

**MURGOR RESOURCES INC.**

**INTERIM BALANCE SHEETS**

	<b>January 31 2004 (Unaudited) \$</b>	<b>April 30 2003 (Audited) \$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	78,328	3,688
Cash held for exploration work	1,183,387	-
Marketable securities (Market Value \$Nil; April 30 2003 - \$2,000)	-	2,000
Accounts receivable	28,424	4,862
Due from related corporations	55,971	-
Due from directors	2,709	-
Prepaid expenses	6,057	3,192
	<u>1,354,876</u>	<u>13,742</u>
<b>MINING PROPERTIES AND DEFERRED COSTS</b>	<u>5,612,546</u>	<u>5,479,081</u>
	<u><u>6,967,422</u></u>	<u><u>5,492,823</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	85,375	61,746
Due to related corporations	-	154,885
Due to directors	-	27,277
	<u>85,375</u>	<u>243,908</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b>	13,000,526	11,100,043
<b>DEFICIT</b>	<u>(6,118,479)</u>	<u>(5,851,128)</u>
	<u>6,882,047</u>	<u>5,248,915</u>
	<u><u>6,967,422</u></u>	<u><u>5,492,823</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		Nine-month period ended	
	January 31		January 31	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>REVENUE</b>				
Interest income	487	13	487	480
Other Income	36,930	-	36,930	-
	<u>37,417</u>	<u>13</u>	<u>37,417</u>	<u>480</u>
<b>EXPENSES</b>				
Professional and accounting fees	6,741	6,160	41,582	6,854
Administration expenses and other	3,395	10,925	4,123	42,011
Filing costs and shareholders' information	12,782	4,649	29,881	22,712
Interest expenses	2,125	51	2,193	202
Write-off due to abandonment of properties	24,687	7,798	40,724	55,639
Loss due to write-down of marketable securities	-	(1,750)	2,000	250
	<u>49,730</u>	<u>27,833</u>	<u>120,503</u>	<u>127,668</u>
<b>NET LOSS FOR THE PERIOD</b>	(12,313)	(27,820)	(83,086)	(127,188)
<b>DEFICIT - BEGINNING OF PERIOD</b>	(5,923,453)	(5,739,332)	(5,851,128)	(5,638,602)
<b>ISSUE COSTS</b>	<u>(182,713)</u>	<u>-</u>	<u>(184,265)</u>	<u>(1,362)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(6,118,479)</u>	<u>(5,767,152)</u>	<u>(6,118,479)</u>	<u>(5,767,152)</u>
<b>BASIC AND FULLY DILUTED LOSS PER SHARE</b>	<u>(0.0005)</u>	<u>(0.0011)</u>	<u>(0.0031)</u>	<u>(0.0048)</u>
<b>WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES</b>	<u>26,910,356</u>	<u>26,361,868</u>	<u>26,910,356</u>	<u>26,361,868</u>

See accompanying notes  
to financial statements.

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

	Three-month period ended		Nine-month period ended	
	January 31		January 31	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>				
Net loss	(12,313)	(27,820)	(83,086)	(128,550)
Adjustments for:				
Write-off due to abandonment of properties	24,687	7,798	40,724	55,639
Loss due to write-down of marketable securities	-	(1,750)	2,000	250
	<u>12,374</u>	<u>(21,772)</u>	<u>(40,362)</u>	<u>(72,661)</u>
Changes in non-cash components of working capital				
Accounts receivable	(22,369)	14,741	(23,562)	(10,756)
Due from related corporations	(55,971)	-	(55,971)	-
Due from directors	(2,709)	-	(2,709)	-
Prepaid expenses	(2,079)	1,202	(2,865)	1,454
Accounts payable and accrued liabilities	(27,297)	(1,001)	23,629	(19,787)
Due to related corporations	(16,002)	10,984	-	31,907
Due to directors	(8,277)	(109)	(27,277)	19,166
	<u>(134,704)</u>	<u>25,817</u>	<u>(88,755)</u>	<u>21,984</u>
Cash Flows From (Used In) Operating Activities	<u>(122,330)</u>	<u>4,045</u>	<u>(129,117)</u>	<u>(50,677)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>				
Mining claims acquired	(3,136)	(7,921)	(6,260)	(21,188)
Exploration expenditures deferred	(119,718)	(11,214)	(130,429)	(151,799)
Cash Flows From (Used In) Investing Activities	<u>(122,854)</u>	<u>(19,135)</u>	<u>(136,689)</u>	<u>(172,987)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>				
Common shares issued	1,678,098	-	1,698,098	-
Issue costs	(172,713)	-	(174,265)	-
Cash Flows From (Used In) Financing Activities	<u>1,505,385</u>	<u>-</u>	<u>1,523,833</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,260,201</b>	<b>(15,090)</b>	<b>1,258,027</b>	<b>(223,664)</b>
Cash and cash equivalents - beginning of period	<u>1,514</u>	<u>31,710</u>	<u>3,688</u>	<u>240,284</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b><u>1,261,715</u></b>	<b><u>16,620</u></b>	<b><u>1,261,715</u></b>	<b><u>16,620</u></b>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>				
Cash	78,328	16,620	78,328	16,620
Cash held for exploration work	<u>1,183,387</u>	<u>-</u>	<u>1,183,387</u>	<u>-</u>
	<b><u>1,261,715</u></b>	<b><u>16,620</u></b>	<b><u>1,261,715</u></b>	<b><u>16,620</u></b>

See accompanying notes  
to financial statements.

**MURGOR RESOURCES INC.**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JANUARY 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 January 31, 2004 and the results of operations and cash flows for the three-month period ended January 31, 2004 and 2003 and the nine-month period ended January 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 consists of the following:**

**Authorized:**

The Company's authorized share capital consists of an unlimited number of common shares of no par value.

	<u>Number of Shares</u> #	<u>Amount</u> \$
<b>Issued:</b>		
Balance at beginning, April 30, 2003 (audited)	26,381,868	11,100,043
Settlement of a debt	200,000	20,000
Settlement of a debt due to related corporation	1,290,708	154,885
Acquisition of mining properties	250,000	37,500
Flow-through agreements	16,780,977	1,678,098
Commissions for flow-through agreements	<u>83,340</u>	<u>10,000</u>
Balance at end, January 31, 2004 (unaudited)	<u>44,986,893</u>	<u>13,000,526</u>

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

**4. CAPITAL STOCK (Cont'd)**

**(b) Stock Option Plan**

A summary of changes to the Company's stock option plan is presented below:

	<u>Number of Options</u> #	<u>Weighted Average Exercise Price</u> \$
Balance at beginning, April 30, 2003 (audited)	3,936,593	0.140
Granted to Director	<u>500,000</u>	<u>0.100</u>
Balance at end, January 31, 2004 (unaudited)	<u>4,436,593</u>	<u>0.135</u>

The following table summarizes information about stock options outstanding and exercisable granted to directors and consultants of the Company as at January 31, 2004:

	<u>Number of Options</u> #	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Common stock options	200,000	0.16	22/12/2005
	480,000	0.12	31/01/2007
	150,000	0.12	10/05/2007
	601,593	0.14	29/05/2007
	210,000	0.12	30/07/2007
	500,000	0.10	01/05/2008
	935,000	0.12	02/09/2008
	60,000	0.15	17/12/2009
	970,000	0.15	18/07/2010
	<u>330,000</u>	0.16	22/12/2010
	<u>4,436,593</u>		

**(c) Accounting for Stock Option Plan**

The company has elected to account for its stock options granted this period by measuring compensation cost using the settlement-value method. If the stock options had been accounted during the vesting period based on the fair-value settlement method pro-forma earnings per share would have been as follows:

	<u>January 31 2004</u> \$
Net loss, as reported	(83,086)
Add: Compensation expense as determined under fair-value method	<u>(45,000)</u>
Pro-forma net loss	<u>(128,086)</u>
Loss per share, as reported	<u>(0.0031)</u>
Loss per share, as pro-forma	<u>(0.0048)</u>

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

**4. CAPITAL STOCK (Cont'd)**

These pro-forma figures include compensation cost that were calculated using Black& Scholes options pricing model with the following assumptions: risk free interest rate of 4%; expected rate of volatility of 145% and expected life of options of 5 years.

The company did not record compensation cost on the granting of stock options, as described in Notes 2 and 4(b) in its audited financial statements for the year ended April 30, 2003. If the stock options had been determined based on the fair value at the grant dates for awards under the plan for options awarded on or after May 1, 2002, the Corporation's net loss and loss per share would have been increased to the pro-forma amounts as follows:

	<b>April 30 2003</b>
	<b>\$</b>
Net loss, as reported	(209,855)
Add: Compensation expense as determined under fair-value method	(113,610)
Pro-forma net loss	(323,465)
Loss per share, as reported	(0.0080)
Loss per share, as pro-forma	(0.0118)

These pro-forma figures include compensation cost that were calculated using Black& Scholes options pricing model with the following assumptions: risk free interest rate of 4%; expected rate of volatility of 145% and expected life of options of 4 years.

The new recommendations of the Canadian Institute of Chartered Accountants (CICA) for the calculation of earnings per share have no effect on the current period or prior period's calculations as any exercise would have been anti-dilutive.

**(d) Warrants**

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
	<b>#</b>	<b>\$</b>
Balance at beginning, April 30, 2003 (audited)	2,700,000	0.150
Granted	11,816,475	0.130
Expired	(2,700,000)	0.150
Balance at end, January 31, 2004 (unaudited)	11,816,475	0.130

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

**4. CAPITAL STOCK (Cont'd)**

**(d) Warrants (cont'd)**

The following warrants are outstanding and exercisable as at January 31, 2004.

	<b>Number of Common Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	<b>#</b>	<b>\$</b>	
Common stock warrants	5,000,000	0.130	24/05/2005
	2,730,975	0.130	17/06/2005
	2,700,000	0.130	28/11/2005
	835,500	0.130	17/12/2005
	550,000	0.130	18/12/2005