NEWPORT EXPLORATION LTD.

FINANCIAL STATEMENTS

JANUARY 31, 2005
(prepared by management without audit)

NEWPORT EXPLORATION LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NEWPORT EXPLORATION LTD.
BALANCE SHEETS
(unaudited – prepared by management)

	Jan 31, 2005	Jul 31, 2004
ASSETS		
Current		
Cash and equivalents	$ 81,949	$ 364,035
Term deposits	1,870,562	1,848,909
Marketable securities (Note 3)	13,975	13,975
Receivables	10,077	6,629
Prepaids	46,478	137,035
	2,023,041	2,370,583
Equipment (Note 4)	81,227	84,880
Mineral properties (Note 5)	255,987	4,912
	$ 2,360,255	$ 2,460,375
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 34,776	$ 15,060
Current portion of obligation under capital lease (Note 6)	23,261	28,461
	58,037	43,521
Shareholders' equity		
Capital stock (Note 7)	34,323,271	34,305,271
Contributed surplus (Note 7)	59,443	59,443
Deficit	(32,080,496)	(31,947,860)
	2,302,218	2,416,854
	$ 2,360,255	$ 2,460,375

Nature and continuance of operations (Note 1)
Commitment (Note 13)
Subsequent events (Note 14)

On behalf of the Board:

"Ian Rozier" Director   "Barbara Dunfield" Director

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

NEWPORT EXPLORATION LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
(unaudited – prepared by management)

	For the Three-Months Ended Jan 31, 2005	For the Three-Months Ended Jan 31, 2004	For the Six-Months Ended Jan 31, 2005	For the Six-Months Ended Jan 31, 2004
EXPENSES				
Administrative services	$ 7,500	$ 7,500	$ 15,000	$ 7,500
Amortization	6,920	6,600	13,798	13,526
Consulting	22,760	44,202	43,400	69,359
Foreign exchange	9,190	-	9,190	-
Management fees	9,000	9,000	18,000	20,000
Office and miscellaneous	11,179	2,920	19,114	5,298
Printing	4,832	4,161	4,832	4,161
Professional fees	1,033	5,734	3,433	6,035
Regulatory and transfer agent fees	9,139	16,605	10,207	16,859
Rent	6,000	4,500	12,000	13,500
Shareholder information	584	7,507	7,181	8,019
Travel and related costs	1,324	10,333	2,432	20,350
Loss before other items	(89,461)	(119,062)	(158,587)	(184,607)
OTHER ITEMS				
Interest income	11,348	6,699	22,363	7,858
Petroleum sales (net)	-	817	-	817
Write-down of marketable securities (Note 3)	-	-	-	(5,503)
Recovery of petroleum exploration costs	-	-	3,588	-
	11,348	7,516	25,951	3,172
Loss for the period	(78,113)	(111,546)	(132,636)	(181,435)
Deficit, beginning of period	(32,002,383)	(31,585,724)	(31,947,860)	(31,515,835)
Deficit, end of period	$ (32,080,496)	$ (31,697,270)	$ (32,080,496)	$ (31,697,270)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	14,677,874	11,051,709	14,652,602	9,615,279

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

NEWPORT EXPLORATION LTD.
STATEMENTS OF CASH FLOWS
(unaudited – prepared by management)

	For the Three-Months Ended Jan 31, 2005	For the Three-Months Ended Jan 31, 2004	For the Six-Months Ended Jan 31, 2005	For the Six-Months Ended Jan 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (78,113)	$ (111,546)	$ (132,636)	$ (181,435)
Items not affecting cash:				
Amortization	6,920	6,600	13,798	13,526
Write-down of marketable securities	-	-	-	5,503
Changes in non-cash working capital items:				
(Increase) decrease in receivables	45	(8,863)	(3,448)	(7,827)
Decrease in prepaids	104,905	-	90,557	6,420
Increase (decrease) in accounts payable and accrued liabilities	(51,777)	(1,971)	19,716	(4,494)
Net cash used in operating activities	(18,020)	(115,780)	(12,013)	(168,307)
CASH FLOWS FROM INVESTING ACTIVITIES				
Leasehold improvements	(10,145)	-	(10,145)	-
Term deposits	(10,886)	-	(21,653)	-
Mineral properties	-	(64,706)	(60,000)	(64,706)
Deferred exploration costs	(65,746)	-	(173,075)	-
Exploration advances	-	(133,035)	-	(133,035)
Net cash used in investing activities	(86,777)	(197,741)	(264,873)	(197,741)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued for cash, net	-	1,919,062	-	1,919,062
Repayment of capital lease obligations	(2,490)	(2,489)	(5,200)	(4,964)
Net cash provided by financing activities	(2,490)	1,916,573	(5,200)	1,914,098
Change in cash and equivalents during the period	(107,287)	1,603,052	(282,086)	1,548,050
Cash and equivalents, beginning of period	189,236	518,607	364,035	573,609
Cash and equivalents, end of period	$ 81,949	$ 2,121,659	$ 81,949	$ 2,121,659

Supplemental disclosure with respect to cash flows (Note 10)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Newport Exploration Ltd. (the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company is primarily engaged in the acquisition and exploration of resource properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

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.

	Jan 31, 2005	Jul 31, 2004
Working capital	$ 1,965,004	$ 2,327,062
Deficit	(31,080,496)	(31,947,860)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the six month period ended January 31, 2005 are not necessarily indicative of the results that may be expected for the year ending July 31, 2005. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies as the annual financial statements. Accordingly, these financial statements should be read in conjunction with the 2004 annual financial statements and notes thereto.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquis ition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Deferred exploration costs

The Company defers all exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven and probable reserves available on the related property following commencement of production.

3. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	Jan 31, 2005	Jul 31, 2004
Cost	$ 22,542	$ 22,542
Market value	$ 13,975	$ 13,975

During the current period marketable securities were written-down by $Nil (2004 - $5,503) to reflect market value.

4. EQUIPMENT

	January 31, 2005			July 31, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automotive equipment under capital lease	$ 116,851	$ 106,852	$ 9,999	$ 116,851	$ 105,165	$ 11,686
Computer equipment	37,067	27,703	9,364	37,067	26,123	10,944
Furniture and fixtures	21,758	14,601	7,157	21,758	13,827	7,931
Leasehold improvements	105,816	51,109	54,707	95,671	41,352	54,319
	$ 281,492	$ 200,265	$ 81,227	$ 271,347	$ 186,467	$ 84,880

Included in automotive equipment is $116,851 (2004 - $116,851) of automotive equipment under capital lease with a net book value of $9,999. Amortization of the capitalized lease is combined with total amortization.

5. MINERAL PROPERTIES

Title to mineral 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 mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

5. MINERAL PROPERTIES (cont'd…)

	January 31, 2005
	Mulga Tank Nickel Project, Australia
Acquisition costs	
Balance, beginning of period	$ -
Acquisition costs	78,000
Balance, end of period	78,000
Deferred exploration costs	
Balance, beginning of period	4,912
Claim costs	7,889
Consulting	50,569
Drafting	1,430
Field administration	8,190
Field equipment	740
Field expenses	1,701
Field technicians	5,335
Geological	72,977
Geophysics	9,170
Travel and related costs	15,074
Balance, end of period	177,987
Total	$ 255,987

5. MINERAL PROPERTIES (cont'd…)

	July 31, 2004			
	Mantua Copper Project, Cuba	Franco Gold Project, Mexico	Mulga Tank Nickel Project, Australia	Total
Acquisition costs				
Balance, beginning of period	$ 100,000	$ -	$ -	$ 100,000
Acquisition costs	-	63,950	-	63,950
Written-off	(100,000)	(63,950)	-	(163,950)
Balance, end of period	-	-	-	-
Deferred exploration costs				
Balance, beginning of period	90,946	-	-	90,946
Geological	-	5,000	4,912	9,912
Recovery of costs	(89,417)	-	-	(89,417)
Written-off	(1,529)	(5,000)	-	(6,529)
Balance, end of period	-	-	4,912	4,912
Total	$ -	$ -	$ 4,912	$ 4,912

Mantua Copper Project, Cuba

During the year ended July 31, 2003, the Company entered into an option agreement to acquire an undivided 50% interest in the Mantua Copper Project (the "Project") in Cuba from Northern Orion Explorations Ltd. ("Northern Orion"). Upon exercise of the option, the Company would have acquired 100% of the issued and outstanding shares of Minera Mantua Inc., a wholly owned subsidiary of Northern Orion which owns a 50% interest in the Project. As consideration for the option, the Company issued to Northern Orion 400,000 common shares at an agreed value of $100,000.

During the year ended July 31, 2004, the Company decided to abandon this property and all costs were written-off to operations, of which $89,417 was recorded as a recovery of costs.

5. MINERAL PROPERTIES (cont'd…)

Franco Gold Project, Mexico

During the previous year, the Company entered into an agreement with Cardero Resource Corporation ("Cardero"), to acquire a 50% interest in the Franco Gold Project ("Franco") located in San Luis Potosi, Mexico. The Company paid $63,950 (US$50,000) upon signing the agreement. The Company was also required to incur US$250,000 in exploration expenditures on or before August 3, 2004, of which $128,035 (US$100,000) has been paid and recorded in prepaids, and make payments of US$80,000 to the underlying optioner of Franco by September 3, 2004. The property was subject to a 2% net smelter royalty.

During the period, the Company decided to abandon this property and $68,950 was written-off to operations in the year ended July 31, 2004.

The Company also received during the period a refund of prepaid exploration expenditures of $128,035.

Mulga Tank Nickel Project, Australia

The Company entered into an agreement with King Eagle Resources Pty Limited ("King Eagle") to acquire an 80% interest in an exploration license and a 75% interest in an application exploration license, collectively known as the Mulga Tank Nickel Project ("Mulga Tank") located in Western Australia. The Company is obligated to make a payment of $30,000 (paid) upon signing the option agreement and an additional $30,000 (paid) and issue 150,000 common shares (issued) upon closing the option agreement. The Company is also required to make staged payments totalling $540,000, issue 2,100,000 common shares and incur expenditures of $2,500,000 by September 2, 2007 as follows:

i) in year 1, pay $60,000, issue 300,000 common shares and incur expenditures of $250,000.
ii) in year 2, pay $90,000, issue 450,000 common shares and incur expenditures of $500,000.
iii) in year 3, pay $150,000, issue 600,000 common shares and incur expenditures of $750,000.
iv) in year 4, pay $240,000, issue 750,000 common shares and incur expenditures of $1,000,000.

Should Mulga Tank be placed in commercial production, a further 1,000,000 common shares will be issued to King Eagle.

6. OBLIGATION UNDER CAPITAL LEASE

	Jan 31, 2005	Jul 31, 2004
Total minimum lease payments	$ 28,461	$ 31,097
Amount representing interest	(5,200)	(2,636)
Balance of obligation	23,261	28,461
Less: current portion	(23,261)	(28,461)
	$ -	$ -

6. OBLIGATION UNDER CAPITAL LEASE (cont'd…)

The capital lease is for a corporate vehicle for use by a director of the Company.

7. CAPITAL STOCK

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
As at July 31, 2004	14,527,874	$ 34,305,271	$ 59,443
Acquisition of mineral property	150,000	18,000	-
As at January 31, 2005	14,677,874	$ 34,323,271	$ 59,443

8. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price, of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

At January 31, 2005, the Company had no outstanding stock options.

Warrants

At January 31, 2005, the Company had outstanding share purchase warrants, enabling holders to acquire shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,500,000	$ 0.35	July 8, 2005
5,841,400	0.45	December 16, 2005

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $36,000 (2004 - $40,000) to a company controlled by a director.

b) Paid or accrued management fees of $18,000 (2004 - $20,000) to a company controlled by a director.

c) Paid or accrued rent of $12,000 (2004 - $13,500) to a company controlled by a director.

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

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid during the period for interest	$ 2,075	$ 1,383

Significant non-cash transactions for the period ended January 31, 2005 include the issuance of 150,000 common shares at a value of $18,000 for the acquisition of a mineral property (Note 5).

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, term deposits, marketable securities, receivables, accounts payable and accrued liabilities and obligation under capital lease. 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 value of these financial instruments approximates their carrying values, unless otherwise noted.

12. SEGMENTED INFORMATION

The Company has one reportable operating segment, the acquisition and exploration of mineral properties. Geographical information is as follows:

	Canada	Australia	Total
January 31, 2005			
Current assets	$1,976,563	$ 46,478	$2,023,041
Equipment	81,227	-	81,227
Mineral properties and deferred exploration costs	-	255,987	255,987
	$2,057,790	$ 302,465	$2,360,255
Loss for the period ended January 31, 2005	$ 132,636	$ -	$ 132,636

	Canada	Cuba	Mexico	Australia	Total
July 31, 2004					
Current assets	$2,242,548	$ -	$ 128,035	$ -	$2,370,583
Equipment	84,880	-	-		84,880
Mineral properties and deferred exploration costs	-	-	-	4,912	4,912
	$2,327,428	$ -	$ 128,035	$ 4,912	$2,460,375
Loss for the period ended January 31, 2004	$ 181,435	$ -	$ -	$ -	$ 181,435

13. COMMITMENT

The Company has an obligation under operating lease for its premises. The annual lease commitments under this lease are as follows:

2005	$ 18,000
2006	24,000
2007	24,000
	$ 66,000

14. SUBSEQUENT EVENTS

Subsequent to January 31, 2005, the following event occurred:

a. The Company granted 1,450,000 incentive stock options at an exercise price of $0.16 per share for a two year period.

The following discussion and analysis, prepared as of March 28, 2005, should be read together with the unaudited financial statements for the six month period ended January 31, 2005 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the year ended July 31, 2004 and 2003, and the Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company is a natural resource company engaged in acquisition, exploration, and development of mineral properties. It currently holds an 80% option over a nickel property in Western Australia. The Company trades on the TSX Venture Exchange under the symbol NWX.

Performance Summary

The Company issued 150,000 common shares during the period in connection with the option interests over the Mulga Tank project in Australia.

Results of Operations

In November 2004 the Company announced that work was underway on the Mulga Tank Nickel Project ("Mulga Tank") located in Western Australia. In September 2004 the Company announced that the TSX Venture Exchange had accepted for filing the Company's Agreement to acquire an 80% interest in an Exploration License covering 210 sq km, and a 75% interest in an Application License covering 153 sq km from King Eagle Resources Pty Ltd.

Mulga Tank is a significant target for the large dunite hosted nickel sulphide deposit located approximately 250km northeast of Kalgoorlie in the Northeast Goldfields of Western Australia, an area that contains some of the world's largest nickel deposits. The Mulga Tank tenements overlay portions of an extensive greenstone belt, which includes the Minigwal dunite, a large, intense, circular, magnetic anomaly with an area of approximately 4 km in diameter. This anomaly has the characteristics for a major dunite hosted nickel sulphide deposit such as Mt. Keith, also located in the Northeast Goldfields area of Western Australia. Technical work undertaken by BHP at Mulga Tank in the early 1980s reported assay results of up to 2% nickel.

Geological and geophysical consultants have been contracted. The geological consultant Mr. Noel Sheppy of CSA Australia, interpreted airborne magnetic data and a series of prospective zones have been identified that have the potential to host high-grade nickel sulphide bodies within the larger disseminated dunite body. Typically in the Yilgarn, massive sulphide nickel deposits occur on the basal contact of ultramafics derived from a flow or ponding of mineralized fluids (komatiite model). This could be a significant at Mulga Tank as initially the target was a low-grade disseminated deposit similar to Mt Keith.

Further geophysics is planned for the Spring/Summer of 2005 and will include 3-dimensional induced polarization (3D-IP) to define both low and high sulphide zones within the dunite. This is a high- resolution survey with superior depth penetration and this exploration technique is keenly sought after in Western Australia, making the next available survey crew unable to mobilize until the Spring of 2005. To expedite work on the property and further define targets a low level airborne magnetic survey was designed (60m line spacing at 20m elevation totaling 900 line km) to deliver ultra-high detailed magnetic, radiometric and digital terrain data. Completed by the geophysical contracting company, UTS Geophysics. Additionally the airborne survey will enable focusing the proposed 3D-IP on well-defined magnetic targets thus reducing the scale and subsequent cost of the IP survey. Both the low level airborne magnetics and 3D-IP are intended to generate walk up drill targets.

As a subsequent event to the six months ending January 31, 2005, the Company issued an update on the Mulga Tank nickel prospect on February 22, 2005. It was reported that results from the orientation soil geochemical survey were very encouraging and that a more detailed survey over the target area had commenced. All gridding was reported as being completed and an I.P. program commenced on February 15th, 2005. Initial data processing suggests a major I.P. anomaly on the first I.P. line 200m north of the southern contact. The results of the detailed soil geochem work combined with the results of the I.P. survey will enable more accurate drill targets to be identified on the basis of coincident soil and I.P. anomalies. The main disseminated target body identified to date at Mulga Tank has dimensions of approximately 4700m by 3200m.

The Company will summarize the results of the I.P. program upon completion and announce the commencement of drilling at Mulga Tank once established.

"By virtue of its size, anomalism and the exploration results to date, the Mulga Tank prospect has the potential to host a major nickel sulphide deposit and as such represents an excellent acquisition for Newport", stated Ian Rozier.

As the Mulga Tank nickel project will be the major focus of the Company going forward, the Company withdrew from its right to earn a 50% in the Franco Gold Project in Mexico. The Company is well funded to meet all its obligations on Mulga Tank for the next two years.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The Company incurred a loss of $132,636 during the six-month-period ended January 31, 2005, compared to a loss of $181,435 for the six-month-period ended January 31, 2004. Some of the significant expenses are as follows:

	For the Three Months Ended Jan 31, 2005	For the Three Months Ended Jan 31, 2004	For the Six Months Ended Jan 31, 2005	For the Six Months Ended Jan 31, 2004
EXPENSES				
Consulting fees	22,760	44,202	43,400	69,359
Management fees	9,000	9,000	18,000	20,000
Regulatory and transfer agent fees	9,139	16,605	10,207	16,859
Travel and related costs	1,324	10,333	2,432	20,350

Consulting fees – With the acquisition of the Mantua Copper and Franco Gold projects in 2004, the Company hired additional consultants to work on these projects. This increase is reflected in the previous three and six month periods. There were less consulting expenses for this three and six month periods ending January 31, 2005 due to the Company's current sole focus on the Mulga Tank project.

Management fees – Management fees incurred during the current and previous periods were consistent.

Regulatory and transfer agent fees – During both the comparative periods, the Company has been active in property acquisitions and financings and as a result associated filing fees have been incurred.

Travel and related costs – This expense decreased significantly in both the three and six month periods ended January 31, 2005, compared to the same periods in 2004 due to the travel that related to the acquisition of both the Mantua Copper project in Cuba and Franco Gold project in project in Mexico in 2004.

Summary of Quarterly Results

The following table sets forth selected unaudited financial information prepared by management of the Company.

	Three Months Ended January 31, 2005	Three Months Ended October 31, 2004	Three Months Ended July 31, 2004	Three Months Ended April 30, 2004
Total assets	$ 2,360,255	$ 2,492,635	$ 2,460,375	$ 2,736,374
Mineral properties and deferred costs	255,987	190,241	4,912	255,652
Working capital	1,965,004	2,112,088	2,327,062	2,147,806
Shareholders' equity	2,302,218	2,380,331	2,416,854	2,610,178
Revenues	11,348	14,603	10,710	8,361
Net Loss	(78,113)	(54,523)	(193,324)	(57,266)
Earnings (loss) per share	(0.01)	(0.01)	(0.02)	(0.01)

	Three Months Ended January 31, 2004	Three Months Ended October 31, 2003	Three Months Ended July 31, 2003	Three Months Ended April 30, 2003
Total assets	$ 2,650,050	$ 846,994	$ 921,880	$ 495,504
Mineral properties and deferred costs	388,687	190,946	190,946	101,529
Working capital	2,049,681	436,000	2,202,361	232,591
Shareholders' equity	2,517,445	709,928	779,817	452,312
Revenues	7,516	1,159	5,292	2,335
Net Income (loss)	(111,546)	(69,889)	(443,053)	(186,674)
Earnings (loss) per share	(0.01)	(0.01)	(0.07)	(0.03)

Significant changes in key financial data from fiscal 2005 to 2004 can be attributed to the closing of the Company's $1.94 million private placement 2004. Also in 2004 the Company wrote down certain costs associated to the option on the Cuba Copper project and Mexican Gold project.

Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able 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.

	Jan 31, 2005	July 31, 2004
Working capital	$ 1,965,004	$ 2,327,062
Deficit	(32,080,496)	(31,947,860)

Net cash used in operating activities for the six month period ended January 31, 2005 was $12,013 compared to net cash used of $168,307 during the six month period ended January 31, 2004. The cash used in operating activities for the periods consist primarily of the operating loss. There was also a significant decrease in prepaids in the current period and this is a result of the recovery of costs regarding the Mantua Copper project.

Net cash used in investing activities for the six month period ended January 31, 2005 was $264,873 compared to net cash used in investing activities of $197,741 during the six month period ended January 31, 2004. Cash used during the current period consists primarily of exploration expenditures and acquisition costs on the Company's mineral property in Australia. In the previous period, the Company had made an exploration advance of $133,035 on the Franco Gold project.

Financing activities used cash of $5,200 during the six month period ended January 31, 2005, compared to cash provided by financing activities of $1,914,098 for the six month period ended January 31, 2004. The Company completed a non-brokered private placement financing for net proceeds of $1,919,062 in the previous period.

Capital Resources

The Company has sufficient funds to meet its property exploration commitments for 2005 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts in Western Australia.

Related Party Transactions

The Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $36,000 (2004 - $40,000) to Buccaneer Management Inc. ("Buccaneer") a company controlled by the President of the Company.

b) Paid or accrued consulting fees of $2,000 (2004 - $Nil) to 676421 BC Ltd., a company controlled by a director of the Company.

c) Paid or accrued management fees of $18,000 (2004 - $20,000) to Tabo Investments Ltd. ("Tabo") a company controlled by a director of the Company.

d) Paid or accrued rent of $12,000 (2004 - $13,500) to 641485 BC Ltd. a company controlled by the President of the Company.

Included in prepaids at January 31, 2005 is $9,000 (2004 - $9,000) for consulting fees to Buccaneer and management fees to Tabo.

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

Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payable. 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 value of these financial instruments approximates their carrying values, unless otherwise noted.

Subsequent Events

Subsequent to January 31, 2005, the following event occurred:

a) The Company granted 1,450,000 incentive stock options at an exercise price of $0.16 per share for a two-year period.

Additional Information

As at March 28, 2005, the Company had:

a) 14,677,874 common shares outstanding.

b) No stock options outstanding.

c) 7,341,400 share purchase warrants outstanding.

Cautionary Statement on Forward-Looking Information

This Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words "believe," "anticipates," "expects" and similar expressions are intended to identify such forward-looking statements. The Issuer's actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.