PURPLE VEIN RESOURCES LTD.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

AUDITORS' REPORT

To the Directors of
Purple Vein Resources Ltd.

We have audited the balance sheets of Purple Vein Resources Ltd. as at September 30, 2004 and December 31, 2003 and the statements of operations and deficit and cash flows for the nine month period ended September 30, 2004 and for the period from incorporation on May 14, 2003 to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2004 and December 31, 2003 and the results of its operations and its cash flows for the nine month period ended September 30, 2004 and for the period from incorporation on May 14, 2003 to December 31, 2003 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY"
Chartered Accountants

Vancouver, Canada

November 5, 2004

PURPLE VEIN RESOURCES LTD.
Balance Sheets
As at September 30, 2004 with comparative figures from December 31, 2003

	2004	2003
ASSETS		
Current assets		
Cash and equivalents	$327,230	$268,307
Receivables	17,698	1,886
Due from related parties (Note 8)	23,574	-
Prepaid expenses and deposits	-	15,069
Deferred issuance costs (Note 3)	-	48,760
	368,502	334,022
Equipment (Note 4)	-	1,225
Resource properties (Note 5)	471,329	339,018
	$839,831	$674,265
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$12,893	$2,000
Due to related party (Note 8)	76,983	50,832
	89,876	52,832
Shareholders' equity		
Capital stock (Note 6)	388,680	283,680
Special warrants (Note 6)	977,450	498,700
Deficit	(616,175)	(160,947)
	749,955	621,433
	$839,831	$674,265

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Robert Giustra" Director
Robert F. Giustra

"Ken Judge" Director
Kenneth P. Judge

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

PURPLE VEIN RESOURCES LTD.
Statements of Operations and Deficit
For the Nine Month Period Ending September 30, 2004 with comparative figures
For the period from May 14th to December 31, 2003

	2004	2003
EXPENSES		
Administration	$ 14,326	$ 14,256
Amortization	775	216
Automotive	7,596	4,112
Bank charges and interest	580	491
Consulting (note 8)	123,500	-
Director fees (note 8)	30,000	-
Finance fees	-	34,090
Foreign exchange loss (gain)	1,215	(677)
Management fees (note 8)	63,000	94,500
Professional fees	114,548	$1,030
Telephone and utilities	7,471	4,653
Travel, advertising and promotion	43,824	8,292
Loss before other items	406,835	160,963
OTHER ITEMS		
Interest and other income	(817)	(16)
Write-off of deferred issuance costs (note 3)	48,760	-
Write-off of equipment	450	-
	48,393	(16)
Loss for the period	455,228	160,947
Deficit, beginning of period	160,947	-
Deficit, end of period	$616,175	$160,947
Basic and diluted loss per common share	($0.04)	($3.27)
Weighted average number of common shares outstanding	11,699,536	49,209

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

PURPLE VEIN RESOURCES LTD.
Statements of Cash Flows
Period from January 1 to September 30, 2004 with comparative figures from May 14 to December 31, 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	($455,228)	($160,947)
Items not affecting cash:		
Amortization	775	216
Write-off of deferred issuance costs	48,760	-
Write-off of equipment	450	
Shares issued and special warrants in exchange for services rendered	115,000	-
Special warrants issued for finders' fees	18,750	-
Changes in non-cash working capital items:		
Increase in receivables	(15,812)	(1,886)
(Increase) decrease in prepaid expenses and deposits	15,069	(15,069)
Increase in accounts payable and accrued liabilities	10,893	2,000
Net cash used in operating activities	(261,343)	(175,686)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(1,441)
Acquisition of properties	(132,311)	(59,018)
Net cash used in investing activities	(132,311)	(60,459)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred issuance costs	-	(48,760)
Due to related party	26,151	50,832
Due from related party	(23,574)	-
Shares issued for cash	-	3,680
Special warrants issued for cash	450,000	498,700
Net cash provided by financing activities	452,577	504,452
Change in cash and equivalents during the period	58,923	268,307
Cash and equivalents, beginning of period	268,307	-
Cash and equivalents, end of period	$327,230	$268,307
The components of cash and equivalents are as follows:		
Cash	$106,888	$68,307
Legal Trust accounts	220,342	-
Money market fund	-	200,000
	$327,230	$268,307

Supplemental disclosures with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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. 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 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

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 equivalents

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Equipment is recorded at cost. The Company amortizes its equipment over their estimated useful lives using the declining balance method as follows:

Computers -	30% per annum

In the year of acquisition, only one-half of the normal amortization is recorded.

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.

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.

3. DEFERRED ISSUANCE COSTS

The Company incurred $48,760 in costs relating to its initial public offering. These costs were initially recorded as deferred issuance costs but were charged to earnings as the initial public offering was not completed. Costs related to the current initial public offering will be 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 $25,000 in agent's fees, $11,760 in legal fees, and $12,000 in audit and accounting fees.

4. EQUIPMENT

Equipment was written off during the nine month period ended September 30, 2004. The balance as of December 31, 2003 was as follows:

	Cost	Accumulated Amortization	Net Book Value
Computer	$ 1,441	$ 216	$ 1,225

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:

	CMA Property	**The Lands Properties**	**Total**
Acquisition costs, date of incorporation	$ -	$ -	$ -
Additions	40,256	291,337	331,593
Acquisition costs, December 31, 2003	40,256	291,337	$ 331,593
Additions	18,090	61,101	79,191
Acquisition costs, September 30, 2004	58,346	352,438	410,784
Deferred exploration, date of incorporation	-	-	-
Additions - consulting	7,425	-	7,425
Deferred exploration costs, December 31, 2003	7,425	-	7,425
Additions - consulting	34,232	18,888	53,120
Deferred exploration costs, September 30, 2004	41,657	18,888	60,545
Resource properties and deferred exploration costs, December 31, 2003	$ 47,681	$ 291,337	$ 339,018
Resource properties and deferred exploration costs, September 30, 2004	$ 100,003	$ 371,326	$ 471,329

5. RESOURCE PROPERTIES (cont'd…)

CMA 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 CMA Property located in Nevada, U.S.A. which includes the MA, Martin and Walsh claims. As consideration, the Company must issue and pay the following:

Shares

- 300,000 common shares (issued);
- 150,000 common shares on the first anniversary of the agreement;
- 150,000 common shares on the second anniversary of the agreement; and

Cash

- $2,500 on the first anniversary of the agreement;
- $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 CMA Property;
- A 3.5% net smelter returns royalty from sale of gold on the CMA and MA claims; and
- A 0.5% net smelter returns royalty 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 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)

6. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value and		
100,000,000 preference 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

Special warrants

During the period ended September 30, 2004, the Company issued 3,000,000 Special Warrants at a price of $0.15 per special warrant for cash (2003 - 4,987,000 at $0.10 per special warrant for cash). They are exercisable into one common share at no additional cost, and one warrant exercisable at $0.25 per warrant for a period of two years from the date of issue. In addition, 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.

Warrants and options

As at September 30, 2004 and December 31, 2003 no other warrants or stock options were outstanding.

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Period Ended September 30, 2004	Period Ended December 31, 2003
Cash paid during the period for income taxes	$ -	$ -
Cash paid during the period for interest	$ -	$ -

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd…)

The following non-cash transactions occurred during the period ended September 30, 2004:

a) The company issued 500,000 common shares at $0.15 and 400,000 at $0.10 per common share in exchange for consulting services and director fees to former directors of the Company.

b) The Company issued 187,500 special warrants as a finders' fee as described in Note 6.

c) The Company issued 100,000 special warrants for services as described in Note 6.

The following non-cash transactions occurred during the period ended December 31, 2003:

a) The Company issued 2,800,000 common shares for the acquisition of resource properties as described in Note 5.

8. RELATED PARTY TRANSACTIONS

The following are related party transactions for the period ended September 30, 2004 and December 31, 2003:

September 30, 2004	**Consultin g Fees**	**Management Fees**	**Director Fees**
William Fyvie (former president of the Company)	$ -	$ 63,000	$ 10,000
James O'Brien (former director of the Company)	19,750	-	10,000
Ron Bader (former director of the Company)	-	-	10,000
John Anderson (former director of the Company)	37,500	-	-
Nick Ferris (former director of the Company)	37,500	-	-
Balance for period ending September 30, 2004	**$ 94,750**	**$ 63,000**	**$ 30,000**

December 31, 2003	**Consultin g Fees**	**Management Fees**	**Director Fees**
William Fyvie (former president of the Company)	$ -	$ 94,500	$ -
James O'Brien (former director of the Company)	-	-	-
Ron Bader (former director of the Company)	-	-	-
John Anderson (former director of the Company)	-	-	-
Nick Ferris (former director of the Company)	-	-	-

Balance for period ending December 31, 2003	**$**	**-**	**$**	**94,500**	**$**	**-**

8. RELATED PARTY TRANSACTIONS (cont'd…)

At September 30, 2004, $76,983 was due to a director of the Company for reimbursement of expenses and acquisition costs of resources properties paid by that director. The amount due bears no interest and is due on demand.

At December 31, 2003, $50,832 was due to the former president of the Company for management fees.

At September 30, 2004, $23,574 (2003- $nil) was due from the former president and a former director of the Company. The amount due bears no interest and is due on demand.

The fair value of the amounts due from and due to related parties is not determinable as they have no fixed terms of repayment.

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:

	2004	2003
Loss for the period	$(455,228)	$(160,947)
Income taxes (recovery)	$(162,061)	$ (60,516)
Unrecognized benefit of non-capital losses	162,061	60,516
Total income taxes (recovery)	$ -	$ -
Future income tax assets:		
Loss carryforwards	$ 219,358	$ 57,544
	219,358	57,544
Less: valuation allowances	(219,358)	(57,544)
Net future tax assets	$ -	$ -

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

The Company has available for deduction against future taxable income non-capital losses of approximately $616,000 (2003 - $161,000). These losses, if not utilized, will expire commencing in 2010. Subject to certain restrictions, the Company also has resource expenditures available of approximately $470,000 (2003- $339,000) 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 equivalents, receivables, due from related party, accounts payable and accrued liabilities and due to related party. 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. SUBSEQUENT EVENT

Subsequent to the period, the Company exchanged 5,174,500 of the special warrants into capital stock of the Company.