

MURGOR RESOURCES INC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2005

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at July 31, 2005 and for the three-month period ended July 31, 2005 and 2004. The statements have not been audited or reviewed by the company's auditors or any other firm of chartered accountants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at September 23, 2005

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Murgor Resources Inc. ("Murgor" or the "Company") for the three month period ended July 31, 2005, 2004 and 2003 should be read in conjunction with the Company's audited financial statements and the related notes. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

FORWARD LOOKING STATEMENTS

Except for historical information, this contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of Murgor with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2006 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the company.

OVERVIEW

Murgor is a junior mining exploration company actively exploring several highly prospective gold and Cu-Ni-PGE properties at various stages of exploration in Quebec, Ontario and New Brunswick. The Company counters the need to continuously adjust to short term financial market fluctuations through the implementation of a mid to long term gold exploration and development strategy. This strategy focuses on acquiring low cost prospective gold and base metal properties in favourable geologic environments and progressively moving them to advanced exploration stages and beyond. This value-added progression is achieved through the innovative use of proven and cost efficient exploration technologies. Once properties have been moved successfully to advanced stages of exploration, a strategic joint venture partner is sought, to lever the Company's interest and finance further diamond drilling programs.

The Company's shares are listed for trading on the TSX Venture Exchange under the trading symbol MUG. Additional information on Murgor can be found on SEDAR (www.sedar.com) and on Murgor's web site (www.murgor.com).

MINING PROPERTIES

EXPLORATION SUMMER 2005:

The First quarter of Murgor's fiscal year 2006 has seen the company explore seven (7) different properties in Quebec and Ontario. Although the main focus has been on gold, Murgor has also explored for Cu-Zn at Eagle River in Quebec and at Clay Lake, Ontario, and for Cu-Ni-PGE at La Trève in Quebec. Murgor's exploration has been very successful on these properties and the potential for important discoveries has only increased.

QUEBEC

THE BARRY-URBAN PROJECTS:

The Urban-Barry Gold Project is located approximately 100 km east of the town of Lebel-Sur-Quévillon and 180 km southwest of the town of Chibougamau in the Province of Québec. The Urban-Barry Gold Project currently consists of three (3) properties within a radius of twenty (20) km at the eastern end of the Archean Abitibi Greenstone Belt.

- The **Barry Property** consists of 206 claims covering 3,276 ha. The bulk of the property is held jointly by Murgor Resources and Freewest Resources Canada Inc., except for 14 claims (224 Ha) at the heart of the property, which are wholly-owned by Murgor. The Barry Au prospect is located on ground that is 100% owned by Murgor.
- The **Windfall Property**, which consists of 213 claims that cover 8,995 ha, is held jointly by Murgor and Freewest Resources Canada Inc.
- The **Eagle River Property**, which consists of 204 claims that cover 11,494 ha, is held jointly by Murgor and Freewest Resources Canada Inc.

The Greenshield Property, consisting of 49 claims covering 735 ha, optioned from Greenshield Resources Inc. was dropped in September 2005.

Together, the Barry, Windfall, and Eagle River properties total 623 claims that cover more than 23,765 hectares (238 square km) of the most prospective ground of the Urban-Barry Greenstone Belt.

THE BARRY GOLD PROPERTY:

The Barry Property covers the Barry Gold Prospect (estimated at 610,000t at a grade of 7.0 g/t Au), along with approximately 11 km of strike length of the prospective Murgor shear zone. The Murgor Shear Zone hosts the Barry deposit.

On April 3rd 2004, Murgor Resources Inc. reached an agreement with **Osisko Exploration Ltd.** and **Freewest Resources Canada Inc.** giving Osisko the right to acquire a majority interest in the Barry Gold Deposit. The agreement gave Osisko the right to acquire up to 65% interest in five (5) claims (approximately 80 hectares) that included the Barry Gold Deposit. Four (4) of these claims were wholly owned by Murgor and one (1) was owned 50% Murgor and 50% Freewest. Murgor's association with Osisko was meant to ultimately put the Barry Gold Deposit on the fast track to production through the development of a small open pit operation.

On May 6, 2005, after aggregate cash payments of \$112,500.00 to Murgor, issuance of 90,000 shares of Osisko to Murgor, and after 2,483 meters (60 drill holes) of successful definition drilling on the deposit, Osisko announced to Murgor that it was withdrawing from the project and returning it entirely to Murgor without acquiring any interest in the property.

Osisko concentrated its work on the Main Zone which is a gold mineralized zone located at surface that contains more than half of the mineralization of the Barry Gold Deposit and could potentially be exploited with a small open pit operation. Osisko's drilling successfully extended the Main Zone of the Deposit another 25 meters to the NW, 50 meters to the SW and 20 meters to the SE for a minimum strike length of 250 meters (open) a width of 75 meters and a vertical depth of approximately 30 meters.

Osisko's drilling on the Main Zone was highlighted by the following results:

Hole #	From (m)	To (m)	Length (m)	Au (g/t)
BA04-101	0.0	17.2	17.2	3.93
BA04-102	0.0	20.2	20.2	4.14
BA04-103	0.0	21.2	21.2	8.22
BA04-104	6.0	22.1	16.1	3.74
BA04-108	4.2	30.8	26.6	3.57
BA04-114	3.0	14.9	11.9	2.40
BA04-116	8.0	19.7	11.7	6.44
BA04-117	10.1	18.0	7.9	5.60
BA04-136	0.0	19.6	19.6	5.31
BA04-140	0.6	19.4	18.8	4.14
BA04-142	0.0	20.5	20.5	2.66
BA04-143	0.0	23.0	23.0	4.22
BA04-145	0.0	17.7	17.7	3.59

Murgor is currently combining Osisko's drilling results with previous drilling at the deposit and evaluating the potential of the property in light of the following recent developments:

1. The potential reopening of the Bachelor Lake Gold Mine in Desmaraisville, where a 500 ton per day mill would be operational (planned for the summer of 2006). This would reduce the potential haulage distance of the ore from the Barry Deposit to approximately 70 kilometres.
2. The construction of an all season haulage road by Domtar Forest Products that uses Murgor's old drill road and that leads to the Barry Deposit therefore reducing infrastructure costs for the Company.

CURRENT AND FUTURE EXPLORATION AT BARRY:

Murgor will continue the work started by Osisko in 2005 in an effort to outline a mineable reserve on the Barry deposit. Furthermore, Murgor will continue its investigation of over 8 kilometers of strike length of the untested Murgor Shear Zone in 2006. In early September of 2005 Murgor was carrying out a trenching program east of the Macho River, on strike with the Barry Deposit, to expose the Murgor Shear Zone 1.8 kilometres NE of the Barry Deposit. Results from this trench are pending.

THE WINDFALL GOLD PROPERTY:

Murgor's most intense exploration effort in 2005 was directed at the Windfall Gold Property in north-western Quebec where an extensive exploration program in 2004-2005 culminated with a 10,395 meter drilling program that outlined three (3) new gold mineralized zones.

GOLD ZONE F-17:

Gold Zone F-17 has known strike length of at least 300 meters and a width of up to 50 meters. The thicknesses of the mineralized zones vary from 4 to 10 meters with economic grades between ~8.9 g/t Au and 16.5 g/t Au. The mineralization consists of at least three (3) large, sub-horizontal auriferous structures believed to be extensional in nature and associated with a sub-vertical shear zone that is also auriferous. The veins consist of banded or brecciated quartz-tourmaline-sericite that are locally stacked. To date a total of 21 holes have been drilled on Gold Zone F-17 for a total of 2,559 meters. To date, more than 47% of the drill holes on the zone have intersected gold mineralization deemed as "economic".

Gold Zone F-17 is presently undergoing a scoping study to determine the minimum requirements necessary to bring such orebody into production in Urban Township. Given Murgor's current knowledge of the geometry and grade of the F-17 Zone and the fact that it is located near-surface, a bulk mining model is presently favoured. It should be noted that drill hole WIN-05-21, the only hole so far that intersected two of the stacked quartz veins, returned assays of **1.68 g/t Au over 78.00 meters from 12.0 to 90.0 meters** even when assuming grades of zero (0) between the veins.

DDH	BEST RESULT
04-06	2.31 g/t Au over 15.0 m incl. 5.12 g/t Au over 4.7 m
05-19	59.07 g/t Au over 1.0 m
05-20	10.46 g/t Au over 11.0 m
05-21	9.99 g/t Au over 4.0 m 9.32 g/t Au over 11 m
05-22	16.56 g/t Au over 3.0 m
05-28	21.65 g/t Au over 2.0 m
05-48	8.89 g/t Au over 11.0 m 7.24 g/t Au over 9.0 m
05-54	5.78 g/t Au over 4.5 m

Best results to date at Gold Zone F-17.

GOLD ZONE F-51:

To date, Gold Zone F-51 has been intersected over a strike length and a vertical depth of approximately 100 meters (open at depth). Mineralization consists of a NE-trending, steeply north dipping shear zone with auriferous quartz-tourmaline shear veins and disseminated pyrite. Ore shoots appear to be plunging moderately towards the NE. To date a total of 12 holes have been drilled on Gold Zone F-51 for a total of 2,006 meters. To date, more than 33% of the drill holes on the zone have intersected gold mineralization deemed as "economic".

DDH	BEST RESULT
04-09	3.29 g/t Au over 6.0 m
05-13	2.44 g/t Au over 13.0 m incl. 3.89 g/t Au over 7.5 m
05-16	8.03 g/t Au over 3.0 m
05-37	4.49 g/t Au over 2.0 m
05-44	8.61 g/t Au over 2.0 m

Best results to date at Gold Zone F-51.

GOLD ZONE F-11:

Gold Zone F-11 is still poorly understood but current data suggests that the mineralization is NE-trending and steeply north-dipping with a well defined near-surface geophysical signature that extends for a strike length of 500 meters. The F-11 Gold Zone consists of gold-bearing pyrite-magnetite mineralization with minor amounts of quartz veining hosted by intensely chloritized rhyolitic flows. Only 10 drill holes tested Gold Zone F-11 to date, for a total of 1,385 meters. To date, 30% to 40% of the drill holes on the zone have intersected gold mineralization deemed as “economic”.

DDH	BEST RESULT
04-02	8.34 g/t Au over 3.5 m
05-30	11.91 g/t Au over 17.0 m
05-32	3.35 g/t Au over 3.0 m
05-34	8.18 g/t Au over 3.0 m
Channel	40.62 g/t Au over 5.9 m

Best results to date at Gold Zone F-11.

To date, in addition to the three gold mineralized zones mentioned above, Murgor’s exploration programs at Windfall have outlined a minimum of eight (8) surface gold occurrences:

WINDFALL NEW GOLD OCCURRENCES:

Gold occurrences necessitating follow-up work at Windfall are as follows:

1. **The IPE Gold Occurrence:** Channel samples of up to **40.62 g/t Au over a 5.90 meter** interval.
2. **The Road Side Gold Occurrence:** Channel samples of up to 1.05 g/t Au and 1.26 g/t Au over 1.00 meter.
3. **The Simple Gold Occurrence:** Channel samples of up to 1.68 g/t Au and 0.79 g/t Au over 1.00 meter.
4. **The Float Gold Occurrence:** Grab samples of up to 6.87 g/t Au and 9.83 g/t Au.
5. **The J & B Gold Occurrence:** Channel samples up to 10.14 g/t Au over 3.8 meters.
6. **The Debris Gold Occurrence:** Channel samples up to 16.51 g/t Au over 4.00 meters.
7. **Trench 1+00E Gold Occurrence:** Channel samples up to 3.15 g/t over 2.00 meters.
8. **Trench 0+00 Gold Occurrence:** Channel samples up to 15.12 g/t Au over 1.00 meter.

CURRENT AND FUTURE EXPLORATION AT WINDFALL:

Despite Murgor’s very aggressive exploration work since January of 2004, the Windfall Property remains in its early stages of exploration. The known mineralized zones effectively remain open in every direction and need to be tested thoroughly. Current geophysical Induced Polarization coverage still amounts to less than 15% of the nearly 90 square kilometres area of the property and has only investigated the first ~75 meters depth. Furthermore, numerous geophysical targets in geologically favourable areas remain untested.

During the summer of 2005, Murgor’s exploration work was focused on:

- Better understanding the geometry and structural controls of Gold Zones F-11, F-17 and F-51 through mechanical trenching, detailed geological mapping and channel sampling.
- Exploring the surface expression of new, untested geophysical anomalies through mechanical trenching, detailed geological mapping and channel sampling.
- Outlining new mineralized zones through an exploration program including 255 kilometers of line-cutting and detailed geological mapping, and 96 kilometers of Induced Polarization ground geophysics.

Follow-up work in 2005-2006 will include additional induced polarization, down-hole geophysics, mechanical trenching and drilling in the fall and winter of 2006.

THE EAGLE RIVER GOLD-COPPER-ZINC PROPERTY:

The Eagle River Property was initially staked for its gold potential in 2003, but preliminary geological mapping and sampling also revealed an excellent setting for base metal Cu-Zn mineralization of volcanogenic origin.

The summer 2005 exploration program at Eagle River was aimed at exploring for both gold and base metal targets. The first phase of field work was completed in the third week of June with the completion of geological mapping,

preliminary prospecting and soil geochemical surveys over prospective conductors. The surface expression of conductors was also verified using "Beep Mats".

To date, only a few conductors were explained by surface prospecting. Samples of exhalative units near those conductors returned assays of up to 0.05% Cu and 0.2% Zn. A soil geochemical survey of more than 1200 samples was carried-out during the first phase of exploration and covered, where possible, all the conductors. A number of strong B-horizon soil anomalies were located with values of up to 743 ppm for Cu, 887 ppm for Zn, 100 ppm for Pb and 25 ppb for Au.

CURRENT AND FUTURE EXPLORATION AT EAGLE RIVER:

A mechanical trenching program is ongoing since the beginning of September 2005 to follow-up on the soil geochemical anomalies and other areas of interest. Initial grab samples have returned up to 0.4 g/t Au but channel samples have yet to be collected.

Drilling is planned at Eagle River for late 2005 to follow-up on all encouraging results from the current exploration work.

THE LA TRÈVE PGE-Cu-Ni PROPERTY:

The La Trève PGE-Cu-Ni Properties consist of 394 claims that cover 7,919 hectares in the Berey, Lantagnac, Guettard and Daine Townships, approximately 80 kilometres WNW of the Chibougamau Mining District in north-western Quebec. The La Trève I (106 claims) and La Trève II (27 claims) properties are owned 100% by Murgor. The remaining 157 claims, comprising the La Trève III, IV, V and extension properties, are jointly held by Murgor and Freewest (50% each).

All of the La Trève properties except La Trève II are subject to an agreement with Dianor Resources Inc. whereby Dianor holds the rights to explore, mine, extract and sell diamonds from the La Trève I, III, IV and V properties. All other commodities remain the property of Murgor and/or Freewest.

To date, Murgor's exploration at La Trève in 2004-2005 has outlined the following Cu-Ni-PGE occurrences:

- LT I: **12.9 g/t PGE, 0.45% Cu, 0.69% Co and 0.75% Ni,**
- LT IA: **1.27 g/t PGE, 0.19% Cu and 0.10% Ni,**
- LT IB: **1.95 g/t Pt+Pd, 0.38% Cu and 0.11% Ni,**
- LT IV: **1.17 g/t Pt+Pd+Au and 0.63% Cu-Ni-Co over 6.95m, and**
- LT II: **1.19 g/t PGE, 0.57% Cu and 0.25% Ni, and 0.62% Cu, 0.34% Ni and 135 ppb Au.**

CURRENT AND FUTURE EXPLORATION AT LA TRÈVE:

In May 2005, Dianor provided Murgor with the MMI geochemical data they collected at the La Trève Properties. This geochemical data was combined with geophysical data to evaluate the initial geophysical anomalies pursued by Dianor for Cu-Ni and Platinum Group Elements mineralization. In July of 2005, a short field program of geological mapping and prospecting was carried-out, aimed at verifying the surface expression of these anomalies in the field. There are no significant results to report due to lack of outcrop in the areas of interest.

Murgor is planning induced polarization geophysical coverage of the geochemical anomalies for the winter of 2005-2006 and is coordinating with Dianor to drill several potential targets at La Trève in early 2006.

ONTARIO

THE MISHIBISHU GOLD PROPERTY:

The Mishibishu property consists of 114 mining claim units that cover 4,560 acres in north-western Ontario, 50 kilometres west of the town of Wawa and 10 kilometres north of Lake Superior.

The Property is located in the Archean Mishibishu Greenstone Belt, and is underlain by mafic volcanic rocks and clastic sedimentary rocks bounded to the east and west by large intrusive bodies of tonalitic composition.

The Mishibishu Property covers a strike length of 10 kilometres of the Mishi Creek Deformation Zone and a strike length of 3 kilometres of the Rook Lake Deformation Zone. Both deformation zones are EW- to NW-trending, dip steeply towards the north, and locally exceed 1 kilometre in width. Both shear zones have localized

extensive shear-vein systems and high grade gold mineralization in a geological setting that is remarkably similar to the known gold deposits in the area, which are all owned by River Gold Inc:

- The producing Eagle River Gold Mine (2.86 Mt grading 8.84 g/t Au), located 6 kilometres to the south,
- The past producing Mishi open pit (1.25 Mt grading 4.8 g/t Au), located 12 kilometres to the north, and
- The past producing Magnacon Mine (1.54 Mt grading 6.9 g/t Au), also the site of the operating Eagle River Mill, located 12 kilometres to the north.

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 in excess of 1.0 g/t Au, have been located by previous workers, and include:

- The Marten Zone, which sits at the heart of the property, where drilling and trenching uncovered significant gold mineralization over a strike length of 300m (drill intercept of up to 5.05 g/t Au over 7.45 m), and
- The Dorset Zone, which sits immediately to the north of the property and locally straddles the property boundary over a strike length of 2 kilometers, where drill results include 3.74 g/t Au over a true width of 21.53 m, 3.02 g/t Au over 5.92 m, and 5.23 g/t Au over 3.70 m in three separate drill holes. Although the Dorset Zone generally lies just outside of the property boundaries, its east and west strike extensions lie within the property.

Exploration work at Mishibishu, carried-out from July to September 2004, uncovered three new gold occurrences:

OCCURRENCES OF ANOMALIES #26, #27 AND #33:

The gold occurrences assaying **7.8 g/t Au and 2.6 g/t Au** are hosted by a number of narrow shear zones trending NW-SE and hosting numerous thin and boudinaged quartz veins. The shear zones also contain variable amounts of disseminated and stringer pyrite and arsenopyrite. The gold occurrence that assayed **11.4 g/t Au**, and that lies between the KK showing (7.7 g/t Au grab sample reported by Battle Mountain Canada Ltd (BMC), 1998) and IP anomaly #33 could not be exposed due to ground conditions and proximity to a stream and lake.

THE WALK-OUT AND BB VEIN OCCURRENCES:

The Walk-Out and BB vein occurrences represent the most westerly known extension of the Marten Zone, some 400m west of the nearest drill hole on the Marten Zone. The vein has now been exposed through this phase of mechanical trenching and best channel sampling returned: 5.65m @ 1.23 g/t Au on the BB occurrence and 10.0m @ 1.08 g/t Au at the Walk Out occurrence. The structure consists of a 12 meter wide, sub-vertical shear zone with up to 70% quartz-vein material. Quartz veins and sheared rocks contain up to 5% disseminated pyrite and arsenopyrite.

CURRENT AND FUTURE EXPLORATION AT MISHIBISHU:

In June of 2005, Murgor completed a 315 line kilometre helicopter-borne magnetic and electro-magnetic survey of the property that outlined several areas of interest. In July of 2005, a 105 kilometer grid was cut to cover areas of interest of the property in preparation for a ground induced polarization survey planned for the winter of 2005-2006.

THE MYSTERY GOLD PROPERTY AND MYSTERY NORTH OPTION:

The Mystery property consists of 32 mining claim units that cover 512 hectares in Moss Township, 120 kilometres west of the town of Thunder Bay, north-western Ontario. The Mystery North Option is contiguous to the Mystery Property to the northeast and consists of 4 claims covering 1,024 hectares, under option from Noront Resources Inc. Both properties are located in the Shebandowan Belt and cover the Northeast extension of the La Rose Shear Zone, where Freewest Resources Canada Inc. has intermittently exposed a mineralized corridor over a 3.5 kilometre strike length in 2004.

In September 2004, a 30 line kilometre soil geochemical survey was completed that outlined several gold anomalous zones near the projection of the La Rose Shear Zone. The survey was designed to follow-up on a brief summer exploration program that successfully outlined the La Rose Shear Zone crossing the central part of the property in a NE-trending topographic low. Along this topographic low, strongly strained sedimentary rocks and boudinaged felsic dikes were sampled and returned anomalous gold values of up to 1.3 g/t Au.

An induced polarization geophysical survey followed that outlined several high chargeability anomalies that are locally coinciding with gold in soil anomalies.

In May of 2005, at the Mystery and Mystery North Properties, a 190 line kilometres helicopter-borne Magnetic-Electromagnetic VTEM survey was flown in May of 2005. Results of this survey show a number of weak conductors on the NE extension of the La Rose Gold-bearing structure.

CURRENT AND FUTURE EXPLORATION AT MYSTERY:

During the summer of 2005, an exploration program consisting of geological mapping, prospecting and lithogeochemical sampling was carried-out at the Mystery and Mystery North Gold Properties. There are no significant results to report and the property is being evaluated for future work.

THE CLAY LAKE Cu-Zn PROPERTY:

The newly acquired CLAY LAKE property consists of 5 claims (66 units) covering an area of 16,896 hectares in the Shebandowan greenstone belt west of Thunder Bay. The Clay Lake Property was acquired by staking in March of 2005, following a significant Cu-Zn discovery by Freewest Resources Canada Inc. at Wye Lake. The Clay Lake property is located approximately 5 kilometers NW of Freewest's new discovery and covering approximately 2 kilometers of prospective stratigraphy.

CURRENT AND FUTURE EXPLORATION AT CLAY LAKE:

In May 2005, a 110 line kilometres helicopter-borne Magnetic-Electromagnetic VTEM survey was flown over the Clay Lake Property in an effort to locate possible conductors indicative of the same type of mineralization as Freewest's new Cu-Zn discovery. Results of this survey are very encouraging as a total of 9 untested conductors were defined on the property with 4 of these short conductors located at the contact between rhyolites and mafic volcanic rocks.

An extensive exploration program of geological mapping, prospecting and lithogeochemical sampling was carried-out in July and August of 2005 at Clay Lake. The exploration program was highlighted by the discovery of a new gold occurrence from which two grab samples returned assays of **19.2 g/t Au and 22.1 g/t Au** (see Press Release dated August 29, 2005).

The new gold occurrence is located adjacent to a moderate EM conductor hosted by a sedimentary unit. Gold mineralization is hosted by a strongly potassic-altered, moderately sheared, quartz-feldspar porphyry dike of unknown thickness and consists of disseminated pyrite with minor quartz stockwork veining.

Elsewhere on the property, although it was impossible to verify the helicopter-borne conductors in the field due to the depth of the conductors or their location in bogs, fieldwork has confirmed that the conductors are occurring at the stratigraphic top or within the rhyolite package. Furthermore, in the footwall of the westernmost conductor, whole rock geochemistry shows that the quartz-phyric rhyolite has a high silica content, is enriched in Fe, Ca and Mg, and is strongly depleted in Na (all suggestive of hydrothermal processes associated with a volcanogenic base metal mineralization).

A follow-up exploration program of line-cutting, ground geophysics, trenching and drilling will started on September 12th with the line-cutting.

CONCLUDING REMARK:

Murgor has had a very active summer of exploration in northern Quebec and Ontario and overall results are impressive. Although exploration activities have been hindered by 3 weeks of fire restrictions, Murgor is on schedule to bring up to 4 projects to the drilling phase this fall and winter (Windfall, Eagle River, Clay Lake and Barry).

Management is very pleased at the results from this summer and is looking forward to a busy fall.

RESULTS OF OPERATIONS

Three-month period ended July 31, 2005 compared with three-month period ended July 31, 2004

For the three month ended July 31, 2005, the Company reported a net loss of \$73,775 (\$24,633 – July 31, 2004). Revenue totaled \$30,955 at July 31, 2005 as compared to \$6,251 at July 31, 2004. The increase of \$24,704 was comprised of: \$4,394 of interest income on bank balances as a result of the equity financings in fiscal 2005 and \$20,310 in operator's fees charged for project administration. Interest and bank charges were \$NIL for July 31, 2005 and 2004 respectively.

The net loss for the three-month period ended July 31, 2005 included a write-off due to abandonment of properties of \$55,454 (\$9,825 – July 31, 2004). Included in the July 31, 2005 write-off due to abandonment of properties was \$39,318 related to the Urban/Greenshield project. Expenses excluding the write-off due to abandonment of properties totaled \$49,276 (\$21,059 – July 31, 2004). The increase in Professional and accounting fees of \$7,428 to \$15,240 (\$7,812 – July 31, 2004) was as a result of increased fees incurred during the period as well as higher year-end accruals to reflect the significant increase in activities of the Company. Administration expenses and other totaled \$7,185 at July 31, 2005 compared to \$4,984 at July 31, 2004. The increase of \$2,201 related mainly to higher director's and officer's liability insurance and an increase in the amount charged for shared office expenses. Filing costs and shareholders' information totaled \$21,851 compared to \$8,263 (July 31, 2004). The increase of \$13,588 related mainly to higher advertising, promotion, and public relation costs.

The Company prospectively adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") related to Stock based compensation and other stock payments in fiscal 2004. The fair value of the options granted during the fiscal year ended April 30, 2005 amounted to \$79,706 was estimated by using the Black-Scholes option pricing model and is being recorded as an expense over the eighteen months vesting period. As a result, \$2,500 was included in deferred exploration expenditures and \$5,000 was reflected in Stock option compensation for the year ended April 30, 2005 (\$Nil – July 31, 2004). For the three-month period ended July 31, 2005, \$14,500 was included in deferred exploration expenditures (\$Nil – July 31, 2004) and \$5,000 was reflected in Stock option compensation (\$Nil – July 31, 2004).

Three-month period ended July 31, 2004 compared with three-month period ended July 31, 2003

For the year three month ended July 31, 2004, the Company reported a net loss of \$24,633 (\$30,572 – July 31, 2003). Revenue totaled \$6,251 at July 31, 2004 as compared to a loss of \$38 at July 31, 2003. The increase of \$6,289 was comprised mainly of: \$3,536 of interest income on bank balances as a result of the equity financings in fiscal 2004 and \$2,715 in operator's fees charged for project administration. Interest and bank charges totaled \$NIL compared to \$38 (July 31, 2003).

The net loss for the three-month period ended July 31, 2004 included a write-off due to abandonment of properties of \$9,825 (\$8,055 – July 31, 2003). Expenses excluding the write-off due to abandonment of properties totaled \$21,059 (\$22,479 – July 31, 2003). The increase in Professional and accounting fees of \$3,420 to \$7,812 (\$4,392 – July 31, 2003) was as a result an increase of year-end accruals to reflect the significant increase in activities as a result of the private placement financings. Administration expenses and other of \$4,984 decreased by \$6,928 (\$11,912 – July 31, 2003) mainly due to the debt settlement agreement with Freewest Resources Canada Inc. based on the amounts owing as at April 30, 2003 and reduction in the monthly amount for shared office and related expenses. Filing costs and shareholders' information totaled \$8,263 compared to \$4,175 (July 31, 2003). The increase of \$4,088 related mainly to higher advertising, promotion, and public relation costs. Loss due to write-down of marketable securities was \$NIL (\$2,000 – July 31, 2003) as the market value of the underlying marketable securities had not changed from April 30, 2004.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for eight of the most recently completed financial quarters:

	2005	2004				2003		
	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$
Revenues	30,955	28,057	20,156	5,697	6,251	8,117	37,417	(30)
Net (loss) income	(73,775)	205,865	(38,301)	(82,830)	(24,633)	(192,271)	(12,313)	(40,201)
Net (loss) income per share	(0.0012)	0.0041	(0.0008)	(0.0018)	(0.0006)	(0.0057)	(0.0005)	(0.0015)
Fully diluted net (loss) income per share	(0.0012)	0.0031	(0.0008)	(0.0018)	(0.0006)	(0.0057)	(0.0005)	(0.0015)

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

LIQUIDITY

Three-month period ended July 31, 2005 compared with three-month period ended July 31, 2004

As at July 31, 2005, the Company maintained a cash and equivalent position of \$1,161,415 (\$744,339 as at July 31, 2004) and working capital of \$1,511,892 as compared to a working capital of \$792,286 as at July 31, 2004. 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 mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Murgor did not complete any financings during the three-month period ended July 31, 2005 and July 31, 2004.

Three-month period ended July 31, 2004 compared with three-month period ended July 31, 2003

As at July 31, 2004, the Company maintained a cash and equivalent position of \$744,339 (\$16,728 as at July 31, 2003) and working capital of \$792,286 as compared to a working capital deficiency of \$237,109 as at July 31, 2003. 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 mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Murgor did not complete any financings during the three-month period ended July 31, 2004. During the quarter ended July 31, 2003, the Corporation issued 200,000 common shares in settlement of a \$20,000 debt to a director.

MINING PROPERTIES AND DEFERRED COSTS

	April 30, 2005	Expenditures	Proceeds from option agreements	(Write-off)	July 31, 2005
	\$	\$	\$	\$	\$
Quebec					
Fancamp Township					
Acquisition	36,231	-	-	-	36,231
Exploration	1,581,103	1,393	-	-	1,582,496
Benoist Township					
Acquisition	31,194	-	-	-	31,194
Exploration	849,993	-	-	-	849,993
Barry Township					
Acquisition	377,204	-	-	-	377,204
Exploration	1,761,382	-	-	-	1,761,382
Urban Township					
Acquisition	85,037	17,812	-	(27,500)	75,349
Exploration	1,114,258	197,926	-	(11,818)	1,300,366
La Trève					
Acquisition	145,173	-	-	-	145,173
Exploration	305,503	13,993	-	-	319,496
Eagle River					
Acquisition	8,180	(322)	-	-	7,858
Exploration	247,324	69,975	-	-	317,299
Others					
Acquisition	-	-	-	-	-
Exploration	-	9,086	-	(9,086)	-
	6,542,582	309,863	-	(48,404)	6,804,041
Ontario					
Mishibishu Township					
Acquisition	67,835	-	-	-	67,835
Exploration	158,409	56,975	-	-	215,384
Mystery					
Acquisition	41,400	-	-	-	41,400
Exploration	92,588	46,607	-	-	139,195
Clay Lake					
Acquisition	4,950	65	-	-	5,015
Exploration	1,500	41,778	-	-	43,278
Others	-	-			
Acquisition	-	-	-	-	-
Exploration		4,180	-	(4,180)	-
	366,682	149,605	-	(4,180)	512,107

MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	April 30, 2005	Expenditures	Proceeds from option agreements	(Write-off)	July 31, 2005
	\$	\$	\$	\$	\$
New Brunswick					
Mount Pleasant					
Acquisition	8,715	-	-	-	8,715
Exploration	74,094	-	-	-	74,094
Other					
Acquisition	-	-	-	-	-
Exploration	-	2,870	-	(2,870)	-
	82,809	2,870	-	(2,870)	82,809
Canadian Properties	6,992,073	462,338	-	(55,454)	7,398,957
Foreign Property					
Mexico					
Acquisition	-	-	-	-	-
Exploration	-	-	-	-	-
	-	-	-	-	-
Stock Option Compensation	2,500	14,500	-	-	17,000
	6,994,573	476,838	-	(55,454)	7,415,957

For the three-month period ended July 31, 2005, the Corporation incurred exploration expenditures totaling \$444,783 of which \$292,373 was incurred in Quebec; \$149,540 in Ontario; \$2,870 in New Brunswick. The exploration expenditures incurred in Canada were funded through the amount raised from Murgor's private placement equity financings.

ADMINISTRATION EXPENSES AND OTHER

The table below details the amounts included in Administration expenses and other of \$7,185 for the three-month period ended July 31, 2005 (\$4,984 – July 31, 2004):

	July 31, 2005	July 31, 2004
	\$	\$
Office Expenses		
Dues and Subscriptions	343	184
Postage and Courier	-	11
Insurance	2,342	1,540
Office Supplies and Other	-	249
Rent and Office Services	4,500	3,000
	7,185	4,984

RELATED PARTY TRANSACTIONS

All related party transactions are in the 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. Certain directors of the Company are also shareholders and directors of related corporations.

The related corporations charged an aggregate amount of \$22,055 (\$3,368 – July 31, 2004) for administrative costs, services, shared office expenses and exploration expenditures. A total of \$24,000 (\$20,000 – July 31, 2004) in remuneration was paid to the President for professional services rendered in his capacity as a geologist and qualified person (QP). Prepaid expenses included an amount of \$5,115 (\$21,745 – July 31, 2004) representing advances to the President for professional services in his capacity as a geologist and qualified person (QP) and \$4,000 (\$Nil – July 31, 2004) to a director of the company for administration and exploration expenditures and \$4,000 representing an advance to a Director for upcoming office and exploration expenditures.

CRITICAL ACCOUNTING POLICIES

The Company prepares its financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) in Canada. The Company detailed its significant accounting policies in Note 2 to its audited financial statements for the year ended April 30, 2005 and has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The cost 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 or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The sale of an interest in claims or a grant received is credited directly to expenditures until such time as all related expenditures are recovered. Direct costs incurred to maintain claims are capitalized.

The Company has two stock option plans as described in note 4 to the audited financial statements for the year ended April 30, 2005. Effective May 1, 2003, the Company adopted prospectively the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, *Stock-based Compensation and Other Stock-based Payments* and began expensing prospectively its stock based compensation. Under these new standards, all stock-based payments made to non-employees must be systematically accounted for in the Corporation’s financial statements. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and should be recognized over the related service period. The cost of the stock option Compensation Plan is recognized in Deferred Exploration Expenses and Administration Expenses with a corresponding credit to Contributed Surplus using the fair value based method of Accounting of Awards.

Earnings per share computations are based upon the weighted average number of common shares outstanding during the years. The Company uses the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. In the year of a loss, no diluted loss per share is provided as the inclusion of outstanding share purchase options and warrants would be anti-dilutive.

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. Significant areas requiring the use of management estimates relate to impairment of mineral properties. Actual results could differ from those estimates.

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being

more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

The Corporation has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

Effective May 1, 2004, the Corporation prospectively adopted the recommendation of the Emerging Issues Committee (“EIC”) of the Canadian Institute of Chartered Accountants (“CICA”). EIC 146 requires the recognition of the foregone tax benefit at the time of the renouncement provided that there is reasonable assurance that the expenditures will be incurred.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies for the three-month period ended July 31, 2005.

FINANCIAL INSTRUMENTS

The fair value of all of the Company’s financial instruments approximates the carrying value unless otherwise noted. Cash, cash held for exploration, accounts receivable and accounts payable and accrued liabilities are non-interest bearing. Cash and cash equivalents include cash on hand, bank balances and term deposit with maturity of three months or less.

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 interim report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and necessarily include amounts based on estimates and judgements of management. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

(Signed: Andre C. Tessier)
President & CEO

(Signed: Mark Schneiderman)
Director & CFO

MURGOR RESOURCES INC.**Interim Balance Sheets**

	July 31 2005 (Unaudited) \$	April 30 2005 (Audited) \$
Assets		
Current assets		
Cash	1,067,615	1,141,620
Cash held for exploration work	93,800	489,744
Marketable securities (note 3)	25,200	25,200
Accounts receivable	225,311	200,451
Due from related corporation (note 5)	187,037	113,180
Prepaid expenses (note 5)	47,761	88,629
	<u>1,646,724</u>	<u>2,058,824</u>
Mining properties and deferred costs	<u>7,415,957</u>	<u>6,994,573</u>
	<u><u>9,062,681</u></u>	<u><u>9,053,397</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	127,682	64,123
Due to directors (note 5)	7,150	7,150
	<u>134,832</u>	<u>71,273</u>
Shareholders' equity		
Capital stock (note 4)	15,233,944	15,233,944
Contributed surplus (note 4)	126,845	107,345
Deficit	<u>(6,432,940)</u>	<u>(6,359,165)</u>
	<u>8,927,849</u>	<u>8,982,124</u>
	<u><u>9,062,681</u></u>	<u><u>9,053,397</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	
	2005	2004
	\$	\$
Revenue		
Interest	7,930	3,536
Operator's fees	23,025	2,715
	30,955	6,251
Expenses		
Professional and accounting fees	15,240	7,812
Administration expenses and other	7,185	4,984
Filing costs and shareholders' information	21,851	8,263
Write-off due to abandonment of properties	55,454	9,825
Stock option compensation	5,000	-
	104,730	30,884
Net loss for the period	(73,775)	(24,633)
Deficit - beginning of period	(6,359,165)	(6,291,704)
Deficit - end of period	(6,432,940)	(6,316,337)
Basic and fully diluted net loss per share	(0.0012)	(0.0006)
Weighted average number of outstanding shares	61,832,378	44,986,893

See accompanying notes to financial statements

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

	Three-month period ended July 31	
	2005	2004
	\$	\$
Cash flows from (used in) operating activities		
Net loss	(73,775)	(24,633)
Adjustments for:		
Write-off due to abandonment of properties	55,454	9,825
Stock option compensation	5,000	-
	<u>(13,321)</u>	<u>(14,808)</u>
Changes in non-cash components of working capital		
Accounts receivable	(24,860)	33,407
Due from related corporation	(73,857)	(75,855)
Prepaid expenses	40,868	(93,687)
Accounts payable and accrued liabilities	63,559	(15,113)
Due to directors	-	(7,194)
	<u>5,710</u>	<u>(158,442)</u>
Cash flows (used in) operating activities	<u>(7,611)</u>	<u>(173,250)</u>
Cash flows from (used in) investing activities		
Mining claims acquired	(17,555)	(2,015)
Exploration expenditures deferred	(444,783)	(180,062)
Proceeds from option agreements	-	45,000
	<u>(462,338)</u>	<u>(137,077)</u>
Cash flows (used in) investing activities	<u>(462,338)</u>	<u>(137,077)</u>
(Decrease) in cash and cash equivalents	(469,949)	(310,327)
Cash and cash equivalents - beginning of period	<u>1,631,364</u>	<u>1,054,666</u>
Cash and cash equivalents - end of period	<u>1,161,415</u>	<u>744,339</u>
Cash and cash equivalents are composed of:		
Cash	1,067,615	35,036
Cash held for exploration work	93,800	709,303
	<u>1,161,415</u>	<u>744,339</u>

See accompanying notes to financial statements

MURGOR RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JULY 31, 2005
(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, 2005 and the results of operations and cash flows for the three-month period ended July 31, 2005 and 2004.

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. Marketable securities

Marketable securities are carried at the lower of cost and market. As at July 31, 2005, market value was \$31,100 (April 30, 2005 - \$25,200).

4. Capital stock

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

Authorized: An unlimited number of common shares

	<u>Amount</u>	<u>Number of</u>
	\$	#
Balance at beginning, April 30, 2005 (audited)	15,223,944	61,825,255
Allotted shares issued	<u>10,000</u>	<u>100,000</u>
Balance at end, July 31, 2005 (unaudited)	<u>15,233,944</u>	<u>61,925,255</u>

MURGOR RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JULY 31, 2005
(UNAUDITED)

4. Capital stock (cont'd)

(b) Stock option plan

	Number of Options	Weighted Average Exercise Price
	#	\$
Balance April 30, 2005 (audited) and July 31, 2005 (unaudited)	5,561,593	0.13

Accounting for the stock-based compensation plan

The fair value of the options granted during the fiscal year ended April 30, 2005 amounted to \$79,706 and was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the year ended April 30, 2005, a total of \$7,500 (\$5,000 as an administration expense and \$2,500 as an exploration expense) was recorded. For the three-month period ended July 31, 2005 a total of \$19,500 (\$5,000 as an administration expense and \$14,500 as an exploration expense). For the three-month period ended July 31, 2004 (\$Nil).

Number of options granted	375,000	500,000
Weighted risk-free interest rate	2.45%	3.24%
Expected volatility	108.5%	116.0%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	5 years

(c) Warrants

	Number of Warrants	Weighted Average Exercise Price
	#	\$
Balance April 30, 2005 (audited) and July 31, 2005 (unaudited)	11,635,357	0.18

(d) Contributed surplus

	Amount
	\$
Balance at beginning April 30, 2005 (audited)	107,345
Stock-based compensation	19,500
Balance at end, July 31, 2005 (unaudited)	126,845

MURGOR RESOURCES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JULY 31, 2005
(UNAUDITED)

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 \$5,115 (2004 - \$21,745) representing advances to the President for professional services in his capacity as consulting geologist and qualified person and \$4,000 representing an advance to a Director for upcoming office and exploration expenditures.

(ii) Certain directors of the Corporation are also shareholders and directors of related corporations. The related corporations charged an aggregate amount of \$22,055 (2004 - \$3,368) 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) \$24,000 (2004 - \$20,000) represents the remuneration to the President in his capacity as consulting geologist and qualified person.

6. Subsequent events

None.

7. 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 2005 unaudited interim financial statements.