COLUMBUS GOLD CORPORATION

(Formerly Purple Vein Resources Ltd.)

(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Unaudited)

Columbus Gold Corporation Statement 1

(Formerly Purple Vein Resources Ltd.)
(A Development Stage Company)

Interim Consolidated Balance Sheet

Canadian Funds

Unaudited

ASSETS		**As at June 30, 2005 (Unaudited)**		As at September 30, 2004 (Audited)
Current Assets				
Cash and cash equivalents	**$**	**2,266,186**	$	327,230
Receivables and prepaid expenses		**85,370**		17,698
Due from related parties		**-**		23,574
		2,351,556		368,502
Deferred Issuance Costs *(Note 3)*		**49,181**		-
Property and Equipment, *net (Note 4)*		**1,790**		-
Resource Properties *(Note 5)*		**613,269**		471,329
	$	**3,015,796**	$	839,831

LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**38,955**	$	12,893
Due to related parties *(Note 8)*		**34,433**		76,983
		73,388		89,876
Continued Operations *(Note 1)*				
Commitments *(Note 12)*				
Shareholders' Equity				
Capital stock *(Note 6)*		**4,215,029**		388,680
Special warrants *(Note 6)*		**-**		977,450
Deficit – *Statement 2*		**(1,272,621)**		(616,175)
		2,942,408		749,955
	$	**3,015,796**	$	839,831

APPROVED BY THE BOARD OF DIRECTORS:

"Robert Giustra", Director

"Ken Judge", Director

- See Accompanying Notes -

Columbus Gold Corporation Statement 2

(Formerly Purple Vein Resources Ltd.)
(A Development Stage Company)

Interim Consolidated Statement of Operations and Deficit

For the Periods Ending

Canadian Funds

Unaudited

	Three Months Ended June 30, 2005	**Nine Months Ended June 30, 2005**	Three Months Ended June 30, 2004	Nine Months Ended June 30, 2004
Expenses				
Consulting *(Note 8)*	**$ 23,878**	**$ 201,935**	$ 5,000	$ 19,750
Management fees *(Note 8)*	**15,000**	**34,000**	31,500	85,000
Professional fees	**42,502**	**106,470**	50,569	52,356
Bad debts	**-**	**17,899**	-	-
Corporate administration fees *(Note 8)*	**19,200**	**40,419**		
Administration	**13,777**	**31,026**	11,492	31,954
Director fees *(Note 8)*	**11,964**	**23,964**	-	-
Investor relations	**1,875**	**4,867**	-	-
Travel, advertising and promotion	**5,128**	**6,988**	27,487	47,087
Foreign exchange loss (gain)	**(7,544)**	**(6,316)**	130	(547)
General exploration	**215,487**	**215,487**	-	-
Amortization	**576**	**768**	-	216
Automotive (recovery)	**-**	**(1,549)**	-	5,946
Loss Before Other Items	**(341,843)**	**(675,958)**	(126,178)	(241,762)
Other Items				
Interest and other income	**13,288**	**19,512**	24	834
Write-off of deferred issuance costs	**-**	**-**	-	(34,090)
Loss for the Period	**(328,555)**	**(656,446)**	(126,154)	(275,018)
Deficit - Beginning of period	**(944,066)**	**(616,175)**	(229,615)	(80,751)
Deficit - End of Period	**$ (1,272,621)**	**$ (1,272,621)**	$ (355,769)	$ (355,769)
Loss per share – Basic and Diluted	**$ (0.03)**	**$ (0.06)**	$ (0.02)	$ (0.05)
Weighted Average Number of Common Shares Outstanding	**12,817,004**	**10,909,952**	6,380,100	5,098,049

- See Accompanying Notes -

Columbus Gold Corporation Statement 3

(Formerly Purple Vein Resources Ltd.)
(A Development Stage Company)

Interim Consolidated Statement of Cash Flows

For the Periods Ending

Canadian Funds

Unaudited

	Three Months Ended June 30, 2005	**Nine Months Ended June 30, 2005**	Three Months Ended June 30, 2004	Nine Months Ended June 30, 2004
Cash Flows from Operating Activities				
Loss for the period	**$ (328,555)**	**$ (656,446)**	$ (126,154)	$ (275,018)
Item not affecting cash:				
Amortization	**576**	**768**	-	216
Shares issued in exchange for services	**-**	**30,000**	-	-
Changes in non-cash working capital items:				
Increase in receivables	**(5,131)**	**(12,825)**	(511)	(12,370)
Increase in prepaid expenses and deposits	**(54,848)**	**(54,848)**	7,812	(16,285)
Increase in accounts payable and accrued liabilities	**9,324**	**26,062**	42,044	42,888
Decrease in amounts due from related parties	**-**	**23,574**	-	(13,307)
Decrease in amounts due to related parties	**(120,050)**	**(42,550)**	(14,110)	(14,110)
Net cash used in operating activities	**(498,684)**	**(686,265)**	(90,919)	(287,986)
Cash Flows from Investing Activities				
Acquisition of resource property	**(6,048)**	**(6,048)**	-	(331,593)
Mineral properties expenditures	**37,367**	**(120,892)**	(29,510)	(35,283)
Purchase of property, plant and equipment	**-**	**(2,558)**	-	(864)
Net cash used in investing activities	**31,319**	**(129,498)**	(29,510)	(367,740)
Cash Flows from Financing Activities				
Shares issued in exchange for cash	**-**	**2,836,371**	-	685,849
Share issuance costs	**(4,682)**	**(32,471)**	-	(38,760)
Deferred share issuance costs	**(38,638)**	**(49,181)**	-	-
Net cash provided by financing activities	**(43,320)**	**2,754,719**	-	647,089
Net Increase (Decrease) in Cash and Cash Equivalents	**(510,685)**	**1,938,956**	(120,429)	(8,637)
Cash and cash equivalents -beginning of period	2,776,871	327,230	127,730	15,938
Cash and Cash Equivalents - End of Period	**$ 2,266,186**	**$ 2,266,186**	$ 7,301	$ 7,301
Cash and Cash Equivalents include:				
Cash	**$ 63,922**	**$ 63,922**	$ 2,162	$ 2,162
Term deposit	**2,202,125**	**2,202,125**	-	-
Legal trust accounts	**139**	**139**	5,139	5,139
Total	**$ 2,266,186**	**$ 2,266,186**	$ 7,301	$ 7,301
Supplemental Disclosure for Non-Cash Investing and Financing Activities				
Shares issued for mineral property	**$ 15,000**	**$ 15,000**	$ -	$ -
Shares issued for services	**$ 30,000**	**$ 30,000**	$ -	$ -

-See Accompanying Notes -

1. Nature and Continued Operations

Columbus Gold Corporation (formerly Purple Vein Resources Ltd., the "Company") was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. The Company changed its name to Columbus Gold Corp. effective December 20, 2004. Its principal business activities are the exploration and development of resource properties. All of the Company's resource properties are located in the United States.

The Company is in the process of exploring and developing its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

2. Significant Accounting Policies

Basis of Presentation

These interim consolidated financial statements are presented in accordance with generally accepted accounting principles ("GAAP") applicable in Canada. These interim consolidated financial statements include the accounts of Columbus Gold Corp. and its wholly owned subsidiary Columbus Gold (U.S.) Corporation. All inter-company transactions and balances have been eliminated upon consolidation. Columbus Gold (U.S.) Corporation was incorporated on March 17, 2005.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, trust accounts and investments with original maturities of less than 90 days.

2. Significant Accounting Policies - *Continued*

Deferred Issuance Costs

Costs related to shares not yet issued are recorded as deferred issue costs. Deferred issue costs consist primarily of corporate finance fees and professional fees. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued. Any financing costs which do not directly relate to the issuance of shares are expensed as incurred.

Resource Properties

Costs related to the acquisition, exploration, and development of resource properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized on the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration, and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned or management deems there to be an impairment in value, the property is written down to its net realizable value.

The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining titles, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Future Income Taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Earnings (Loss) Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

2. Significant Accounting Policies - *Continued*

Share Capital

i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced.

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Translation of Foreign Currencies

Monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items are translated at historic exchange rates and revenue and expense items are translated at the average rate prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year that they occur.

Asset Retirement Obligations

The Company's mineral exploration and development activities are subject to various laws and regulations regarding protection of the environment. As a result the Company incurs expenses from time to time to discharge its obligations under these laws and regulations. Certain of these expenses meet the definition of an asset and other expenses do not meet this definition. The assets are capitalized and the other costs are expensed as incurred.

When estimating the costs that are expected to be incurred, there are many factors to be considered such as the extended period over which the costs are to be incurred, the discount factors, and significant judgments and estimates. As such the fair value of the retirement obligations could change materially from year to year. In addition, changes in laws and regulations could cause significant changes in the expected costs and the related fair value.

During the period, management determined that there was no change to the estimates for asset retirement.

3. Deferred Issuance Costs

The Company incurred $49,181 in costs relating to its initial public offering during the period ending June 30, 2005. Costs related to the current initial public offering are recorded as deferred issuance costs and will be charged against the gross proceeds raised from the initial public offering or charged to operations if the offering does not complete. The balance consisted of $46,997 in legal fees and $2,184 in audit and accounting fees.

4. Property and Equipment

	Cost	Accumulated Amortization	**2005 Net Book Value**	2004 Net Book Value
Computer equipment - 30%	$ 2,558	$ 768	**$ 1,790**	$ -

5. Resource Properties

Title to Resource Properties

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

A summary of resource properties and deferred exploration costs is as follows:

	September 30, 2004	Acquisition Cost	Deferred Exploration	Write-down/ Depreciation	**June 30, 2005**
Golden Mile	$ 100,002	$ 15,000	$ 16,522	$ -	**$ 131,524**
Utah Camp Clipper Project	346,003	-	16,631	-	**362,634**
Dutch Flat Project	1,053	6,048	27,284	-	**34,385**
Chert Cliff Project	1,251	-	8,411	-	**9,662**
Silver District	14,846	-	6,715	-	**21,561**
Four Metals Project	8,174	-	2,957	-	**11,131**
Other Properties		27,763	14,609	-	**42,372**
Total American Properties	$ 471,329	$ 48,811	$ 93,129	$ -	**$ 613,269**

	September 30, 2003	Acquisition Cost	Deferred Exploration	Write-down/ Depreciation	**September 30, 2004**
Golden Mile	$ 47,681	$ -	$ 52,321	$ -	**$ 100,002**
Utah Camp Clipper Project	266,013	-	79,990	-	**346,003**
Dutch Flat Project	1,053	-	-	-	**1,053**
Chert Cliff Project	1,251	-	-	-	**1,251**
Silver District	14,846	-	-	-	**14,846**
Four Metals Project	8,174	-	-	-	**8,174**
Total American Properties	$ 339,018	$ -	$ 132,311	$ -	**$ 471,329**

5. Resource Properties - *Continued*

Golden Mile Property

Pursuant to a mineral lease agreement (the "agreement"), dated December 9, 2003, between the Company and Nevada Mine Properties II Inc. ("Nevada Mine"), the Company acquired the right to earn a 100% interest in the Golden Mile Property located in Nevada, U.S.A. which includes the CMA, MA, Martin and Walsh claims. As consideration, the Company must issue and pay the following:

Shares

- 300,000 pre-consolidated common shares (issued);
- 150,000 pre-consolidated common shares on the first anniversary of the agreement (issued);
- 150,000 pre-consolidated common shares (75,000 post-share consolidated) on the second anniversary of the agreement; and

Cash

- $2,500 on the first anniversary of the agreement (paid);
- $5,000 on the second anniversary of the agreement;
- $7,500 on the third anniversary of the agreement;
- $25,000 on the fourth anniversary of the agreement and thereafter until production commences.

The above payments can be deducted from subsequent production royalties.

In addition, the Company has agreed to:

- Pay for all charges incurred on the Golden Mile Property;
- A 3.5% net smelter returns royalty ("NSR") from sale of gold on the CMA and MA claims; and
- A 0.5% NSR from sale of gold on the Martin and Walsh claims.

The Company can buy up to 2% of the royalty from the CMA and MA claims for $1,750,000 per percentage point upon completion of a bankable feasibility study or when ore production occurs.

The Lands Properties

The Company entered into an agreement dated March 10, 2003, with Hidefield PLC ("Hidefield") to acquire certain mineral properties in Nevada and Arizona, known as the Lands Properties. The president of Hidefield is also a director of the Company. As consideration, the Company was required to raise $250,000 and issue 2,500,000 common shares (issued). The following properties were acquired:

- Utah Camp Clipper Project (100% interest)
- Dutch Flat Project (83% interest)
- Chert Cliff Project (100% interest)
- Silver District (100% interest)
- Four Metals Copper Project (50% interest)

These properties are subject to a 1.5% NSR.

5. Resource Properties - *Continued*

On May 31, 2005, the Company obtained the option to acquire the remaining 17% interest in the Dutch Flat Project in exchange for USD$5,000 (paid) and the issuance of 20,000 common shares.

Belaustiqui Lease

On April 18, 2005, the Company entered an agreement (the "Belaustegui Lease") with third parties (the "lessors") whereby the Company leased an additional 7 patented lode claims in Lander Country, Nevada for a term of 20 years to conduct exploration and mining operations. The Belaustegui Lease is subject to a 3% NSR, and provides for the payment of specified advance minimum royalty payments on an annual basis as follows:

Date	Amount (in USD)
Execution of Agreement	$5,000
1st Anniversary	$5,000
2nd Anniversary	$5,000
3rd Anniversary	$7,500
4th Anniversary	$7,500
5th Anniversary	$7,500
6th and subsequent Anniversaries*	$10,000

*On the 7th and subsequent anniversaries, payments will be adjusted to inflation.

In the event that the Company disposes of the mining claims to the US Bureau of Land Management, it will pay two-thirds of the proceeds realized to the lessors.

Nevada Sunrise Agreement

On June 30, 2005, the Company entered into an agreement (the "Nevada Sunrise Agreement") with Nevada Sunrise LLC ("Nevada Sunrise") pursuant to which the Company acquired by quitclaim deed from Nevada Sunrise eleven unpatented mineral claims comprising 220 acres for USD$10,000 for reimbursement of past costs. The Nevada Sunrise Agreement obligates the Company to maintain the properties, and grants to Nevada Sunrise a 1% NSR over all the Dutch Flat Project claims. It also provides that if the Company fails or elects not to maintain the properties, then it will quitclaim the properties back to Nevada Sunrise.

Other Properties

During the period, the Company staked additional properties in Nevada and Arizona, including the Linka Property, the Redbird Property, the Clanton Hills Property, the Clara Property and the Pete's Summit Property. Initial work has begun on these properties.

6. Capital Stock

	Number of Shares		Amount
Authorized			
Unlimited common shares without par value			
Common Shares Issued			
For cash	3,580,100	$	3,680
For acquisition of resource properties	2,800,000		280,000
Balance, as at December 31, 2003	6,380,100		283,680
In exchange for services rendered	800,000		105,000
Balance, as at September 30, 2004	**7,180,100**	**$**	**388,680**
Consolidation of shares at 2:1 ratio *	(3,590,050)		-
Common shares issued for cash [1 and 2]	2,769,953		1,763,986
Conversion of $0.20 special warrants to shares	2,637,250		527,450
Exercise of warrants at $0.50 per share	2,144,750		1,072,385
Shares issued as settlement of acquisition of mineral property agreement – non-cash	75,000		15,000
In exchange for services rendered	100,000		30,000
Conversion of $0.30 special warrants to shares	1,500,001		450,000
Share issuance costs	-		(32,472)
Balance, as at June 30, 2005	**12,817,004**	**$**	**4,215,029**

* Effective December 20, 2004, the Company consolidated its share capital on the basis of 2:1. All special warrants issued prior to this date have been restated for the current period.

1. During the previous period, the Company had a private placement of 696,619 common shares at a per unit price of $0.30 with total proceeds of $208,986.

2. During the previous period, the Company had a private placement of 2,073,334 common shares at a per unit price of $0.75 with total proceeds of $1,555,000

Escrow Shares

Pursuant to an escrow agreement dated as of June 21, 2005 between the Company, Computershare (the “escrow agent”) and the certain principals of the Company, the principals agreed to deposit in escrow their common shares totaling 3,987,121 shares with the escrow agent. The escrow agreement provides that the escrow shares will be released from escrow in equal blocks of 15% of the principal’s escrow shares at 6 month intervals over the 36 months following the issue of the final receipt of the Initial Public Offering Prospectus, with 10% of each principal’s holdings being exempt from the escrow provisions.

6. Capital Stock – *Continued*

Special Warrants

During the period ended June 30, 2005, the Company did not issue any Special Warrants (September 30, 2004 – 3,000,000 at $0.15 per special warrant for cash). They were convertible at no additional cost, into one common share and one warrant exercisable at $0.15 per warrant for a period of two years from the date of issue. In addition, during the previous period ended March 31, 2005, no Special Warrants were issued for services (September 30, 2004 - 187,500 special warrants were issued at a price of $0.10 per Special Warrant for finders' fees and 100,000 Special Warrants were issued at a price of $0.10 per Special Warrant for services).

Special Warrants Issued	Number of Special Warrants		Amount
For cash at $0.10 per special warrant	4,987,000	$	498,700
In exchange for services rendered at deemed price of $ 0.10	187,500		18,750
Balance, as at December 31, 2003	5,174,500		
For cash at $0.15 per special warrant	3,000,000		450,000
In exchange for services rendered at a deemed price of $0.10	100,000		10,000
Balance, as at September 30, 2004	8,274,500		977,450
Consolidation of special warrants on a 2:1 basis *	(4,137,250)		-
Exercise of $0.20 special warrants during period	(2,637,250)		(527,450)
Exercise of $0.30 special warrants during period	(1,500,000)		(450,000)
Balance, as at June 30, 2005	**-**	**$**	**-**

* Effective December 20, 2004, the Company consolidated its share capital on the basis of 2:1. All special warrants issued prior to this date have been restated for the current period.

Warrants Outstanding	Number	Amount
Balance, as at June 30, 2005, expiry date December 31, 2005	442,500	$ 0.50

Stock Options

During the current period, the Board of directors approved the grant of an aggregate of 1,565,000 stock options to directors, officers and employees of the Company. These options are exercisable at $0.85 per share and expire in five years from approval. These options are not exercisable until the Company completes its initial public offering therefore no stock based compensation has been recognized during the period.

7. Supplemental Disclosures with Respect to Cash Flows

	Period Ended June 30, 2005	Period Ended September 30, 2004
Cash paid during the period for income taxes	**$ -**	$ -
Cash paid during the period for interest	**$ 8**	$ -

The Company issued 75,000 common shares at a deemed price of $0.20 as part of the Golden Mile purchase agreements anniversary conditions during the previous period ending March 31, 2005.

The Company issued 100,000 shares at a deemed price of $0.30 per share for services rendered in accordance with the Hamilton Capital Partner agreement *(Note 12b)*.

8. Related Party Transactions

The following are related party transactions for the period ended June 30, 2005 and June 30, 2004:

	Corp Admin and Prof fees	Consulting Fees	Management Fees	Director Fees
John Prochnau	$ -	$ 22,935	$ -	$ 6,000
Hamilton Capital Ltd.	-	179,000	-	6,000
Robert Giustra	-	-	34,000	6,000
Gil Atzmon	-	-	-	5,964
RWA Management Ltd.	59,700	-	-	-
Balance for period ending June 30, 2005	$ 59,700	$ 201,935	$ 34,000	$ 23,964

	Prof. and Admin fees	Consulting Fees	Management Fees	Director Fees
William Fyvie	$ -	$ -	$ 85,000	$ -
James O'Brien	-	19,750	-	-
Balance for period ending June 30, 2004	$ -	$ 19,750	$ 85,000	$ -

At June 30, 2005, $34,433 (June 30, 2004 - $76,983) was due to directors of the Company for reimbursement of expenses and acquisition costs of resources properties, directors and management fees. The amount due bears no interest and is due on demand.

During the previous period, management has made a full allowance of $17,899 for amounts owing from former directors as collectability is not assured.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	June 30, 2005	September 30, 2004
Loss for the period	**$ 648,580**	$ 455,228
Income taxes (recovery)	**$ (230,894)**	$ (162,061)
Unrecognized benefit of non-capital losses	**230,894**	162,061
Total income taxes (recovery)	**$ -**	$ -
Future income tax assets:		
Loss carry-forwards	**$ 450,252**	$ 219,358
Less: valuation allowances	**(450,252)**	(219,358)
Net future tax assets	**$ -**	$ -

The significant components of the Company's future tax assets are as follows:

The Company has loss carry-forwards available for deduction against future taxable income of approximately $1,124,689 (September 30, 2004 - $616,000). These losses, if not utilized, will expire commencing in 2010. Subject to certain restrictions, the Company also has resource expenditures available of approximately $613,000 (September 30, 2004 - $470,000) to reduce taxable income in future years. Future tax benefits which may arise as a result of the non-capital losses have been offset by a valuation allowance due to the uncertainty of their realization.

10. Segmented Information

The Company primarily operates in one reportable operating segment, being the exploration and development of resource properties in the United States.

11. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

12. Commitments

a) In January 2005, the Company entered into an exclusive three year agreement with Cordilleran Exploration Co. ("Cordex") to design, initiate and carry out generative mineral activities in Nevada, and elsewhere in the United States on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's current portfolio of properties. The Company has agreed that Cordex will be provided general operating costs, exclusive of third party contractor expenses, of US$30,000 per month including a management fee to Cordex of US$12,500. The budget for the initial six-month period starting January 1, 2005 to June 30, 2005 is for US$250,000 (incurred) inclusive of the monthly operating costs outlined above.

   Cordex will also receive for properties they bring to the Company a 2% NSR on staked claims, for claims or mineral rights acquired from third parties which include an existing NSR it shall be the difference between a 4% and the third party royalty provided, however, it shall be no less than 1% and not greater than 2%.

   An area of influence of two miles will exist for all properties acquired by the Company and Cordex becomes subject to this agreement for these properties.

b) By agreement dated March 1, 2005 with Hamilton Capital Partners Limited ("Hamilton") the Company agrees to pay Hamilton 100,000 shares (issued) and $125,000 ($75,000 paid during the previous period and the $50,000 balance paid during the current period) as consideration for Hamilton's role in restructuring and reorganizing of the Company.

c) During the previous period, the Company signed the following agreements:

   i) A service agreement (amended April 1, 2005) with a company controlled by an officer of the Company. Pursuant to the terms of the agreement, the Company will pay a monthly service fee of $9,400 (previously $6,500) until December 2008.

   ii) A consulting agreement with an officer of the Company, whereby the Company is required to pay an annual compensation of $60,000 to the officer. The officer can terminate the agreement with prior written notice.

   iii) A consulting agreement, with a director of the Company, whereby the Company is required to pay an annual compensation of $48,000 per year to the director. The director can terminate the agreement with prior written notice.

13. Comparative Numbers

The numbers provided for comparative purposes for the consolidated balance sheet were the subject of an unqualified audit opinion by another firm of accountants, and the numbers provided for comparative purposes for the consolidated statements of operations and deficit and cash flows were prepared by management.

14. Initial Public Offering

The Company is planning to offer, by way of Initial Public Offering ("IPO") on the TSX Venture Exchange ("the Exchange"), a minimum of 2,352,942 and a maximum of 3,529,411 units (the "Units") at a price of $0.85 per Unit (the "Offering") for total gross proceeds of between $2,000,000 to $3,000,000. Each Unit consists of one common share of the Company and one warrant (a "Warrant"). Each warrant will entitle the holder to acquire one additional common share at an exercise price of $1.25 per share for a period of eighteen (18) months from the closing of the Offering.

The Company has entered into an agency agreement with Global Securities Corporation (the "Agent") to assist the Company in distribution of its securities in connection with the IPO. The Agent is entitled to up to a cash commission equal to 10% of the gross proceeds of the sale of the Units, Agent's Warrants equal to 10% of the number of Units sold under the Offering at a price of $1.25 per Agent's Warrant Share for a period of eighteen (18) months following the closing date and a $25,000 (plus GST) non-refundable corporate finance fee.

15. Subsequent Event

On September 5, 2005, the Company entered into an assignment agreement with Golden West Resources Ltd. ("Golden West"), whereby Golden West agreed to assign to the Company all of its rights, title and interest in and to certain lease agreements respecting certain mineral properties in Nevada known as the Orbit Property, the Crestview Property, the Blue Spider Property and the Laura Property (the "Golden Properties"). As consideration for the assignment, the Company agreed to pay to Golden West US$25,000 (paid), reimburse Golden West for a total of US$61,400 (paid) in past costs, assume US$8,875 (paid) in obligations to the underlying lessors and issue 1,000,000 common shares of the Company. The shares are subject to a pooling agreement to be released as follows:

Date	**Number of shares**
Upon closing of the agreement	100,000
6 months after the IPO	225,000
12 months after the IPO	225,000
18 months after the IPO	225,000
24 months after the IPO	225,000