2% NSR in favour of Kennecott. Property is 40km from Pogo in the Tintina gold belt and has hallmark geochemical signatures characteristic of Pogo-style mineralization Midas has agreed in principle with Geoinformatics to farm into the property by spending A\$3million over three years to earn 75% with a minimum commitment of A\$250,000 over the next 12 months before withdrawal. Geoinformatics has the right to start contributing once Midas has earned 51%. The transaction remains subject to final agreements. 	Gold
Canada - Mackenzie Diamond Project, North West Territories	Sanatana Diamonds Inc.	<ul style="list-style-type: none"> Geoinformatics undertook data compilation, modeling and field work for Sanatana Diamonds over 18 million acres of map permits in the Mackenzie Craton area, NWT Initial results point to kimberlitic indicator grains with geochemistry consistent with derivation from the diamond stability field over 	Diamonds

Country	Partner	Project Description	Commodity
		<p>extensive areas of the map permit.</p> <ul style="list-style-type: none"> • Geoinformatics managed the 2004 exploration project and retained a 1% gross over-ride royalty on any diamond production by Sanatana • Geoinformatics is negotiating a management agreement for the 2005 field program focusing on identification of drill-ready kimberlite targets and will receive a 10% management fee. 	
<p>Sanatana is flying aeromagnetic survey and preparing for summer field exploration program.</p>			
<p>Canada - Eskay Creek Project, British Columbia</p>	<p>Heritage Explorations Inc.</p>	<ul style="list-style-type: none"> • Geoinformatics has a 0.5% NSR on any discoveries in the Heritage ground at Eskay Creek • Geoinformatics will manage the 2005 field program focusing on targets identified from an airborne electromagnetic survey over much of the license area. 	<p>Gold, Silver</p>
<p>Canada - East Timmins Project, Ontario</p>	<p>St Andrew Goldfields Ltd.</p>	<ul style="list-style-type: none"> • Geoinformatics has a 0.5% NSR on licenses under title to St Andrew in the East Timmins area. • Geoinformatics re-targeting the area for drill targets for the 2005 winter program. 	<p>Gold</p>
<p>USA / Canada Alaska, British Columbia, Yukon</p>	<p>Kennecott Exploration Company</p>	<ul style="list-style-type: none"> • 27 year alliance with Kennecott over Alaska, BC, & the Yukon. <p>This strategic alliance has two main components:</p> <ul style="list-style-type: none"> • Geoinformatics has the exclusive right to access advanced exploration properties identified by Kennecott. Thereafter to spend US\$1 million over 12 months in assessing and acquiring prospective properties. If Geoinformatics wishes to continue exploring it is required to spend US\$3 million over five years to earn 100% interest on these properties. Kennecott retains a back-in right on these properties. • Geoinformatics has the right to utilize the Kennecott databases for British Columbia and the Yukon. Geoinformatics is required 	

Country	Partner	Project Description	Commodity
		<p>to complete a regional Intervention Project over British Columbia and Yukon over a two year period to produce a three-dimensional crustal-scale geodynamic model and the identification of targets. Kennecott has the first right to select targets and Geoinformatics has the right to all other targets and any targets that Kennecott abandons. Kennecott retains back-in rights.</p>	
<p>USA Nixon Fork Gold mine, Alaska</p>	<p>St. Andrew Goldfields Ltd.</p>	<ul style="list-style-type: none"> • Geoinformatics has a 1% NSR • St. Andrew has indicated its intention to put Nixon Fork into production during 2005 • Geoinformatics is also interpreting the results of a 2004 airborne electromagnetic survey with aim of producing additional targets for a 2005 drill program. 	<p>Gold</p>
<p>Australia Tasmania</p>	<p>Resource Finance & Investments Limited</p>	<ul style="list-style-type: none"> • Strategic alliance over the Mt Read Volcanics Belt. • RFI is earning a 75% interest in the nine Geoinformatics exploration licences Geoinformatics will receive 150,000 RFI shares worth A\$0.15 at no cost and a free carried interest of 25% to the completion of a pre-feasibility study. • Geoinformatics will carry out an intervention at a cost of A\$780,000. Upon the listing of RFI, Geoinformatics will receive at no cost, 750,000 shares and 250,000 options in RFI at the initial public offering (“IPO”) listing price and will be eligible to receive 250,000 performance shares for every 500,000 ounces of contained gold or metal equivalent in targets based on certain technical milestones, subject to a maximum of five million shares. The intervention is conditional upon RFI completing an IPO and obtaining a stock exchange listing by September 30, 2005. 	<p>Gold and Base Metals.</p>

Key Performance Drivers

Geoinformatics deliverables are leading edge process and technology applications that deliver risk mitigated product targets to our primary market, the mining industry. Geoinformatics achieves this in a timely and cost efficient basis. To build on leading edge processes, we continue to develop research and new techniques by in-house and collaborative research and development (“R&D”) investments. Cost effective outsourcing to agencies such as Magnasoft in India has proven to be time efficient and cost effective, particularly in managing large scale data intensive projects.

Intellectual capital has been and will continue to be the dominant theme of maintaining what management believes to be the Company’s competitive edge in the marketplace. This has involved both research alliances with external agencies such as universities and government organizations as well as in-house R&D. The Company has also developed a highly skilled and internationally respected team of geoscientists that has a track record of discovery in the minerals industry. Retention of high quality staff is a significant goal of the Company. This is particularly relevant given the overall shortages of skilled geologists. The Company’s philosophy of in house professional development has, in management’s view, greatly assisted in both maintaining and attracting staff. This area, however, will continue to present challenges as the minerals industry remains very buoyant.

As a recently listed public company, we have a very experienced capable board of directors and management team with significant leadership and industry experience.

Results of Operations

The financial results for the three months ended March 31, 2005, and for the three months period ended March 31, 2004 include the accounts of Geoinformatics Exploration Inc., 2012860 Ontario Limited, formerly Geoinformatics Explorations Limited (“Geoinformatics” or the “Company”) and its wholly-owned subsidiaries, Geoinformatics Explorations Ireland Limited (“Geoinformatics Ireland”), Geoinformatics Exploration Australia Pty Ltd. (“Geoinformatics Australia”), Geoinformatics Alaska Exploration, Inc. (“Geoinformatics Alaska”), Minera Geoinformatica S.A. de C.V (“Minera”), 98% owned by Geoinformatics, Clancy Exploration (Pty) Ltd (“Clancy”), and Geoinformatics Exploration Tasmania Ltd.

The total assets of Geoinformatics as at March 31, 2005 increased 180% from December 31, 2004 from \$2,181,752 to \$3,943,981, with the largest change being an increase in cash due to the closing of the RTO financing.

For the three months ended March 31, 2005, Geoinformatics incurred a loss of (\$814,513) or (\$0.01) per share on revenue of \$877,003 versus a loss of (\$575,426), or (\$0.01) per share on revenue of \$492,932 in the same quarter of 2004, with the revenues earned in each of the quarters from sponsored interventions carried out by Geoinformatics. A sponsored intervention is a project on which Geoinformatics form a strategic alliance with a sponsoring company and the sponsor bears responsibility for a significant portion of the expenditures on the project, informatics typically contributes a small portion of the expenditures. Where the sponsor chooses not to develop a project, Geoinformatics maintains a right to deal with the ‘orphaned’ project. Revenue increased reflecting market conditions.

With regards to cost, salaries and employee benefits and consulting and outsourced services directly reflect the costs associated with carrying out the interventions and sole risk projects. These increased in the first quarter of 2005 by approximately 45% as compared to the same quarter in 2004. The increase is due to the incremental addition of staff as project work loads have increased. In the periods following

March 31, 2005, staff levels will be increased when supported by third party contracts. Costs of staff and employee benefits are expected to increase in 2005 as a result of salary increases, the appointments of a Chief Executive Officer and a Chief Financial Officer and other costs associated with the new Canadian head office. The Company is also incurring additional costs associated with regulatory and compliance costs from becoming a public company.

Selling, general and administrative expenses include the costs of seeking out new business relationships throughout the world, including those costs associated with Geoinformatics activities in Australia, Ireland and Canada. From July 2002 until July 1, 2004, St. Andrew carried out services for Geoinformatics under a management and administration agreement. There was an increase in 2005 in selling, general and administrative expenses due, in particular, to increased activities with regard to exploration costs, travel and reimbursable clients' expenses, business development and corporate management. It is also anticipated that certain of these costs will increase in 2005 due to increased activity in exploration and resulting increases in tenement fees incurred and contract exploration services costs.

Expenses for consulting and contract services for the quarter ended March 2005 have increased by approximately 118% over those incurred in the same periods of 2004. Management anticipates that these costs will be relatively constant other than as caused by variations due to geoscience consulting services as may be required from time to time.

Depreciation has not changed significantly year over year.

Summary of Quarterly Results (Unaudited)

(in thousands of dollars, except per share amounts)

	Revenue	Loss from Operations	Loss	Basic and diluted loss per share
March 2003	\$484	(568)	(568)	\$(0.051)
June 2003	\$607	(673)	(690)	\$(0.066)
September 2003	\$509	(598)	(573)	\$(0.052)
December 2003	\$345	(921)	(1,435)	\$(0.127)
March 2004	\$493	(575)	(575)	\$(0.01)
June 2004	\$719	(491)	(553)	\$(0.048)
September 2004	\$1,013	(224)	(273)	\$(0.023)
December 2004	\$1,250	(69)	(154)	\$(0.01)
March 31, 2005	\$877	(779)	(815)	\$(0.01)

In July 2002, Geoinformatics fundamentally changed its business model from that of a consulting business, based on fee for service to that of an exploration services company created with the goal of providing a pipeline of quality projects to the global mining and exploration industry. This fundamental change in the nature of the business resulted in a decline in quarterly revenues and an increase in the quarterly loss from operations while the Company established its business model in the marketplace. Management anticipates that future revenues will continue to be realized from both intervention projects as well as monetization of the growing asset base of Geoinformatics.

Cash Flow and Liquidity

For the three month period ended March 2005, Geoinformatics used cash in operating activities of (\$1,093,974) compared to the three months ended March 31, 2004 in which cash used in operating activities was (\$612,339). The use of cash reflects the current business model where initially, revenue generating activities are insufficient to cover the operating and administration costs of the business as well as funding of sole risk projects and business development. During the first quarter of 2005, the Company was successful in increasing revenues compared with the same period in 2004. It is anticipated that cash used in operating activities will fluctuate depending on the proportion of sole risk project work undertaken by the Company in relation to third party supported interventions.

Geoinformatics also chose to apply the new requirements with respect to recognition of compensation expense on the issue of stock options to employees. For the three months ended March 31 2005, an expense of \$36,208 relating to stock options granted has been added back in the consolidated statements of Cash Flows.

Geoinformatics anticipates that over the next two years it is likely to have greater cash outflow than cash inflow. In January 2005, concurrently with the completion of the share exchange with MinRes, an equity private placement for gross proceeds of \$4,053,750 was completed. Management anticipates that it will have sufficient resources to fund ongoing cash requirements for 2005. In the event that revenues from interventions and exploration programmes do not meet estimated forecasts, Geoinformatics will review operational commitments appropriately. Geoinformatics also intends to monitor capital markets with a view to possibly raising additional equity if an appropriate opportunity arises. Management has not set a deadline for completion of a financing. Geoinformatics also continues to investigate monetization possibilities of its royalties and properties.

Capital Resources

At March 31 2005, Geoinformatics had net working capital of \$1,508,103 compared with a working capital deficit of (\$510,736) at March 31, 2004 and (\$1,267,750) at December 31, 2004. On January 28th 2005, with the closing of the share exchange between MinRes and Geoinformatics, net equity funds totaling \$3,572,530 were raised. Management anticipates that these funds will provide sufficient capital, when supplemented by revenue from intervention and exploration projects, to carry the Company into 2006. During this time, Geoinformatics plans to build a portfolio of assets (e.g. properties, projects, royalties and equity interests) in world class mineral provinces by applying a combination of earnings, third party and equity funds. Geoinformatics has made no attempt to forecast the impact of a successful discovery on its capital resources over this period. However, management anticipates that with the risk of exploration spread over a comprehensive range of projects, the opportunity for success is enhanced. The success of Geoinformatics will also be dependant upon its ability to monetize its assets into the future. To this end, management anticipates that it will be in a position to achieve increased revenues and earnings from the sale of resulting assets.

Related Party Transactions

Geoinformatics, as a private company and during the development and implementation of its business plan, has relied on providing services to and receiving services from related parties. As a result, a substantial portion of the Company's previous revenues came from related parties. This has now been largely superseded by the attraction of investment through sponsored interventions.

Included in the operating and administration expenses are fees to St. Andrew for the recovery of management and administrative services, offices related costs and to Fractal Technologies for technology licensing fees. As of July 1, 2004, management and administration services previously provided by St.

Andrew were taken up internally within Geoinformatics and the arrangements with St. Andrew for the provision of these services were terminated.

Fractal Holdings Pty. Ltd is a 28.3% shareholder of GXL, the parent of Geoinformatics. The Shareholders, Directors and Officers of Fractal are active in the management of GXL and Geoinformatics. St. Andrew is a 28.3% shareholder of GXL. The management team of St. Andrew was active in the day to day administration and strategic direction of Geoinformatics until July 2004.

- a) Included in current loans payable is an amount of \$4,204 [2004 - \$8,092]. The loan is unsecured, non-interest bearing and is repayable on demand. During the period, Geoinformatics charged the company \$105 [2004 - \$0] for services rendered, incurred \$6,068 [2004 - \$980] in expenses on its behalf, repaid it \$50,540 [2004 - \$0] by way of advance received and received \$0 [2004 - \$6,983] in electronic funds transfers from common clients. In turn, this company charged Geoinformatics \$16,335 [2004 - \$0] for recovery of a director's salary plus a handling fee in respect of services provided, advanced it \$50,540 [2004 - \$0] and incurred \$0 [2004 - \$88] in expenses on Geoinformatics' behalf. Additionally, included in trade accounts payable is an amount of \$0 [2004 - \$4,006] owing to this same company for services rendered of \$0 [2004 - \$2,016].
- b) Technology licensing fees of \$9,649 [2004 - \$20,695] were incurred in the quarter in relation to the use of software developed by a company controlled by Fractal Holdings and \$13,821 [2004- \$7,409] of such software was purchased for on-sale to external clients. In respect of these transactions and accounts payable brought forward from the previous year, an amount of NIL [2004 - \$264,944] was repaid resulting in \$23,570 in amounts payable at March 31, 2005 [2004 - \$NIL].
- c) Current trade receivables of \$63,591 [2004 - 1,616] were due from St Andrew Goldfields Ltd. ("St Andrews"), a 28.3% shareholder of GXL.
- d) Included in revenue for the quarter ended March 31, 2005, is an amount of \$140,577 [2004 - \$110,211] relating to services provided to the St. Andrew group of companies.
- e) There were no management fees incurred in the quarter ended March 31, 2005 [2004, management fees of \$35,000 were paid or accrued]
- f) Notes payable balance at March 31, 2005 was \$NIL [2004 - \$509,093]. On January 28, 2005 this amount payable together with other subsequent amounts payable was repaid following the successful closing of the share exchange between Geoinformatics and MinRes and the security was released. In addition, under this loan agreement, the shareholder received warrants to purchase 500,000 common shares of Geoinformatics exercisable for two years at \$0.25 per share.

The above transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On November 22 2004, Geoinformatics Australia signed an agreement with Macquarie University to carry out a research project entitled "Improving Mineral Exploration Performance by Superior Management of Risk, Uncertainty and Value". The Chief Investigator of this project is Prof. Michael Etheridge, the Chairman and a director of GXL. The financial commitment to this project is A\$27,000 in each of 2004 and 2005.

Adoption of New Accounting Policies

Consolidation of Variable Interest Entities (Accounting Guideline 15)

On January 1, 2005, the Company adopted the recommendations in Accounting Guideline 15, Consolidation of Variable Interest Entities (“VIE”), issued by The Canadian Institute of Chartered Accountants (the “CICA”). The guideline requires the consolidation of VIE’s by the primary beneficiary, the enterprise that will absorb or receive the majority of the VIE’s expected losses, expected residual returns, or both.

Adoption of this new standard did not have any significant impact on the current or prior years reported results and balances.

Risks and Uncertainties

There were no material changes in the nature or magnitude of the risks and uncertainties facing the Company (as identified below) during the first quarter of 2005 as compared to fiscal 2004.

Access to Capital.

The business of Geoinformatics and the exploration and subsequent development of mineral properties is capital intensive. Management anticipates that the funds raised in January 2005 will provide the Company with sufficient working capital into 2006, supported by revenue earned from interventions and exploration programs. However, should additional funds be required but not able to be raised, this could result in delays in pursuing opportunities or the loss of opportunities to grow the business of Geoinformatics and may have a material adverse effect on the profitability of Geoinformatics.

Speculative Nature of Mineral Exploration and Development.

The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not be able to adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of Geoinformatics’ sole-risk properties or on any properties in respect of which Geoinformatics has been retained and holds a right to acquire an interest therein. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into production. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices which have fluctuated widely in recent years; and government regulations, including those relating to taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but in general terms, the Geoinformatics business may be adversely affected by the inability of Geoinformatics or those companies with which Geoinformatics forms strategic alliances, to bring projects into commercial production.

Commodity Prices.

The prices of gold and other minerals have fluctuated widely in recent years and are affected by a number of factors beyond the control of Geoinformatics, including international economic and political conditions, expectations of inflation, international currency exchange rates, consumption patterns, and levels of supply and demand. Fluctuations in commodity prices will influence the willingness of mining industry companies to participate in sponsored and secondary interventions with Geoinformatics, including impacting on the level of financial commitment to be made by such companies. Similarly, the ability of the Geoinformatics’ merchant bank operation to monetize assets may also be affected by fluctuations in commodity prices.

Competition.

Other exploration and technology companies, including those with greater financial resources than Geoinformatics, could adopt the business strategies of Geoinformatics and thereby directly compete with Geoinformatics, or may alter their strategies for acquiring and developing mineral claims, and thereby also compete with Geoinformatics. While the risk of direct competition may be somewhat mitigated by the requirements of experience and technological capabilities, there can be no assurance that competition will not increase nor can there be any assurance that Geoinformatics will be able to successfully compete with all competitors.

Dependence on Key Personnel.

Geoinformatics' personnel are highly skilled and experienced. Geoinformatics' future growth and its ability to develop will depend, to a significant extent, on its ability to retain and to attract qualified personnel. While Geoinformatics has to date not experienced any difficulties in attracting and retaining personnel, there can be no assurance that this will continue. The loss of key personnel could have a material adverse effect on Geoinformatics' operations and business prospects.

Conflict of Interest.

Certain of the directors and officers of Geoinformatics also serve as directors and/or officers other companies involved in natural resource exploration and development and to the extent that such companies may participate in ventures in which Geoinformatics participates, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with Geoinformatics for the acquisition of mineral property rights. In the event that any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. From time to time, several companies, including Geoinformatics, may participate in the acquisition, exploration and development of a natural resource property. It may also occur that a company may assign all or a portion of its interest in a property or project to another of these companies, due to, among other reasons, the financial position of the company making the assignment. In accordance with the *Business Corporations Act* (Ontario), the directors and officers of Geoinformatics are required to act honestly, in good faith with a view to the best interests of Geoinformatics.

Limited Operating History.

Geoinformatics was established in July 2002 and therefore has a limited operating history and there can be no assurance of its ability to operate its business profitably.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires management to make various judgments with respect to estimates and assumptions. On an ongoing basis, management regularly re-evaluates its estimates and assumptions; however actual amounts could differ from those based on such estimates and assumptions. The most critical accounting principles upon which the Company's financial status depends are those requiring estimates of revenue recognition, capitalization of database acquisition costs and stock-based compensation.

Geoinformatics consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles (GAAP). The accounting policies for the purposes of Canadian GAAP are described in note 2 to the consolidated financial statements.

Management considers the following policies to be the most critical in understanding the judgments that are involved in preparing Geoinformatics' consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

Revenue Recognition

Revenue is recognized as services are performed and client reimbursable expenses incurred in respect of each project undertaken. Services performed can take the form of execution, intervention or management services or any combination thereof.

The nature of Geoinformatics' business is such that in addition to the revenue earned for services performed and expenses recovered, it typically may become entitled to future revenue streams, under contracts negotiated with its clients deriving from:

- net smelter royalties once mining production has commenced;
- the sale of the rights to these royalties;
- free carried or joint venture interests in projects that become producing mines;
- the sale of such free carried or joint venture interests;
- direct equity interest in mining operations; and
- sale of actual mineral properties.

Revenue is not recognized in respect of these future revenue streams until Geoinformatics obtains a present and due entitlement thereto. Expenses related to the contract and sole risk projects are recognized as incurred. Geoinformatics has not earned revenue from the disposal of assets resulting from interventions or other geoscientific projects.

Databases

The acquisition costs of databases that are acquired from other entities are capitalized. The cost of internally developed databases is expensed as incurred. The capitalized cost is amortized on a straight-line basis over ten years. The unamortized amount is evaluated for impairment on an annual basis. Substantial costs are incurred on internally developed databases with future use being expected.

Stock-based compensation

The Company has a stock option plan which is used to compensate directors, officers and employees of the Company, and consultants to the Company. Effective July 1, 2002, the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation.

Starting January 1, 2003, the Company has chosen the prospective application of the new requirements, according to which the fair value based method is applied to awards granted, modified or settled on or after January 1, 2003. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized in the statement of operations in the period in which the options were granted. Any consideration paid upon the exercise of stock options or purchase of shares is credited to share capital.

Estimates

The presentation of the consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Outstanding Share Data

As at May 26, 2005, Geoinformatics Exploration Inc. had 70,598,839 common shares outstanding and options and warrants to acquire an additional 7,427,200 common shares at prices ranging from \$0.175 to \$0.31 per share.

Additional Information

Additional information concerning Geoinformatics Exploration Inc. is available on SEDAR at www.sedar.com.