Anglo Minerals Ltd.

Consolidated Financial Statements

June 30, 2005 and 2004

Collins Barrow
Chartered Accountants & Consultants

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Auditors' Report

To the Shareholders
Anglo Minerals Ltd.

We have audited the consolidated balance sheets of Anglo Minerals Ltd. as at June 30, 2005 and 2004 and the consolidated statements of income and retained earnings and cash flows for the years ended June 30, 2005 and 2004 and for the period from inception on October 11, 1994 to June 30, 2005. These financial statements are the responsibility of the company'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 consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2005 and 2004 and the results of its operations and its cash flows for the years then ended and for the period from inception on October 11, 1994 to June 30, 2005 in accordance with Canadian generally accepted accounting principles.

(signed) "Collins Barrow Calgary LLP"

CHARTERED ACCOUNTANTS

Calgary, Alberta
October 7, 2005

Anglo Minerals Ltd.

Consolidated Balance Sheets

(see note 1 - Nature of entity and future operations)

June 30, 2005 and 2004

	2005	2004
Assets		
Current assets		
Cash	$ 4,562,989	$ 15,818
Accounts receivable	10,054	32,174
Deposits	20,000	-
	4,593,043	47,992
Due from an officer and director (note 3)	-	1
Mineral properties and deferred costs (schedule and note 4)	568,839	577,447
	$ 5,161,882	$ 625,440
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 59,935	$ 87,541
Loans payable (note 5)	-	3,500
Due to an officer and director (note 3)	1,521	-
Future income taxes	994,304	-
	1,055,760	91,041
Future income taxes	162,599	-
	1,218,359	91,041
Shareholders' Equity		
Share capital (note 6)	1,926,707	1,867,078
Contributed surplus	435,086	10,000
Retained earnings (deficit)	1,581,730	(1,342,679)
	3,943,523	534,399
	$ 5,161,882	$ 625,440

Approved by the Board,

(signed) "Todd Montgomery"______, Director

(signed) "Randy Ludwar"_________, Director

Anglo Minerals Ltd.

Consolidated Statements of Income and Retained Earnings

(see note 1 - Nature of entity and future operations)

	Years Ended June 30, 2005	Years Ended June 30, 2004	Cumulative from Inception on October 11, 1994
Revenue			
Gain on disposition of mineral properties (note 11)	$ 4,259,018	$ -	$ 4,259,018
Interest income	20,223	-	20,223
	4,279,241	-	4,279,241
Expenses			
Advertising and promotion	$ 4,085	$ -	$ 39,750
Bank charges and other	1,346	5,533	44,618
Cost of impaired loan written off	30,000	-	30,000
Cost of impaired properties written off	-	12,487	708,444
Office	27,940	15,270	197,951
Professional fees	59,271	24,562	290,064
Salaries and consulting fees	69,239	20,367	224,651
Transfer agent costs	8,197	6,330	64,035
Travel	1,608	4,173	15,891
Amortization	-	-	2,500
	201,686	88,722	1,617,904
Income (loss) before the following	4,077,555	(88,722)	2,661,337
Gain on disposal of investment in private company	-	-	55,946
Gain on disposal of Anglo Gold Mining Inc.	-	-	500
Recovery of (provision for) amount due from an officer and director (note 3)	5,472	44,839	-
Gain on settlement of accounts payable	-	-	22,565
Income (loss) before income taxes	4,083,027	(43,883)	2,740,348
Income taxes - future	1,158,618	-	1,158,618
Net income (loss)	2,924,409	(43,883)	1,581,730
Deficit, beginning of period	(1,342,679)	(1,298,796)	-
Retained earnings (deficit), end of period	$ 1,581,730	$ (1,342,679)	$ 1,581,730
Net income (loss) per share - basic and diluted (note 6[e])	$ 0.15	$ (0.00)	

Anglo Minerals Ltd.

Consolidated Statement of Cash Flows

(see note 1 - Nature of entity and future operations)

	Years Ended June 30, 2005	Years Ended June 30, 2004	Cumulative from Inception on October 11, 1994
Operating activities			
Net income (loss)	$ 2,924,409	$ (43,883)	$ 1,581,730
Items not involving cash			
Future income taxes	1,158,618	-	1,158,618
Cost of impaired properties written off	-	12,487	708,444
Cost of mpaired loans written off	30,000	-	30,000
Amortization	-	-	2,500
Gain of disposal of investment in private company	-	-	(55,946)
Gain on disposal of Anglo Gold Mining Inc.	-	-	(500)
Provision for (recovery of) amount due from an officer and director	(5,472)	(44,839)	-
Gain on settlement of accounts payable	-	-	(22,565)
Gain on disposition of mineral properties	(4,259,018)	-	(4,259,018)
	(151,463)	(76,235)	(856,737)
Changes in non-cash working capital balances relating to operating activities (note 12)	(43,646)	(42,100)	64,784
	(195,109)	(118,335)	(791,953)
Financing activities			
Advances (repayment of advances) from loans payable	(3,500)	(1,000)	-
Advances (repayment of advances) from related parties	1,521	(2,600)	1,521
Proceeds on issuance of shares	487,500	150,000	1,968,692
Share issuance costs	(4,500)	(1,323)	(126,737)
Repayment on cancellation of common shares	-	-	(26,992)
Redemption of share capital	-	-	(25,000)
	481,021	145,077	1,791,484
Investing activities			
Acquisition of investment in private company	-	-	(41)
Proceeds on disposal of investment in private company	-	-	55,987
Proceeds on disposal of Anglo Gold Mining Inc.	-	-	500
Repayment of advances to (advances to) an officer and director, net	5,472	44,839	-
Additions to mineral properties and deferred costs, net of recoveries	(574,105)	(35,015)	(1,876,941)
Proceeds on disposition of mineral properties and deferred costs, net of transaction costs	4,841,732	48,500	5,408,475
Organization costs	-	-	(2,500)
Changes in non-cash working capital balances relating to investing activities (note 12)	(11,840)	(69,063)	(22,022)
	4,261,259	(10,739)	3,563,458
Cash inflow	4,547,171	16,003	4,562,989
Cash (bank indebtedness), beginning of period	15,818	(185)	-
Cash, end of period	$ 4,562,989	$ 15,818	$ 4,562,989

Anglo Minerals Ltd.

Consolidated Schedule of Mineral Properties and Deferred Costs

(see note 1 - Nature of entity and future operations)

	Years Ended June 30, 2005	Years Ended June 30, 2004	Cumulative from Inception on October 11, 1994
Firebag Coal Project			
Mineral properties and exploration expenses			
Balance, beginning of period	$ 327,010	$ 326,168	$ -
Additions	-	842	661,842
Proceeds on disposition	(327,010)	-	(661,842)
Balance, end of period	-	327,010	-
Deferred costs			
Balance, beginning of period	250,437	252,251	-
Additions	5,268	23,186	445,873
Proceeds on disposition	(255,705)	(25,000)	(445,873)
Balance, end of period	-	250,437	-
Total costs	$ -	$ 577,447	$ -
Potash Project			
Mineral properties and exploration expenses			
Additions	$ 83,476	$ -	$ 83,476
Deposits on permit applications	388,724	-	388,724
Balance, end of period	472,200	-	472,200
Deferred costs			
Additions and balance, end of period	96,639	-	96,639
Total costs	$ 568,839	$ -	$ 568,839
Other Projects			
Mineral properties, exploration expenses and deferred costs			
Balance, beginning of period	$ -	$ 25,000	$ -
Additions	-	10,987	750,187
Proceeds on disposition	-	(23,500)	(41,743)
Write-down	-	(12,487)	(708,444)
Balance, end of period	$ -	$ -	$ -
Total Project Costs for the Period			
Mineral properties and exploration expenses	$ 472,200	$ 327,010	$ 472,200
Deferred costs	96,639	250,437	96,639
Total costs	$ 568,839	$ 577,447	$ 568,839

1. Nature of entity and future operations

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The company is engaged in the business of mineral exploration and development. Since inception, the efforts of the company have been devoted to exploration of natural resources and acquisition of mineral rights. The company has yet to determine whether these properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred costs is dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties. To date, no development projects have been completed and no production commenced. Also, no significant revenues have been earned and the company is considered to be in the development stage.

On December 29, 2004, the shareholders voted in favour of a change in business to include the energy sector.

2. Significant accounting policies

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for the year necessarily involves the use of estimates and approximations which have been made using careful judgment. By their nature, these estimates and approximations are subject to measurement uncertainty, and the effect on the financial statements from changes in these estimates and approximations in future periods could be significant. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Principles of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary.

(b) Joint venture accounting

Some of the company's mineral exploration and development activities are conducted jointly with others, and accordingly, these accounts reflect only the company's proportionate interest in such activities.

(c) Mineral properties and deferred costs

Mineral properties and deferred costs includes initial property acquisition costs, related property option payments, exploration and development costs, an allocation of salaries based on time spent and other costs directly related to specific properties. All costs related to the exploration and development of mineral properties are deferred until commencement of commercial production.

When properties are developed to the stage of commercial production, mineral properties and deferred costs will be amortized on a unit-of-production basis over economically recoverable reserves.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or determination of impairment of value. The amounts recorded as mineral properties and deferred costs represent unamortized costs to date and do not necessarily reflect present or future values.

Management periodically reviews the carrying values of mineral properties and deferred costs with external mining professionals. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the company will continue exploration on the project. The company does not set a pre-determined holding period for properties with unproven reserves. However, based on the results at the conclusion of each phase of an exploration program, properties that are not suitable as prospects are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

(d) Option payments received

Option payments received from third parties for the right to explore mineral properties are recorded first as a reduction of the specific mineral property and deferred exploration costs to which the payments relate, and any excess is included on the statement of income and retained earnings (see note 11).

(e) Asset retirement obligations

Effective July 1, 2004, the company has adopted retroactively the recommendations of CICA Handbook Section 3100, "Asset Retirement Obligations". This standard requires liability recognition for retirement obligations associated with long-lived assets, such as mineral properties, and includes returning such properties to their original condition.

The standard requires the company to recognize the fair value of the liability for an asset retirement obligation in the period in which it is incurred and record a corresponding increase in the carrying value of the related long-lived asset. Fair value is determined through a review of engineering studies, industry guidelines, and management estimates. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the company's credit-adjusted risk-free interest rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized using the unit-of-production basis over economically recoverable reserves.

To July 1, 2004 and June 30, 2005, no significant asset retirement obligations have been incurred. As a result, this change in accounting policy had no impact on the consolidated financial statements.

(f) Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets are translated into Canadian dollars at the historical rates in effect when the assets were acquired. Revenues and expenses, except amortization, are translated into Canadian dollars at the average exchange rate for the period. Amortization will be translated into Canadian dollars at the same rate as the related assets. Exchange gains and losses arising on translation are included in determining current earnings.

(g) Stock-based compensation

Effective July 1, 2003, the company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") new standard with respect to accounting for stock-based compensation arrangements relating to stock options granted to employees and directors. Stock options granted to employees and directors, on or after July 1, 2003, are accounted for using the fair value method. The compensation cost for options granted is determined based on the estimated fair value of the stock options at the time of the grant. The compensation cost is recognized over the vesting periods of the respective options as an expense or capitalized to mineral properties and deferred exploration costs.

(h) Income taxes

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

(i) Per share amounts

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the year. For the purpose of the per share calculation, the non-voting shares were converted into voting shares. Diluted per share amounts are calculated based on the treasury stock method, whereby the effect of in-the-money instruments such as stock options affect the calculation. The treasury stock method uses proceeds received on the exercise of in-the-money options plus the unamortized portion of stock-based compensation to purchase common shares at the average price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

3. Due to (from) an officer and director

The amount due to (from) an officer and director is due on demand, unsecured, non-interest bearing and has no specified terms of repayment. In prior periods, due to the uncertainty of the collectibility of the amount due from an officer and director, the company had written it down to a net realizable value of $1. As repayment occurs, a recovery is included in income. For the year ended June 30, 2005, a net recovery of $5,472 (2004 - $44,839) has been recorded.

4. Mineral properties and deferred costs

(a) During the year ended June 30, 2005, the company obtained two potash exploration and development permits from the Province of Saskatchewan. Additionally, the company has eight permit applications that are under review. Subsequent to year-end, one of these exploration and development permits was approved and an additional permit application was submitted.

(b) Firebag Coal Project ("Firebag") was the primary project of the company which involved the development and extraction of Lignite A coal in Fort McMurray, Alberta, Canada. During the year ended June 30, 2005, the company disposed of its interest in the property subject to the terms of a letter agreement (see note 11).

(c) During the year ended June 30, 2001, the company entered into a letter agreement purchasing a mining claim, subject to a 1% net smelter return royalty in the Fort a la Corne area of Saskatchewan. During the period ended June 30, 2003, the company decided not to pursue further development of this property. During the period ended June 30, 2004, the company sold this property for proceeds of $23,500.

5. Loans payable

Loans payable consisted of advances from non-related individuals. The loans were non-interest bearing, unsecured and had no specified terms of repayment.

6. Share capital

(a) Authorized

Unlimited number of voting common shares
Unlimited number of non-voting common shares
Unlimited number of preferred shares issuable in series with such rights and restrictions as the directors may determine prior to issuance

(b) Issued

	2005		2004	
	Number	**Stated Value**	**Number**	**Stated Value**
Common shares - voting				
Balance, beginning of year	16,326,832	$ 1,516,997	13,326,832	$ 1,366,997
Private placement (note 6[c])	4,500,000	487,500	3,000,000	150,000
Common shares exchanged for common shares non-voting (note 6[d])	2,295,000	47,232	-	-
Balance, end of year	23,121,832	2,051,729	16,326,832	1,516,997
Common shares - non-voting				
Balance, beginning of year	22,950,000	472,318	22,950,000	472,318
Exchanged for common shares (note 6[d])	(22,950,000)	(47,232)	-	-
Allocated to contributed surplus	-	(425,086)	-	-
Balance, end of year	-	-	22,950,000	472,318
		2,051,729		1,989,315
Less: Share issuance costs				
Balance, beginning of year		122,237		120,914
Additions, net of income taxes of $1,715 (2004 - $NIL)		2,785		1,323
Balance, end of year		125,022		122,237
		$ 1,926,707		$ 1,867,078

(c) During the year ended June 30, 2005, pursuant to various private placements, the company issued 1,000,000 shares at $0.05 per share for proceeds of $50,000, and 3,500,000 shares at $0.125 per share for proceeds of $437,500.

During the year ended June 30, 2004, pursuant to a private placement, the company issued 3,000,000 shares at $0.05 per share for proceeds of $150,000.

(d) On December 29, 2004, the shareholders voted in favour of a resolution converting 2,295,000 non-voting common shares into 2,295,000 voting common shares, and the cancellation of the remaining 20,655,000 non-voting shares.

(e) Net income (loss) per share per share

Basic net income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year of 19,260,188 (2004 - 16,632,790). Diluted net income (loss) per share has been calculated using the weighted average number of common shares of 19,310,188 (2004 - 16,632,790) after giving effect to dilutive stock options. There was no impact on net income (loss) in calculating diluted net income (loss) per share.

7. Stock-based compensation

(a) The company has a stock option plan under which directors, officers, management, consultants and employees of the company are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 3,200,000 shares of the company at the time of granting the options. The maximum number of shares granted to any one optionee shall not exceed 5% of outstanding common shares of the company. Options granted under the plan generally have a term of five years but may not exceed five years and vest as to 25% on each of the days which is 6, 12, 18 and 24 months after being granted. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the stock exchange(s) on which the company's common shares are then listed.

The company records stock-based compensation expense upon vesting of options issued to directors, employees or consultants.

A summary of the status of the company's stock option plan as at June 30, 2005 and 2004 and changes during the years ending on those dates is as follows:

	2005		2004	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Outstanding, beginning of year	2,550,000	$ 0.13	2,550,000	$ 0.13
Granted	650,000	0.14	-	-
Outstanding, end of year	3,200,000	$ 0.13	2,550,000	$ 0.13

The following table summarizes information about stock options outstanding and exercisable at June 30, 2005:

Exercise Price	Number	Weighted-Average Remaining Contractual Life
$ 0.13	2,550,000	1.19 years

(b) The weighted average fair value of stock options granted during 2005 and 2004 was estimated on the dates of grant to be $0.10 (2004 - $NIL) using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2005	2004
Expected life (years)	5	-
Risk-free interest rate (%)	3.58	-
Expected volatility (%)	85	-
Expected dividends ($/share)	-	-

The options granted during the year are valued at $65,000. As none of these options had vested during the year ending June 30, 2005, no stock-based compensation expense has been recorded.

8. Income taxes

(a) Income tax expense (recovery) differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 33.62% (2004 - 40.13%) to loss before income taxes as follows:

	2005	2004
Expected tax expense (recovery)	$ 1,556,450	$ (17,610)
Resource allowance	12,733	6,312
Other	138	794
Expiry of loss carryforward	22,777	27,298
Tax rate adjustments	(58,970)	3,123
Future taxes not (not previously) recognized	(374,510)	(19,917)
	$ 1,158,618	$ -

(b) Significant components of the future tax asset (liability) as at June 30, 2005 and 2004 are as follows:

	2005	2004
Temporary differences related to mineral properties and deferred costs	$ (1,158,461)	$ 281,515
Amount due from an officer and director	-	1,894
Net capital loss carryforwards	40,886	42,102
Non-capital loss carryforwards	6,095	90,484
Share issuance costs	1,558	617
Valuation allowance	(46,981)	(416,612)
	$ (1,156,903)	$ -

(c) The amounts and expiry date of the non-capital loss carryforwards for which no benefit has been recognized in the consolidated financial statements:

Expiry Date	**Canada**	**U.S.** *(in Cdn $)*
2012	$ -	$ 17,397
2023	-	209
2024	-	525
	$ -	$ 18,131

During the year ended June 30, 2005, $65,792 (2004 - $68,025) in non-capital loss carryforwards expired unused.

The company has a net capital loss carryforward of $121,611 which can be carried forward indefinitely and applied against future capital gains.

9. Related party transactions

(a) During the year, the company paid consulting fees of $15,000 (2004 - $10,078) to the president of the company for the period from July 1, 2004 to December 31, 2004. The company also paid management fees totalling $36,000 (2004 - $NIL) to a company wholly owned by the president of the company. The total amount owing to the president's company of $2,112 (2004 - $NIL) is included in accounts payable and accrued liabilities.

(b) During the year, a director provided the company with accounting services of $9,814 (2004 - $7,054). The total amount owing to the director of $6,795 (2004 - $1,610) is included in accounts payable and accrued liabilities.

(c) During the year, a legal practice owned by an individual who became a director in December of 2004 provided the company with legal services of $13,868 (2004 - $NIL). The total amount owing to the director's legal practice of $209 (2004 - $NIL) is included in accounts payable and accrued liabilities.

Management is of the opinion that these transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

10. Commitments and contingencies

(a) Pursuant to a contract with a management company wholly owned by the president of the company, the company has committed to compensate the management company $6,000 a month for management consulting services for the period from January 1, 2005 to December 31, 2007. The total commitment remaining on the contract is $180,000

(b) Pursuant to two potash exploration permits obtained at June 30, 2005 and one potash exploration permit obtained subsequent to year-end the company is committed to exploration and development expenditures as follows:

2006	$ -
2007	120,000
2008	120,000
2009	240,000
2010	240,000
	$ 720,000

The company has applied for eight additional potash exploration permits that, if approved, would each require minimum exploration and development expenditures of $40,000 during each of the second and third years of the term of the permit and $80,000 during each of the fourth and fifth years of the term of the permit.

11. Letter agreement

Pursuant to a letter agreement, dated May 17, 2004, the company granted a private company an irrevocable option to purchase certain oil sands permits and coal lease applications. The company received $25,000 upon granting the option. The original terms of the option were that it is exercisable in five tranches over dates ranging from November 15, 2004 to November 15, 2005 for an aggregate exercise price of $4,975,000. If any particular tranche was not exercised, that particular tranche of the option would expire unless extended by mutual consent of both parties.

On January 20, 2005, the company received a $975,000 option payment relating to the exercise of an option to acquire one-fifth of the company's interest in the properties under option. Related transaction costs were $14,341, for net proceeds of $960,659.

On April 13, 2005, the company received a cash payment of $3,881,073 being the net present value of the remaining scheduled payments under the option agreement, as a final settlement of all amounts owing under the agreement. The company no longer holds an interest in any of these oilsands permits and coal lease applications (see notes 2[d] and 4[b]).

12. Statement of cash flows

(a) Changes in non-cash working capital

	Years Ended June 30, 2005	Years Ended June 30, 2004	Cumulative from Inception on October 11, 1994
Operating activities			
Decrease (increase) in accounts receivable	$ (7,880)	$ 905	$ (9,554)
Increase (decrease) in accounts payable, net of gain on settlement of accounts payable	(35,766)	(43,005)	74,338
	$ (43,646)	$ (42,100)	$ 64,784
Investing activities			
Decrease (increase) in accounts receivable, net of impaired loan written off	$ -	$ (30,000)	$ (30,500)
Increase (decrease) in accounts payable, net of settlement of accounts payable by the issuance of shares	8,160	(39,063)	28,478
Decrease (increase) in deposits	(20,000)	-	(20,000)
	$ (11,840)	$ (69,063)	$ (22,022)

(b) Non-cash transactions

The following non-cash transactions have been excluded from the statements of cash flows:

	Years Ended June 30, 2005	Years Ended June 30, 2004	Cumulative from Inception on October 11, 1994
Acquisition of coal lease rights in exchange for voting common shares and non-voting shares	$ -	$ -	$ 524,798
Acquisition of mining claim in exchange for voting common shares	$ -	$ -	$ 25,000
Settlement of debt in exchange for voting common shares	$ -	$ -	$ 20,318

13. Financial instruments

(a) Fair values

The fair values of accounts receivable, deposits, accounts payable and accrued liabilities and loans payable approximate their carrying due to their short-term nature.

The fair value of the amount due to an officer and director is not practicable to determine because the company would not enter into similar transactions in absence of these relationships.

(b) Credit risk

The company's maximum credit risk exposure is limited to carrying value of accounts receivable of $10,054 (2004 - $32,174).