

MURGOR RESOURCES INC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2004

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at July 31, 2004 and for the three-month period ended July 31, 2004 and 2003. The statements have not been audited or reviewed by the company's auditors or any other firm of chartered accountants.

MURGOR RESOURCES INC.

Interim Balance Sheets

	July 31 2004 (Unaudited) \$	April 30 2004 (Audited) \$
Assets		
Current assets		
Cash	35,036	31,717
Cash held for exploration work	709,303	1,022,949
Accounts receivable	61,330	94,737
Due from related corporations (note 5)	122,817	46,962
Prepaid expenses (note 5)	<u>114,833</u>	<u>21,146</u>
	1,043,319	1,217,511
Mining properties and deferred costs	<u>5,987,703</u>	<u>5,860,451</u>
	<u><u>7,031,022</u></u>	<u><u>7,077,962</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	243,883	258,996
Due to directors (note 5)	<u>7,150</u>	<u>14,344</u>
	<u>251,033</u>	<u>273,340</u>
Shareholders' equity		
Capital stock (note 4)	13,000,526	13,000,526
Contributed surplus (note 4)	95,800	95,800
Deficit	<u>(6,316,337)</u>	<u>(6,291,704)</u>
	<u>6,779,989</u>	<u>6,804,622</u>
	<u><u>7,031,022</u></u>	<u><u>7,077,962</u></u>

See accompanying notes to financial statements

Approved on Behalf of the Board:

(signed) André C. Tessier Director

(signed) Mark Schneiderman Director

MURGOR RESOURCES INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED)

	Three-month period ended	
	July 31	
	2004	2003
	<u>\$</u>	<u>\$</u>
Revenue		
Interest and other income	6,251	(38)
Expenses		
Professional and accounting fees	7,812	4,392
Administration expenses and other	4,984	11,912
Filing costs and shareholders' information	8,263	4,175
Write-off due to abandonment of properties	9,825	8,055
Loss due to write-down of marketable securities	-	2,000
	<u>30,884</u>	<u>30,534</u>
Net loss for the period	(24,633)	(30,572)
Deficit - beginning of period	(6,291,704)	(5,851,128)
Issue costs	-	(197)
Deficit - end of period	<u>(6,316,337)</u>	<u>(5,881,897)</u>
Basic and fully diluted net loss per share	<u>(0.0006)</u>	<u>(0.0012)</u>
Weighted average number of outstanding shares	<u>44,986,893</u>	<u>26,520,998</u>

See accompanying notes to financial statements

MURGOR RESOURCES INC.
INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three-month period ended July 31	
	2004	2003
	\$	\$
Cash flows used in operating activities		
Net loss	(24,633)	(30,572)
Adjustments for:		
Write-off due to abandonment of properties	9,825	8,055
Loss due to write-down of marketable securities	-	2,000
	<u>(14,808)</u>	<u>(20,517)</u>
Changes in non-cash components of working capital		
Accounts receivable	33,407	1,224
Due from related corporations	(75,855)	-
Prepaid expenses	(93,687)	(406)
Accounts payable and accrued liabilities	(15,113)	22,931
Due to related corporations	-	13,234
Due to directors	(7,194)	(19,000)
	<u>(158,442)</u>	<u>17,983</u>
Cash flows used in operating activities	<u>(173,250)</u>	<u>(2,534)</u>
Cash flows used in investing activities		
Mining claims acquired	(2,015)	(728)
Exploration expenditures deferred	(180,062)	(3,501)
Proceeds from option agreements	45,000	-
	<u>(137,077)</u>	<u>(4,229)</u>
Cash flows used in investing activities	<u>(137,077)</u>	<u>(4,229)</u>
Cash flows from financing activities		
Common shares issued	-	20,000
Issue costs	-	(197)
	<u>-</u>	<u>19,803</u>
Cash flows from financing activities	<u>-</u>	<u>19,803</u>
(Decrease) increase in cash and cash equivalents	(310,327)	13,040
Cash and cash equivalents - beginning of period	1,054,666	3,688
Cash and cash equivalents - end of period	<u>744,339</u>	<u>16,728</u>
Cash and cash equivalents are composed of:		
Cash	35,036	16,728
Cash held for exploration work	709,303	-
	<u>744,339</u>	<u>16,728</u>

See accompanying notes to financial statements

MURGOR RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JULY 31, 2004
(UNAUDITED)

1. Basis of presentation

The unaudited interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods used in the preparation of the company's most recent audited annual financial statements. All disclosure required for audited annual financial statements have not been included in these unaudited interim financial statements. These unaudited interim financial statements should be read in conjunction with the company's most recent audited annual financial statements.

In the opinion of management, the unaudited interim financial statements reflect all adjustments, which consist of normal and recurring adjustments, necessary to present fairly the financial position at July 31, 2004 and the results of operations and cash flows for the three-month period ended July 31, 2004 and 2003.

2. Use of estimates

The preparation of the unaudited interim financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the unaudited interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the unaudited interim financial statements are reasonable and prudent; however, actual results could differ from these estimates.

3. Comparative figures

Certain items in the comparative unaudited interim financial statements have been reclassified from statements previously presented to conform to the presentation of the 2004 unaudited interim financial statements.

4. Capital stock

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

Authorized: An unlimited number of common shares

Amount	Number of
\$	Shares
#	#
13,000,526	44,986,893

Issued: Balance April 30, 2004 and July 31, 2004

(b) Stock option plan

Number of	Weighted
Options	Average
#	Exercise
#	Price
\$	\$
4,686,593	0.13

Balance April 30, 2004 and July 31, 2004

MURGOR RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JULY 31, 2004
(UNAUDITED)

4. Capital stock (cont'd)

(c) Warrants

	Number of Warrants	Weighted Average Exercise Price
	#	\$
Balance April 30, 2004 and July 31, 2004	11,816,475	0.13

(d) Contributed surplus

	Amount
	\$
Balance April 30, 2004 and July 31, 2004	95,800

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) Prepaid expenses include an amount of \$21,745 representing advances to the President for professional services in his capacity as consulting geologist and qualified person.

(ii) Certain directors of the Corporation are also shareholders and directors of related corporations. The related corporations charged an aggregate amount of \$3,368 (2003 - \$Nil) for administrative costs and services, shared office expenses and exploration expenditures.

(iii) 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..

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

(iv) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.

(v) \$20,000 (2003 - \$Nil) represents the remuneration to the President in his capacity as consulting geologist and qualified person.

6. Subsequent events

None