

Murgor Resources Inc.

Annual Report 2002

PRESIDENT'S MESSAGE

CORPORATE REVIEW: 2001-2002

The Company was pleased to announce, in early 2002, the completion of two private placement financings totalling \$270,000. In November 2001 a private placement totalling \$100,000 was finalised with SIDEX. The second private placement, with nine investors, for a total of \$170,000 was finalised in December 2001.

SIDEX (The Diversification of Exploration Investment Partnership) is sponsored by the Quebec Government and the Q.F.L. Solidarity Fund. The intention is to provide for mineral production – diversification through investment by SIDEX in the share capital of mining exploration companies working on what it deems to be *promising exploration projects* in Quebec. The \$100,000 financing was designated to fund, in part, Murgor's share of exploration costs of the La Treve platinum group elements (PGE) – copper – nickel exploration project in the Chapais area of NW Quebec. The project includes a 171 square kilometre area and is divided into four properties, La Treve I to IV inclusive. La Treve III and the new property La Treve IV are held in a 50% joint venture with Freewest Resources Canada Inc. La Treve I, with the high grade PGE showing, until recently optioned to Virginia Gold Mines Inc. as well as La Treve II are 100% Murgor properties. Credit should be given to SIDEX for recognising that the La Treve geologic environment, although somewhat atypical for economic PGE concentrations, is a high potential exploration target area. This confidence was borne out, to some extent by the discovery, through prospecting, of a second high grade PGE – copper – nickel showing. The discovery was announced in a May 2002 press release describing the Murgor – Freewest La Treve IV joint venture agreement. Exploration funds are being directed towards completion of a 1,786 line kilometre helicopter borne electromagnetic and magnetic survey, with initial or preliminary ground survey follow-up on selected airborne geophysical targets scheduled for the fall 2002 season. It is anticipated that additional financing will be required to fund continuing systematic follow-up on quality targets for exploration in 2003.

Proceeds from the \$170,000 PRIVATE PLACEMENT FINANCING (90% flow-through) are providing the funds for the Company's gold and to a very much lesser extent, diamond exploration projects. Outside of the La Treve high grade PGE – copper – nickel project, Murgor has returned to its core business, so to speak, of gold metal exploration. The gold price downward trend of the past few years seems to have reversed. This trend reversal is good news for the beleaguered gold explorationists. Conversely, with steeply declining PGE and Tantalum commodity prices, the company is no longer participating in Tantalum or low to medium grade PGE mineral exploration projects.

First Priority Gold Projects

The Company's gold exploration program, reactivated in December 2001 includes property acquisition; data review and re-evaluation of existing projects; as well as, most importantly, fieldwork. The Gagne high-grade gold property (up to 0.57 ounces Au/tonne in grab samples) was optioned in late November 2001 and described in a press release dated December 6, 2001. Fieldwork on this Marion Township – Swaze Belt property, located some 100 kilometres south west of Timmins Ontario has been on going since July 2002. The geologic environment including sheared porphyry, iron formation and mafic volcanics, as well as wide spread gold mineral distribution suggest that this property will generate future prospective gold drill targets.

The Company was fortunate in being able to bring forward two exceptional, high quality gold exploration projects during the years 1994 to 1999. The Barry – Windfall Project in NW Quebec and the Mishibishu Project in NW Ontario. These projects with their diverse geologic environments and multiple styles of gold mineralization included within large property holdings were and are the base, or metaphorically the two book ends, of Murgor's exploration activities. Recent reviews and assessment of the large accumulated exploration databases has led to some very strong recommendations, for comprehensive work programs including additional property acquisition, over these two projects.

Second Priority Gold Projects

In New Brunswick exploration is still very much at the grassroots stage with no real focus established to date. However, in addition to the Mount Pleasant gold project, the Company has acquired through staking three new properties; the Nerepis, Shear and Tower properties, all with reported gold showings. The properties and showings are due for some prospecting in the 2002 fall season.

Diamonds

Ashton Mining of Canada Inc. with equal partner Soquem announced, in September 2001, the discovery of kimberlite, and subsequently diamonds in the kimberlite, in the Otish Mountain area of northern Quebec. An enormous staking rush ensued. Murgor, with equal partner Fancamp Exploration Ltd. staked twelve (12) designated claim units (map staked) over eight (8) selected geophysical - structural targets to the east of the discovery in the Portage River area. No work is planned by the partners in the near term and as such our financial exposure is very limited. Conversely, in the Lac Gayot area to the north east of Ashton, the Company, based on good geotechnical research has staked fourteen (14) designated claims covering a 6.8 square kilometre area over six (6) properties. These properties merit follow-up work in 2003.

EXPLORATION 2002

This section is intended to provide highlights for the principal exploration properties only. These properties include the Gagne, Barry – Windfall and Mishibishu gold properties as well as the La Treve PGE – copper – nickel project.

La Treve – Chapais Area – NW Quebec

The four La Treve project properties cover an area of some 171 square kilometres. The properties are dominated by the Lantagnac 4 x 5 km and Berey 5 x 7.5 km gabbro/pyroxenite intrusive bodies. Two high grade PGE with copper – nickel magmatic sulphide showings in gabbro have been located by the Company through prospecting along the southern margin of the Lantagnac intrusive. The first showing, the La Treve I gabbro “feeder” dike, located in August 2000 assayed up to ***12.9 grams/tonne total PGE with 1.87% copper and 0.75% nickel in grab samples and 5.92 grams/tonne total PGE over 3.7 meters in channel samples.*** The second magmatic sulphide in gabbro showing, on La Treve IV, was sampled in March 2002 and provided grab sample assays with values of up to ***5.14 grams/tonne total PGE with 1.4% nickel and 0.98% copper.*** La Treve IV lies 2.6 kilometres due west of the La Treve I showing. C. Tucker Barrie, Ph.D. consulting geologist concluded in his April 25, 2002 report to the Company that the samples from the La Treve IV showing are petrographically similar to those from La Treve I, and significantly, their geochemistry suggests that they have been derived from magma mixing of the two magma types observed at the La Treve I occurrence.

C. T. Barrie also indicates that “the presence of two significant magmatic occurrences at the surface, in the same area is extremely anomalous.....and that the La Treve (properties) have been under-explored by the mineral exploration industry.”

Power stripping over the La Treve IV showing revealed disrupted patchy magmatic sulphide mineralization distributed over a minimum width of 7.0 meters. The geology is complex and includes two intrusive gabbro phases with assimilated oxide and sulphide facies iron formation, all disrupted by a tonalite intrusive. Total PGE channel sample assay values range from 0.24 grams/tonne to 2.26 grams/tonne. More stripping, mapping and sampling is required to assess the significance of the La Treve IV showing; particularly in light of the fact that an airborne isolated electromagnetic response has been picked up to the immediate north of the showing through our recently completed Helicopter Borne Electromagnetic/Magnetic Survey.

To establish a systematic exploration database, and to delineate potential PGE – magmatic copper – nickel sulphide exploration targets; the Company contracted Aeroquest to fly an Impulse HEM/magnetic survey over the properties. The survey was divided into Area “A”; essentially La Treve III and Area “B” covering La Treve I and IV. The Aeroquest Impulse HEM system is a 6 frequency, vertical coaxial and horizontal coplanar coil pair system. The survey covered 190 square kilometres and included 1,786 line kilometres at a line spacing of 125 meters with a bird mean terrain clearance of 30 meters. Ian Johnson, Ph.D., consulting geophysicist has selected 14 scattered EM anomalies of quality for ground follow-up. Of the 14:

- One is associated with the La Treve IV showing.
- Three are isolated features in the southern part of Block B; including 1 response in the Lantagnac intrusive.
- One is an isolated feature in the centre of Block A; within the Berey gabbro/pyroxenite intrusive.
- Nine anomalies located in Block A along the east margin of the Berey intrusive appear to be part of a 3 km long trend. These features appear to be associated with small intrusive plugs.

Conductors around La Treve I have been identified through the survey. These conductors do not appear to have been thoroughly examined and may be worth checking this time around.

Obviously, given these encouraging results, the choice to go with an HEM system to help define PGE exploration targets has paid off. Ground follow-up over the Area A and B selected HEM responses will begin in the fall of 2002.

Gagne – Marion Township – Northern Ontario

The Company is actively exploring this 68 unit (10.9 square kilometre) gold property, located within the southern part of the Archean age Swayze Greenstone Belt. Previous recorded exploration work over the claims for iron, base metals and gold mineralization during the period 1945 to 1980 included diamond drilling, trenching, geological mapping and humus geochemical survey. Mapping by the Geological Survey of Canada shows the property sandwiched in between the NNE trending Heenan high strain zone to the northwest, and the Rush Lake granitic intrusive to the southeast. The Gagne property is underlain by a 1.0 x 1.0 km ellipsoidal feldspar porphyry (granite) hosted within massive mafic and felsic volcanics, and iron formation. A regional scale, northwest trending fracture shear dilation? zone cuts across the porphyry and volcanics. Previous trenching along this NW shear exposes NW trending silicified and pyritic fractures and shears within the porphyry and assimilated volcanics. The trenches, with mineralization, are distributed over an area some 100 meters wide and 250 meters long. Fourteen grab samples collected by a Company geologist from these old trenches assayed from 0.92 grams/tonne Au to 19.1 grams/tonne Au. ***The average grade of the fourteen samples was 6.73 grams/tonne Au or 0.20 ounces/tonne Au.***

Results of a diamond drilling program, circa 1980, in the vicinity of the trenches, were discouraging and as such the property has, until recently, remained dormant. Murgor has taken the approach that the controls on

the distribution for this wide spread gold mineralization would be more clearly understood through the ongoing program of line cutting with geological mapping – sampling, modern magnetic and I.P. geophysical survey (not undertaken previously) followed by power stripping, sampling and mapping, again a new approach. The Company had to cut a new 12 km bush road for power equipment access.

The geological and geophysical surveys are complete. Power stripping over nine (9) geophysical – geological selected targets is currently underway. Following analyses of all the results, it is anticipated that a drill program will be recommended to further explore for economic grade gold mineralization in 2003.

Barry and Mishibishu

The La Treve and Gagne projects are active with ongoing field exploration programs. The Barry and Mishibishu projects are at the review – revitalisation stage. Consulting geologist André Tessier and Garry Clark are intimately familiar with the Barry and Mishibishu projects, respectively. Their assessments are recorded below.

Barry – NW Quebec

At the Barry property, near Lebel Sur Quévillon in Québec, an exciting new interpretation suggests that many more high priority targets remain to be tested. According to this new interpretation, the ENE part of the Barry Prospect (610,000 tons of 0.20 oz/T Au) is truncated by a NE-trending, steeply SE-dipping fault and displaced approximately 200-300m towards the NE (still within the limits of the property).

This new interpretation arises from the re-interpretation of magnetic susceptibility and induced polarisation geophysical maps at the property-scale. At the district-scale, the presence of this fault is indicated by a lineament at least 10km long, visible on aerial photographs, along which the Shell Canada (438.30 g/t Au over 21cm), the Rivière Macho-East (22.03 g/t Au over 1.34m) and Murgor Resources' WINDFALL PROPERTY (109 g/t Au over 1.12m) showings are located.

On the Barry property, this prospective fault zone coincides with low-lying, wet area without outcrop, located 200-500m east of the Barry Prospect. The fault zone was not previously recognised and has never been tested.

This new interpretation opens two (2) large new target areas:

- 1) The zones of dilation at the intersection of this NE-trending fault zone and the Murgor Shear Zone (which hosts the mineralization of the Barry Prospect),
- 2) The eastern extension of the Barry Prospect east of this NE-trending fault where high-priority Induced Polarisation targets remain untested.

Mishibishu – NW Ontario

The Mishibishu Property (166 claim units) is underlain by two (2) regional deformation zones, extensive shear-vein systems and high grade gold mineralization in a geological setting that is remarkably similar to known regional gold deposits including the Eagle River Gold Mine and the Magnacon and Mishi Deposits.

As well as improving the potential profitability of a larger high grade deposit, proximity to infrastructure, including all-season road, electricity and local gold mining operations and mill facilities, contribute to the potential for low-cost and rapid mine development of smaller or lower grade gold deposits that would not otherwise be feasible as stand-alone operations.

The property hosts numerous gold occurrences that have yielded potentially economic grades of mineralization yet the property remains largely under-explored. Some 30 gold showings assaying plus 1.0 grams/tonne Au have been located.

Re-interpretation of previous exploration data (geophysics, geochemistry) combined with Landsat imagery has resulted in the identification of numerous laterally extensive features interpreted as gold-bearing bedrock structures. These mineralized structures occur in a corridor up to one kilometre in width that strikes for 8 kilometres across the Mishibishu Property. It is proposed that these related structures occupy a previously unrecognised regional deformation zone, the Mishi Creek Deformation Zone.

Priority targets have been identified for immediate exploration including conventional prospecting and diamond drilling.

EXPLORATION 2003

Murgor has an excellent mix of quality gold and PGE exploration projects. The potential for the discovery of significant economic grade gold mineralization at Mishibishu and Barry – Windfall is, in my opinion, extremely high. These are projects that would be considered top priority in many exploration company property portfolios. At Gagne, in Marion Township the controls on the distribution of gold mineralization are not well understood. However, most importantly, there is medium to high-grade gold located in trenches that are distributed over a wide area. We will be recommending aggressive exploration programs for these three properties; and if the gold market persists on an upward trend, we should be able to successfully finance these projects. At La Treve, the PGE – copper – nickel exploration program is progressing with the location of a new showing as well as the identification of fourteen new quality HEM/magnetic targets for ground follow-up. Exploration financing from either the public or private sector should be forth coming for this project.

On the behalf of the board

Respectfully submitted

(Signed: W. Michael Atkins)
President

September 3, 2002

Management Discussion and Analysis of Operating Results and Financial Condition

During the 2002 fiscal year, the Corporation has completed two private equity financings issuing 2,700,000 common shares (667,500 in 2001) for a total consideration of \$270,000 (\$133,500 in 2001) in order to support exploration expenditures and for the working capital of the corporation. For the year ending April 30, 2002, the Corporation incurred \$68,227 in exploration expenditures (\$133,586 in 2001). The Corporation also issued 400,000 shares (240,000 in 2001) in the amount of \$45,000 (\$47,000 in 2001) on the acquisition of mining properties and 133,333 shares in 2001 for the amount of \$20,000 due to a director of the Corporation.

During the year, the Corporation reported a net loss of \$257,941, compared to a net loss of \$494,709 in 2001. Net loss for the year includes a write-off due to abandonment of properties of \$100,461 (\$355,154 in 2001). Expenses excluding the write-off due to abandonment of properties totalled \$160,569 in 2002 as compared to \$142,202 in 2001.

At year-end, the Corporation maintained a cash and cash equivalent position of \$240,284 (\$39,269 in 2001). The Corporation has no long term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some of the mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public or privately negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the financial statements and other financial information relating to the Corporation included in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgements of management.

Wasserman, Stotland, Bratt, Grossbaum, our independent auditors, are engaged to express a professional opinion on the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly and in accordance with Canadian generally accepted accounting principles.

The Board of Directors must ensure that management fulfils its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of three directors, two of whom are not members of management. The Audit Committee meets with the independent auditors to discuss the results of their audit and their audit report prior to submitting the financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Corporation's financial statements.

(Signed: W. Michael Atkins)
President

(Signed: Mark Schneiderman)
Director

Auditors' Report

To the Shareholders of
MURGOR RESOURCES INC.

We have audited the balance sheets of **MURGOR RESOURCES INC.** as at April 30, 2002 and April 30, 2001 and the statements of operations and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 positions of the corporation as at April 30, 2002 and April 30, 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed: Wasserman Stotland Bratt Grossbaum)
CHARTERED ACCOUNTANTS

Montreal, Quebec.
July 31, 2002.

MURGOR RESOURCES INC.

**BALANCE SHEET
AT APRIL 30, 2002**

	<u>2002</u>	<u>2001</u>
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	115,740	12,035
Cash held for exploration work	124,544	27,234
Marketable securities	2,750	75,000
Accounts receivable	5,857	16,849
Due from related corporations (Note 5)	-	3,384
Prepaid expenses	3,579	1,657
	<u>252,470</u>	<u>136,159</u>
MINING PROPERTIES AND DEFERRED COSTS (Note 3)	<u>5,352,201</u>	<u>5,345,389</u>
	<u>5,604,671</u>	<u>5,481,548</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	64,327	48,344
Due to related corporations (Note 5)	71,028	-
Due to director (Note 5)	7,875	7,150
	<u>143,230</u>	<u>55,494</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4)	11,100,043	10,785,043
DEFICIT	<u>(5,638,602)</u>	<u>(5,358,989)</u>
	<u>5,461,441</u>	<u>5,426,054</u>
	<u>5,604,671</u>	<u>5,481,548</u>

Approved on Behalf of the Board:

(Signed: W. Michael Atkins) Director

(Signed: Mark Schneiderman) Director

See accompanying notes to
financial statements.

MURGOR RESOURCES INC.

**STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED APRIL 30, 2002**

	<u>2002</u>	<u>2001</u>
	\$	\$
REVENUE		
Interest income	<u>3,089</u>	<u>2,647</u>
EXPENSES		
Professional and accounting fees	33,570	28,711
Administration expenses and other	86,405	63,924
Filing costs and shareholders' information	34,625	49,567
Interest expenses	719	-
Write-off due to abandonment of properties	100,461	355,154
Loss due to write-down of marketable securities	<u>5,250</u>	<u>-</u>
	<u>261,030</u>	<u>497,356</u>
NET LOSS FOR THE YEAR	(257,941)	(494,709)
DEFICIT - BEGINNING OF YEAR	(5,358,989)	(4,827,372)
Issue costs	<u>(21,672)</u>	<u>(36,908)</u>
DEFICIT - END OF YEAR	<u>(5,638,602)</u>	<u>(5,358,989)</u>
LOSS PER SHARE	<u>(0.0106)</u>	<u>(0.0219)</u>
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	<u>24,255,899</u>	<u>22,604,221</u>

See accompanying notes to
financial statements.

MURGOR RESOURCES INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2002**

	2002	2001
	\$	\$
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net loss	(257,941)	(494,709)
Adjustments for:		
Write-off due to abandonment of properties	100,461	355,154
Loss due to write-down of marketable securities	5,250	-
Loss on sale of marketable securities	632	-
	(151,598)	(139,555)
Changes in non-cash components of working capital (Note 6(b))	166,558	22,987
Cash Flows From (Used in) Operating Activities	14,960	(116,568)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Mining claims acquired (Note 6(c))	(28,046)	(69,296)
Exploration expenditures deferred	(68,227)	(133,586)
Proceeds from disposition of claims	34,000	-
	(62,273)	(202,882)
Cash Flows Used in Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	270,000	153,500
Issue costs	(21,672)	(36,908)
	248,328	116,592
Cash Flows From Financing Activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	201,015	(202,858)
Cash and cash equivalents - beginning of year	39,269	242,127
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 6(a))	240,284	39,269

"Cash and cash equivalents" are composed of cash and cash held for exploration work.

See accompanying notes to
financial statements.

MURGOR RESOURCES INC.

**STATEMENT OF MINING PROPERTIES AND DEFERRED COSTS
FOR THE YEAR ENDED APRIL 30, 2002**

	2002	2001
	\$	\$
BALANCE - BEGINNING OF YEAR	5,345,389	5,447,461
EXPENDITURES INCURRED DURING THE YEAR		
Geophysical	-	5,065
Geochemical	3,090	22,933
Geological	28,590	15,644
Technical consulting	9,057	49,942
Prospecting	3,334	5,055
Labs analysis	-	13,387
Line cutting	1,627	5,060
Airborne surveys	6,250	-
Stripping	-	2,800
Administration of claims	16,279	13,700
	68,227	133,586
Mining properties	39,046	119,496
Write-off due to abandonment of properties	(100,461)	(355,154)
	6,812	(102,072)
BALANCE - END OF YEAR	5,352,201	5,345,389

See accompanying notes to
financial statements.

MURGOR RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002

1. NATURE OF OPERATIONS

The Corporation is in the process of exploring its mining properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mining properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mining claims, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a going concern basis, which presumes the corporation will be able to continue its operations and realize its assets and discharge its liabilities in the normal course of business in the foreseeable future, which will require further financing.

2. SIGNIFICANT ACCOUNTING POLICIES

Mining Properties and Deferred Costs -

The costs of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned, the related expenditures will be written off. A sale of an interest in claims is credited directly to expenditures until such time as all related expenditures are recovered. Direct costs incurred to maintain claims are capitalized.

Financial Instruments -

The fair value of all of the Corporation's financial instruments approximates the carrying value unless otherwise noted. Cash, cash held for exploration work, accounts receivable and accounts payable and accrued liabilities are non-interest bearing.

Marketable Securities -

Marketable securities are carried at the lower of cost and market. As at April 30, 2002, market value was \$2,750. (April 30, 2001 - \$100,000).

Share Option Plan -

No compensation expense is recognized under this plan when share options are issued to senior executives, directors, employees and consultants. Shares issued under the plan are recorded at the exercise price.

Earnings Per Share -

Earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the year.

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 disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

MURGOR RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002

3. MINING PROPERTIES AND DEFERRED COSTS

The Corporation currently maintains the following mining properties:

	April 30, 2001	Expenditures	(Write-off or Disposal)	April 30, 2002
	\$	\$	\$	\$
Quebec				
Fancamp Township				
Acquisition	32,063	-	-	32,063
Exploration	1,529,520	-	-	1,529,520
Benoist Township				
Acquisition	29,170	22	-	29,192
Exploration	849,593	-	-	849,593
Barry Township				
Acquisition	470,878	176	-	471,054
Exploration	1,528,915	-	-	1,528,915
Urban Township				
Acquisition	67,228	11	-	67,239
Exploration	418,635	-	-	418,635
La Treve				
Acquisition	93,444	40,000	(10,000)	123,444
Exploration	93,812	15,789	-	109,601
Others				
Acquisition	7,433	1,860	(1,598)	7,695
Exploration	29,378	10,878	(21,640)	18,616
	5,150,069	68,736	(33,238)	5,185,567

MURGOR RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002

3. MINING PROPERTIES AND DEFERRED COSTS (Cont'd.)

	April 30, 2001	Expenditures	(Write-off or Disposal)	April 30, 2002
	\$	\$	\$	\$
Ontario				
Mishibishu Township				
Acquisition	67,641	-	-	67,641
Exploration	41,209	11	-	41,220
Red Horse Lake Area				
Acquisition	11,045	-	(11,045)	-
Exploration	53,858	900	(54,758)	-
Marion Township				
Acquisition	-	20,000	-	20,000
Exploration	-	9,053	-	9,053
Zigzag Lake				
Acquisition	6,000	8,400	(14,400)	-
Exploration	-	8,211	(8,211)	-
Other				
Acquisition	-	-	-	-
Exploration	2,000	3,854	(5,854)	-
	181,753	50,429	(94,268)	137,914
New Brunswick				
Mount Pleasant				
Acquisition	5,343	1,871	-	7,214
Exploration	6,772	14,028	-	20,800
Other				
Acquisition	-	706	-	706
Exploration	-	3,424	(3,424)	-
	12,115	20,029	(3,424)	28,720
Others				
Acquisition	-	-	-	-
Exploration	1,452	2,079	(3,531)	-
	1,452	2,079	(3,531)	-
Canadian Properties	5,345,389	141,273	(134,461)	5,352,201

MURGOR RESOURCES INC.

**NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002**

3. MINING PROPERTIES AND DEFERRED COSTS (Cont'd.)

Fancamp Township, Quebec

The Corporation owns 100% interest in 66 mining claims located in Fancamp Township, Quebec.

Benoist Township, Quebec

The Corporation and Freewest Resources Canada Inc. jointly own (50-50) a 100% interest in 159 mining claims located in Benoist Township, Quebec. Of these mining claims, 46 are subject to a 1% net smelter return royalty and 25 are subject to a 1½% net smelter return royalty.

Barry Township, Quebec

The Corporation owns 100% interest in 14 mining claims in Barry Township property in the Quevillon - Chibougamau area of north western Quebec.

The Corporation and Freewest Resources Canada Inc. jointly own (50-50) a 100% interest in 35 mining claims acquired from Jacques Duval; and also jointly own (50-50) a 100% interest in 62 mining claims in Barry and Urban Townships.

These claims are subject to a 2% net smelter return royalty, with a buy back of 1% for \$500,000.

The Corporation and Freewest Resources Canada Inc. have formed a 50-50 joint venture to earn a 60% interest in 18 claims, owned by Orient Resources Inc.. To earn a 60% interest in the claims, the joint venture partners made a cash payment of \$10,000, issued 75,000 Freewest shares and must incur \$250,000 of exploration expenditures on or before January 25, 2002. As at April 30, 2002, the joint venture partners have spent \$44,865 on exploration work. To earn its 30% interest in the property held jointly with Freewest Resources Canada Inc., the Corporation commits to half of the work expenditures, half of the cash paid and to half of the value of the treasury shares issued. These claims are subject to a 1% net smelter return royalty. The Corporation has not met its January 25, 2002 commitments; however, it has not received any notification in this respect.

The Corporation and Freewest Resources Canada Inc. have formed a 50-50 joint venture to earn a 50% undivided interest in 36 mining claims owned by Société Minière Mazarin Inc.. To earn a 50% undivided interest in the claims, the joint venture partners issued 41,406 Murgor shares as well as 24,766 Freewest shares, must issue 41,406 additional Murgor shares and 24,766 additional Freewest shares and incur \$150,000 on exploration work on or before April 23, 2000. As at April 30, 2001, the joint venture partners have spent \$89,235 on exploration work. These claims are subject to a 1½% net smelter return royalty. The Corporation has not met its April 23, 2000 commitments; however, it has not received any notification in this respect.

Urban Township, Quebec

The Corporation and Freewest Resources Canada Inc. jointly own (50-50) a 100% interest in 218 mining claims of which 178 mining claims are subject to a 2% net smelter return royalty, half of which may be bought back for \$500,000.

La Treve Properties, Quebec

The Corporation has an option to earn a 100% interest in 100 mining claims of La Treve I property from Jacques Duval in exchange for cash payments of \$200,000 and issuance of 600,000 Murgor shares by 2005. These claims are subject to a 2½% net smelter return royalty, with a buy back of 1% for \$1,000,000.

MURGOR RESOURCES INC.

**NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002**

3. MINING PROPERTIES AND DEFERRED COSTS (Cont'd.)

La Treve Properties, Quebec (Cont'd.)

On July 9, 2001, an addendum to the agreement dated July 26, 2000 was modified to read that the interest in the claims shall be subject to a 2½% net smelter return royalty, with an option to buy back at any time up to 2% of the net smelter return in consideration of payments of \$500,000 for each 0.5% of the net smelter return to be purchased.

The Corporation has an option to earn a 100% interest in 102 mining claims of the La Treve II property from Explorations Carat Inc. in exchange for cash payments of \$100,000 and issuance of 100,000 Murgor shares by 2003. These claims are subject to a 2½% net smelter return royalty, with a buy back of 1% for \$500,000.

In January 2001, the Corporation and Freewest Resources Canada Inc. entered into a 50-50 joint-venture on 181 map-designated mining claims of the La Treve III property in the Chapais area of Northwestern Quebec.

The Corporation and Freewest Resources Canada Inc. have formed a 50-50 joint venture to earn a 100% interest in 205 mining claims located in the Guettard, Berey, Daine and Lantagnac Townships, Quebec, owned by Les Explorations Carat Inc. To earn a 100% interest in the claims, Freewest Resources Inc. must make total cash payments of \$165,000 and Murgor Resources must issue 400,000 shares by 2005. These claims are subject to a 2½% net smelter return royalty, with an option to purchase, at any time, up to 1½% net smelter return in consideration of payments of \$500,000 for each 0.5%, for the total sum of \$1,500,000.

Lac Coulomb, Quebec

The Corporation acquired a 50% interest in 20 mining claims of the Lac Coulomb I property, in the area of Lac Coulomb, Quebec from Fancamp Exploration Ltd., in exchange for a cash payment of \$5,000 and incurring \$10,000 in exploration work.

The Corporation owns a 100% interest in 9 map-designated mining claims of the Lac Coulomb II property located in the area of Lac Coulomb, Quebec.

Mishibishu Township, Ontario

The Corporation acquired a 100% interest in 90 mining claim units from Audrey Elizabeth Traverse in exchange for cash payments of \$70,000 and issuance of 80,000 Murgor shares. These claims are subject to a 2% net smelter return royalty, half of which may be bought back for \$500,000.

The Corporation acquired a 100% interest in 101 mining claim units from Jeff Pinksen in exchange for cash payments of \$16,000 and issuance of 80,000 Murgor shares. These claim units are subject to a 2% net smelter return royalty, half of which may be bought back for \$1,000,000.

Marion Township, Ontario

The Corporation has an option to earn a 100% interest in 5 mining claims consisting of 40 units from Michael and Yvon Gagné, referred to as the Gagné Property. To earn a 100% interest in the claims, Murgor must make cash payments totalling \$130,000 by October 2005, issue 200,000 shares by October 2002 and must incur work expenditures totalling \$150,000 by October 2004. These claims are subject to a 2½% net smelter return royalty, with an option to purchase, at any time, 1% of the net smelter return for the sum of \$1,250,000.

Mount Pleasant, New Brunswick

The Corporation owns a 100% interest in 67 mining claims in the Mount Pleasant area of New Brunswick.

MURGOR RESOURCES INC.

**NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002**

4. CAPITAL STOCK

(a) The authorized and issued capital stock of the Corporation consists of the following:

Authorized: An unlimited number of common shares

	2 0 0 2		2 0 0 1	
	\$	#	\$	#
Issued	11,090,043	26,281,868	10,781,843	23,261,868
Allotted	10,000	100,000(1)	3,200	20,000
	11,100,043	26,381,868	10,785,043	23,281,868

67,500 of the issued shares are subject to escrow conditions.

(1) 100,000 shares are allotted to be issued in respect of mining property agreement.

During the year, the Corporation entered into the underlying share capital transactions:

	2 0 0 2		2 0 0 1	
	\$	#	\$	#
Issuance of shares on acquisition of mining properties	45,000	400,000	47,000	240,000
Issuance of shares under flow-through agreements	170,000	1,700,000	106,800	534,000
Issuance of shares for cash	100,000	1,000,000	26,700	133,500
Issuance of shares as consideration for amount due to a director	-	-	20,000	133,333
	315,000	3,100,000	200,500	1,040,833

(b) Stock Option Plan -

In September 1996, the Corporation adopted a stock option plan which allows eligible individuals to purchase the Corporation's common shares at not less than the closing price on the trading day immediately preceding the day the option is granted. The options granted are not transferable and must be exercised no later than ten years after the date of grant. Unexercised options are cancelled upon the termination of employment or services. In March 1999, the Corporation increased the number of shares available from 3,474,940 to 4,998,446 for issuance under the stock option plan. A total of 3,215,000 options had been granted at exercise prices ranging from \$0.12 to \$0.16 per share.

On January 31, 2002, 1,265,000 stock options were re-priced at an exercise price of \$0.12 per share which were originally granted at exercise prices ranging from \$0.25 to \$0.40 per share.

MURGOR RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002

4. CAPITAL STOCK-(Cont'd.)

Summary of changes during 2001 and 2002 are as follows:

	<u>Number of Options</u> #	<u>Weighted Average Exercise Price</u> \$
BALANCE – APRIL 30, 2000	2,435,000	0.22
Cancelled	(300,000)	0.40
Granted	<u>2,035,000</u>	0.15
BALANCE – APRIL 30, 2001	4,170,000	0.15
Cancelled/expired	(1,435,000)	0.24
Granted	<u>480,000</u>	0.12
BALANCE - APRIL 30, 2002	<u><u>3,215,000</u></u>	0.14

Options -

	<u>Number of Common Shares</u> #	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Senior Executives, Directors and Employees	100,000	0.16	December 22, 2005
	480,000	0.12	January 31, 2007
	220,000	0.12	July 30, 2007
	920,000	0.12	September 2, 2008
	70,000	0.15	December 17, 2009
	970,000	0.15	July 18, 2010
	330,000	0.16	December 22, 2010
Consultants	25,000	0.12	September 2, 2008
	100,000	0.16	December 22, 2005

(c) Warrants -

	<u>Number of Common Shares</u> #	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Flow-through and common shareholders	667,500	0.26	November 30, 2002
	1,000,000	0.15	June 19, 2003
	1,700,000	0.15	June 23, 2003

MURGOR RESOURCES INC.

**NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002**

5. RELATED PARTY TRANSACTIONS

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

- (i) Certain directors of the Corporation are also shareholders and directors of related corporations. The related corporations charged an aggregate amount of \$88,706 (2001 - \$73,217) for administrative costs and services, shared office expenses and exploration expenditures.
- (ii) Due to (from) related corporations significantly represent the net amount of charges for shared office and related expenses, as well as joint venture exploration expenditures between Murgor Resources Inc. and Freewest Resources Canada Inc..

Four directors and shareholders of the Corporation are also directors, officers and shareholders of Freewest Resources Canada Inc..

- (iii) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.
- (iv) \$32,375 represents the remuneration to the President/geologist.

6. STATEMENTS OF CASH FLOWS

(a) Cash and Cash Equivalents -

The cash and cash equivalents include cash on hand, bank balances and term deposit with maturity of three months or less.

(b) Non-Cash Components of Working Capital -

Non-cash components of working capital are as follows:

	2002	2001
	\$	\$
Decrease (Increase) of:		
Marketable securities	66,368	-
Accounts receivable	10,992	(11,944)
Due from related corporations	74,412	39,172
Prepaid expenses	(1,922)	1,953
	149,850	29,181
(Decrease) increase of:		
Accounts payable and accrued liabilities	15,983	13,806
Due to director	725	(20,000)
	166,558	22,987
 (c) Mining Properties and Deferred Costs		
Total increase in mining properties	39,046	119,496
Acquired by issuance of shares	(35,000)	(47,000)
Shares to be issued	(10,000)	(3,200)
Proceeds from disposition of mining claims	34,000	-
	28,046	69,296

MURGOR RESOURCES INC.

**NOTES TO FINANCIAL STATEMENTS
AT APRIL 30, 2002**

7. JOINT VENTURES

Certain of the Corporation's exploration and development activities are being explored with partners pursuant to joint venture agreements. The Corporation's pro-rata share of the accounts of the joint venture, which has been included in the financial statements of the Corporation is as follows:

	<u>2002</u>	<u>2001</u>
	\$	\$
NET ASSETS		
Mining properties and deferred costs	<u>2,244,680</u>	<u>2,228,223</u>
CASH FLOWS		
Cash flows used for mining properties and deferred costs	<u>7,972</u>	<u>5,324</u>

8. INCOME TAXES

At April 30, 2002 the Corporation had losses carry-forward of \$1,652,665 available to reduce future years' taxable income. These losses expire in the fiscal years 2003 to 2009 inclusive. Potential tax savings resulting from the application of the benefits have not been reflected in the financial statements.

9. SUBSEQUENT EVENTS

- (a) On May 10, 2002, the Corporation granted stock options expiring May 10, 2007, to a director allowing him to purchase 150,000 treasury common shares at \$0.12 each.
- (b) On May 29, 2002, the Corporation granted further stock options expiring May 29, 2007, to directors and employees allowing the purchase of 621,593 treasury common shares at \$0.14 each.

BOARD OF DIRECTORS

W. Michael Atkins
Ronald Kay
Mark Schneiderman CFE,CA
Mackenzie I. Watson
Robert Weicker

OFFICERS

Ronald Kay
Chairman of the Board

W. Michael Atkins
President

Mark Schneiderman CFE,CA
Secretary-Treasurer

HEAD OFFICE

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EXCHANGE LISTING

TSX Venture Exchange
Symbol : MUG

CAPITAL STOCK

Authorized
Unlimited

Issued

26,261,868 (April 30, 2002)

INCORPORATION

Continued under the
Canada Business Corporations Act
September 21, 1989

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H3B 2J8

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montreal, Quebec
H3A 3S8

ANNUAL MEETING

Tuesday, October 29, 2002 at 10:00 a.m.
Murgor Resources Inc.
800 René-Lévesque Blvd West
Suite 1525
Montreal, Quebec
H3B 1X9