

FINANCIAL STATEMENTS

ACREX VENTURES LTD.

(An Exploration Stage Company)

VANCOUVER, BRITISH COLUMBIA, CANADA

DECEMBER 31, 2004, 2003 AND 2002

1. AUDITORS' REPORT
2. STATEMENTS OF EARNINGS AND DEFICIT
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of ACREX Ventures Ltd.

We have audited the accompanying balance sheets of ACREX Ventures Ltd. (An Exploration Stage Company) as at December 31, 2004 and 2003 and the statements of earnings and deficit, stockholders' equity and cash flows for the years ended December 31, 2004, 2003 and 2002. 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 and with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years ended December 31, 2004, 2003 and 2002 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
April 4, 2005

"AMISANO HANSON"
Chartered Accountants

**COMMENTS BY AUDITOR FOR U.S. READERS ON CANADA - U.S. REPORTING
CONFLICT**

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is substantial doubt about a company's ability to continue as a going concern. The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the realization of assets and discharge of liabilities in the normal course of business. As discussed in Note 1 to the accompanying financial statements, the Company is in the process of exploring its principal mineral property and has not yet determined whether the property contains ore reserves that are economically recoverable which raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our report to the shareholders dated April 4, 2005 is expressed in accordance with Canadian reporting standards which do not permit a reference to such uncertainty in the auditors' report when the uncertainty is adequately disclosed in the financial statements.

Vancouver, Canada
April 4, 2005

"AMISANO HANSON"
Chartered Accountants

ACREX Ventures Ltd.

(An Exploration Stage Company)

STATEMENTS OF EARNINGS AND DEFICIT

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

	2004	2003	2002
EXPENSES			
Management fees - Note 8	\$ 138,000	\$ 86,000	\$ 42,000
Legal - Note 8	51,793	64,311	55,865
Office and general	40,700	28,884	25,059
Advertising	41,213	3,114	5,770
Promotion and travel	31,199	29,780	7,982
Accounting	35,700	36,798	9,668
Investor relations	23,677	25,933	58,898
Filing fees	6,244	14,718	4,095
Finance fee	8,000	-	-
Rent	12,502	14,400	7,200
Consulting	9,202	44,290	13,905
Transfer agent fees	7,888	7,192	8,241
Insurance	500	2,188	1,750
Stock-based compensation - Note 6	-	112,000	-
Business investigation costs	-	5,699	-
	(406,618)	(475,307)	(240,433)
Net loss before other items and income taxes	(406,618)	(475,307)	(240,433)
OTHER ITEMS			
Gain on sale of interest in mineral property	12,049	-	-
Interest income	10,631	22,028	3,578
Write-down of marketable securities	(25,409)	-	-
	(2,729)	22,028	3,578
NET LOSS	(409,347)	(453,279)	(236,855)
Deficit, beginning of year	(3,372,343)	(2,919,064)	(2,682,209)
DEFICIT, end of year	\$ (3,781,690)	\$ (3,372,343)	\$ (2,919,064)
NET LOSS PER SHARE - BASIC / DILUTED	\$ (0.03)	\$ (0.05)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	13,168,301	9,866,402	6,118,716

ACREX Ventures Ltd.
(An Exploration Stage Company)
BALANCE SHEETS

December 31, 2004 and 2003

Expressed in Canadian dollars

	2004	2003
ASSETS		
Current		
Cash and short-term investments	\$ 229,231	\$ 1,035,013
Marketable securities, at market (cost: \$41,909; 2003: \$23,250)	16,500	23,250
Other receivables	16,230	52,476
Total current assets	261,961	1,110,739
Due from joint venture – Note 3	14,672	-
Mineral properties - Note 3	1,039,672	606,984
Total assets	\$ 1,316,305	\$ 1,717,723

LIABILITIES

Current		
Accounts payable and accrued expenses - Note 8	\$ 54,712	\$ 98,983
Total liabilities	54,712	98,983

STOCKHOLDERS' EQUITY

Share capital - Notes 4 and 12	4,931,283	4,879,083
Contributed surplus - Note 5	112,000	112,000
Deficit	(3,781,690)	(3,372,343)
Total stockholders' equity	1,261,593	1,618,740
Total liabilities and stockholders' equity	\$ 1,316,305	\$ 1,717,723

Nature and Continuance of Operations - Note 1
Commitments - Notes 3, 4, 6 and 7
Subsequent Events – Note 12

APPROVED ON BEHALF OF THE BOARD:

“T.J. Malcolm Powell”

Director

“Carl R. Jonsson”

Director

ACREX Ventures Ltd.

(An Exploration Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY*Years ended December 31, 2004, 2003 and 2002**Expressed in Canadian dollars*

	Common Stock Shares	Common Stock Amount	Contributed Surplus	Share Subscriptions	Accumulated Deficit	Total
Balance, December 31, 2001	3,425,616	\$ 2,615,605	\$ -	\$ -	\$ (2,682,209)	\$ (66,604)
2002						
Common stock issued for cash	4,613,000	1,260,518	-	-	-	1,260,518
Net loss	-	-	-	-	(236,855)	(236,855)
Balance, December 31, 2002	8,038,616	3,876,123	-	-	(2,919,064)	957,059
2003						
Common stock issued for:						
Cash (net of issue costs)	5,029,000	977,960	-	-	-	977,960
Finder's fee	100,000	25,000	-	-	-	25,000
Stock based compensation	-	-	112,000	-	-	112,000
Net loss	-	-	-	-	(453,279)	(453,279)
Balance, December 31, 2003	13,167,616	4,879,083	112,000	-	(3,372,343)	1,618,740
2004						
Common stock issued for:						
Cash (net of issue costs)	250,000	52,200	-	-	-	52,200
Net loss	-	-	-	-	(409,347)	(409,347)
Balance, December 31, 2004	13,417,616	\$ 4,931,283	\$ 112,000	\$ -	\$ (3,781,690)	\$ 1,261,593

ACREX Ventures Ltd.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

	2004	2003	2002
OPERATIONS			
Net loss	\$ (409,347)	(453,279)	(236,855)
Add (deduct) items not involving cash:			
Write-down of marketable securities	25,409	-	-
Stock-based compensation	-	112,000	-
Gain on sale of interest in mineral property	(12,049)	-	-
Changes in non-cash working capital balances:			
Decrease (increase) in other receivables	36,246	(22,462)	(29,530)
Increase (decrease) in accounts payable and accrued expenses	(44,271)	83,529	(100,688)
Cash used in operations	(404,012)	(280,212)	(100,688)
FINANCING			
Shares issued	52,200	977,960	1,282,893
Cash provided by financing	52,200	977,960	1,282,893
INVESTING			
Advances to joint venture	(14,672)	-	-
Proceeds from sale of partial interest in mineral property	5,000	15,000	-
Purchase of marketable securities	(6,659)	-	-
Increase in mineral properties	(437,693)	(232,591)	(362,643)
Cash used in investing	(453,970)	(217,591)	(362,643)
Increase (decrease) in cash	(805,782)	480,157	553,177
Cash and short-term investments, beginning of year	1,035,013	554,856	1,679
CASH AND SHORT-TERM INVESTMENTS, end of year	\$ 229,231	1,035,013	554,856

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest	\$ -	-	-
Cash paid during the year for income taxes	\$ -	-	-

Non-cash Transactions - Note 10

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

ACREX Ventures Ltd., incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX").

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

At December 31, 2004 the Company was in the process of exploring its principal mineral property (held under an option) and has not yet determined whether the property contains ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of \$409,347 for the year ended December 31, 2004 (2003: \$453,279; 2002: \$236,855), and had a deficit of \$3,781,690 at December 31, 2004 which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada and, except as described in Note 13, conform in all material respects with accounting principles generally accepted in the United States of America. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Marketable Securities - Marketable securities are carried at the lower of cost or market value.

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral properties - The Company accounts for mineral property costs in accordance with the Canadian Institute of Chartered Accountants Handbook Section 3061, "Property, plant and equipment" ("CICA 3061"), and abstract EIC-126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC-126") of the Emerging Issues Committee. CICA 3061 provides for the capitalization of the acquisition and exploration costs of a mining property where such costs are considered to have the characteristics of property, plant and equipment. EIC-126 provides that a mining enterprise is not precluded from considering exploration costs to have the characteristics of property, plant and equipment when it has not established mineral reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property.

Mineral property costs include initial acquisition costs and related option payments, which are recorded when paid. Exploration and development costs are capitalized until properties are brought into production, when costs are amortized on a unit-of-production basis over economically recoverable reserves. Option payments are credited against mineral property costs when received. No gain or loss on disposition of a partial interest is recorded until all carrying costs of the interest have been offset by proceeds of sale or option payments received.

CICA 3061 also provides that property, plant and equipment be written down when the long-term expectation is that the net carrying amount will not be recovered. EIC-126 states that a mining enterprise which has not objectively established mineral reserves and therefore does not have a basis for preparing a projection of the estimated future cash flow from a property is not obliged to conclude that the capitalized costs have been impaired. However, EIC-126 references certain conditions that should be considered in determining subsequent write-downs, such as changes or abandonment of a work program or poor exploration results, and management reviews such conditions to determine whether a write-down of capitalized costs is required. When the carrying value of a property exceeds its net recoverable amount, provision is made for the impairment in value.

Accounting standards subsequently issued by the CICA dealing with Intangible Assets (CICA 1581 and CICA 3062) include reference to "Use rights such as drilling, water, air, mineral, timber cutting, and route authorities" as examples of intangible assets. CICA 3062 also states, *inter alia*, that intangible assets should be amortized over their useful life and tested for impairment. Management has reviewed this potential reporting conflict with the previously issued standards and is of the opinion that it is appropriately accounting for its mineral properties as having the characteristics of property, plant and equipment.

The Company is an exploration stage company as defined in Statement of Financial Accounting Standards No. 7 and the Securities and Exchange Commission Act Guide 7. The Company is devoting its present efforts to exploring and developing its mineral properties and none of its planned principal operations have commenced. All losses accumulated since inception have been considered as part of the Company's exploration stage activities.

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental costs - Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Stock-based compensation - The Company has a stock option plan as described in Note 6. On January 1, 2003, the Company adopted the recommendations of CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". Under these recommendations, the Company provides certain pro-forma disclosure as required by the fair value method of accounting for stock options for its fiscal year ended December 31, 2002, and recognizes an expense for options granted on or after January 1, 2003 over the period until vested. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option on the date of grant. On the exercise of stock options share capital is credited for consideration received, and for fair value amounts previously credited to contributed surplus. The effect of the adoption of these recommendations is described in Note 6.

Loss per share - The Company uses the "treasury stock method" in computing earnings per share. Under this method, basic loss per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the year.

The existence of warrants and options affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

Income taxes - Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates at the date of enactment or substantive enactment.

Financial instruments - The Company's financial instruments consist of cash and short-term investments, marketable securities, other receivables and accounts payable and accrued expenses. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from its financial instruments and that their fair values approximate their carrying values, unless otherwise noted.

Flow-through shares - In March 2004, the CICA issued Emerging Issue Committee Abstract No. 146 (EIC-146), Flow-through Shares, which clarifies the recognition of previously unrecorded future income tax assets caused by renunciation of expenditures relating to flow-through shares. The Company has adopted prospectively the new recommendation for flow-through shares issued after March 19, 2004 and now records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of loss and deficit on the date that the Company renounces the deductions for investors whereas previously the tax effect was recorded as a credit to equity. This change in accounting policy had no effect on the financial statements for the year ended December 31, 2004.

ACREX Ventures Ltd.
(An Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

3. MINERAL PROPERTIES

December 31, 2003:

	Michaud	Raglan Ungava	Total
Acquisition costs			
Balance, beginning of year	\$ 25,000	-	25,000
Acquisition fees	-	43,202	43,202
Reduction in cost due to sale of interest (see note below)	-	(38,250)	(38,250)
Balance, end of year	25,000	4,952	29,952
Exploration costs			
Balance, beginning of year	362,643	-	362,643
Third-party exploration	197,101	-	197,101
Consulting	13,634	-	13,634
Travel	3,654	-	3,654
Balance, end of year	577,032	-	577,032
	\$ 602,032	4,952	606,984

December 31, 2004:

	Michaud	Raglan Ungava	Total
Acquisition costs			
Balance, beginning of year	\$ 25,000	4,952	29,952
Reduction in cost due to sale of interest (see note below)	-	(4,952)	(4,952)
Balance, end of year	25,000	-	25,000
Exploration costs			
Balance, beginning of year	577,032	-	577,032
Drilling	272,643	-	272,643
Support	76,246	-	76,246
Consulting	70,461	-	70,461
Assays	27,517	-	27,517
Field vehicles	2,750	-	2,750
Core facilities	2,200	-	2,200
Surveying and line cutting	495	-	495
Balance, end of year	1,029,344	-	1,029,344
Less: due from joint venture	(14,672)	-	(14,672)
	\$ 1,014,672	-	1,014,672

ACREX Ventures Ltd.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

3. MINERAL PROPERTIES (continued)

Michaud gold claims, Ontario, Canada - Pursuant to an Agreement dated September 1, 2001 and amended January 17, 2003 and February 17, 2004 ("Agreement") with Moneta Porcupine Mines Inc. ("Moneta"), the Company acquired an option to earn interests in 56 mineral claims in the Michaud Township, Ontario, Canada (the "Property"). The Property is divided into two areas.

Pursuant to the Agreement the Company could have earned a 60% interest in the first area by expending a minimum of \$1,000,000 on exploration of the area by May 15, 2005 and completing a bankable feasibility study on the area by May 15, 2007. The Company was required to give notice to Moneta by December 31, 2004 of its intention to conduct further exploration on this area. The notice was not provided and as a result the Company lost all of its rights to earn any interest in the first area.

During the year the Company fulfilled the requirements to earn a 50% interest in the second area by spending \$1,000,000 on the Property. On November 26, 2004, the Company entered into a Joint Venture Agreement ("JV Agreement") with Moneta to engage in the exploration, development and mining of the second area. Pursuant to the JV Agreement, expenditures in excess of \$1,000,000 are credited towards joint venture expenditures. The JV Agreement also includes terms for the acquisition of additional mining or mineral claims or other real property interests within the area of interest. As at December 31, 2004, the assets and liabilities of the joint venture were as follows:

ASSETS

Exploration expenditures	\$	29,344
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PARTNERS' INTERESTS

JV Partners' interests	\$	29,344
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There were no revenues, expenses, net income or cash flows for the joint venture for the period ended December 31, 2004.

In order to earn an additional 20% interest in the second area the Company was required to give notice to Moneta by December 31, 2004 of its intent to expend a minimum of \$2,750,000 on exploration of the property by May 15, 2007. The Company did not give such notice and as a result lost the right to earn the additional 20% in the second area.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

3. MINERAL PROPERTIES (continued)

Raglan Ungava claims, Quebec, Canada - On May 12, 2003 the Company acquired a 100% interest in 150 mineral claims in the Ungava region of Northern Quebec.

On September 26, 2003 the Company received TSX Venture Exchange approval to grant Resolve Ventures Inc. ("Resolve") an option to acquire up to a 70% interest in the claims. The Company issued 100,000 shares with a fair value of \$25,000 as a finder's fee in respect of the transaction. Resolve may earn the interest by making certain cash payments, issuing shares to the Company and expending amounts on the property as follows:

Due Date	Cash Payment	Share Issuance	Property Expenditure
September 26, 2003 (received)	\$ 15,000	75,000	\$ -
September 26, 2004 (received)	5,000	75,000	-
January 1, 2005 (completed)	-	-	100,000
September 26, 2005	5,000	100,000	-
January 1, 2006	-	-	250,000
January 1, 2007	-	-	500,000
	\$ 25,000	250,000	\$ 850,000

The 75,000 shares of Resolve received by the Company in each of the years ended December 31, 2004 and 2003 were recorded at their fair values (based on the market price of Resolve shares on the date of receipt) of \$12,000 and \$23,250 respectively. The Company has accepted that Resolve has met the required \$100,000 minimum property expenditure as of January 1, 2005.

4. SHARE CAPITAL – Note 12

On November 16, 2004 the shareholders of the Company passed a special resolution providing that the articles of the Company be altered by canceling the existing articles and creating and adopting of new articles. Included in the new articles was an amendment to allow an increase of authorized share capital to an unlimited number of common voting shares without par value.

The following share transactions occurred during the years ended December 31, 2004 and 2003:

- (i) On December 31, 2004, the Company issued 250,000 units for proceeds of \$62,500 pursuant to a brokered private placement. Each unit consisted of one flow-through share and one-half share purchase warrant. One full warrant entitles the holder to acquire a non flow-through common share at a price of \$0.25 until December 30, 2005. The agent was paid a commission of \$5,000, an administration fee of \$5,000, and was issued 37,500 Agent's Warrants. The Agent's Warrants have the same terms as the warrants issued to the placees.
- (ii) On February 21, 2003, the Company issued 1,520,000 units for proceeds of \$334,400 pursuant to a brokered private placement. Each unit consisted of one share and one-half share purchase warrant. One full warrant entitles the holder to acquire an additional common share at a price of \$0.27 until October 29, 2004. The agent was paid a commission of \$30,096 and an administration fee of \$5,000, and was issued 15,000 shares and 304,000 Agent's Warrants. The Agent's Warrants have the same terms as the warrants issued to the placees.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

4. SHARE CAPITAL – Note 12 (continued)

- (iii) On October 9, 2003, the Company issued 3,474,000 units for proceeds of \$766,980 pursuant to a brokered private placement. The 3,474,000 units included 3,384,000 non flow-through units at \$0.22 per unit and 90,000 flow-through units at \$0.25 per unit. Each unit consisted of one share and one-half share purchase warrant. One full warrant entitles the holder to acquire an additional non flow-through common share at a price of \$0.28 until April 30, 2005. The agent was paid a commission of \$69,028 and an administration fee of \$5,000, and was issued 20,000 shares and 694,800 Agent's Warrants. The Agent's Warrants have the same terms as the warrants issued to the placees.

Escrow shares - A total of 192,511 shares (2003: 577,537; 2002: 962,561) are held in escrow and are being released semi-annually on a pro-rata basis, with the final release scheduled for May 21, 2005.

Warrants - The Company has stock purchase warrants outstanding as follows:

Exercise Price	Outstanding December 31, 2003	Issued	(Expired)	Outstanding December 31, 2004	Expiry date
\$0.40	2,823,167	-	(2,823,167)	-	May 17, 2004
\$0.40	1,151,500	-	(1,151,500)	-	May 17, 2004
\$0.40	789,933	-	(789,933)	-	May 17, 2004
\$0.40	633,333	-	(633,333)	-	April 30, 2005
\$0.27	1,064,000	-	(1,064,000)	-	October 29, 2004
\$0.28	2,431,800	-	-	2,431,800	April 30, 2005
\$0.25	-	162,500	-	162,500	December 30, 2005
	8,893,733	162,500	(6,461,933)	2,594,300	

5. CONTRIBUTED SURPLUS

	2004	2003
Balance - beginning of year	\$ 112,000	-
Add: stock based compensation - Note 6	-	112,000
Balance - end of year	\$ 112,000	112,000

ACREX Ventures Ltd.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

6. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION

The Company has established a stock option plan for directors, employees, and consultants. The following table summarizes the stock options outstanding at December 31, 2004:

Price	Number	Expiry date
\$0.30	740,000	June 3, 2007
\$0.28	565,000	November 4, 2008
	1,305,000	

Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the pricing policies of the TSX Venture Exchange. Options vest immediately when granted and expire five years from the date of the grant, unless the Board establishes more restrictive terms.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the corporation.

A summary of the changes in the Company's stock options for the years ended December 31, 2004 and 2003 is presented below:

	2004		2003	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	1,305,000	\$ 0.29	740,000	\$ 0.30
Granted	-	-	565,000	0.28
Outstanding and exercisable, end of year	1,305,000	\$ 0.29	1,305,000	\$ 0.29

As described in Note 2, the Company has adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") with respect to stock-based compensation. The Company uses the Black-Scholes option pricing model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

No stock options were granted or vested during the year ended December 31, 2004. The fair value of stock options granted during the year ended December 31, 2003 was estimated to be \$112,000, and was recorded as an expense. For purposes of the calculations, the following assumptions were used under the Black-Scholes model:

Risk-free interest rate	3%
Expected dividend yield	0%
Expected stock price volatility	118%
Expected life	3 years

The grant-date fair value of options granted during the year ended December 31, 2003 was \$0.28.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

6. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION (continued)

For the year ended December 31, 2002, if the fair value of stock options granted during the year had been recognized, the Company's net loss and loss per share on a pro forma basis would have been restated as follows:

Net loss for the year ended December 31, 2002, as reported	(236,855)
Compensation expense related to the fair value of stock options	(69,560)
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Pro forma net loss for the year ended December 31, 2002	(306,415)
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Basic loss per share, as reported	\$(0.04)
Pro forma basic loss per share	\$(0.05)
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7. COMMITMENTS

- (i) The Company is committed to the Joint Venture Agreement with Moneta as described in Note 3.
- (ii) The Company raised \$62,500 during the year ended December 31, 2004 and \$22,500 during the year ended December 31, 2003 through flow-through financings to fund its exploration activities. The flow-through funds raised must be spent on qualified mineral exploration and are restricted to Canadian Exploration Expenditures ("CEE") as defined in the Canadian Income Tax Act. The Company renounces these expenditures, which flow-through to the subscribers, allowing them to claim the expenditures for income tax purposes.

Pursuant to the flow-through share agreements and the Canadian Income Tax Act, the Company is committed to spending flow-through share proceeds by December 31 of the year following the year renounced. The Company is required to pay interest, at rates set by the taxation authority, on the monthly-unexpended balance of the funds. An additional penalty of 10% may be assessed if the renounced amounts are not spent by that time.

By December 31, 2004, the Company had spent \$22,500 on exploration activities relating to the 2003 financing.

8. RELATED PARTY TRANSACTIONS

The Company incurred legal fees of \$48,950 (2003: \$62,252; 2002: \$50,221) from a law firm of which a director is a principal. Accounts payable includes \$12,847 (2003: \$630; 2002: \$5,976) due to the law firm.

The Company incurred management fees of \$108,000 (2003: \$86,000; 2002: \$42,000) and equipment rental charges of \$10,068 (2003: \$10,068; 2002: \$6,628) from a company owned by a director and management fees of \$30,000 (2003: \$5,000; 2002: \$Nil) from a company owned by another director.

The Company incurred consulting fees of \$Nil (2003: \$8,200; 2002: \$38,094) charged from a company owned by a director.

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

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9. CORPORATION INCOME TAXES

At December 31, 2004, the Company has accumulated resource deduction expenses totalling \$614,147 and non-capital losses totalling \$1,272,354 available to reduce taxable income of future years. The non-capital losses expire as follows:

2007	\$	55,156
2008		91,793
2009		270,556
2010		395,904
2014		458,945
	\$	<u>1,272,354</u>

The significant components of the Company's approximate future income tax assets (liabilities), at an average corporate tax rate of 35%, are as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Non-capital losses	\$ 448,000	\$ 320,000	\$ 165,000
Resource property costs	(149,000)	(169,000)	(144,000)
Share issue costs	53,000	82,000	57,000
	<u>\$ 352,000</u>	<u>\$ 571,000</u>	<u>\$ 78,000</u>

The potential income tax benefit of these losses and expenses have not been recorded in the financial statements due to the uncertainty of realization.

10. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statement.

During the year ended December 31, 2004, the following transaction was excluded from the statement of cash flows: The Company received the second of three scheduled payments, consisting of \$5,000 in cash and \$12,000 in shares of the purchaser, in connection with the optioning of a partial interest in the Raglan Ungava mineral claims. The non-cash portion of this payment was excluded from the statement of cash flows.

During the year ended December 31, 2003, the following transactions were excluded from the statement of cash flows:

- The Company optioned a partial interest in the Raglan Ungava mineral claims and received the first of three scheduled payments, consisting of \$15,000 in cash and \$23,250 in shares of the purchaser. The non-cash portion of this payment, as well as the issuance of 100,000 shares with a fair value of \$25,000 as a finder's fee, were excluded from the statement of cash flows.
- The Company issued 35,000 common shares as agent's fees.

During the year ended December 31, 2002, the following transaction was excluded from the statement of cash flows: The Company issued 83,400 shares at a value of \$25,000 as a finder's fee on the acquisition of the Michaud Property.

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

11. SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The mineral properties are located in Canada in the provinces of Ontario and Quebec.

12. SUBSEQUENT EVENTS

- (i) On January 27, 2005, the Company renounced the exploration expenditures related to the December 30, 2004 issuance of 250,000 flow-through shares. Share capital was reduced by \$22,263 and a future income tax recovery of \$22,263 was recognized in connection with the renunciation.
- (ii) On February 14, 2005, the Company entered into an Option Agreement (the "Agreement") to acquire a 100% interest in the Referendum gold-copper property, consisting of 15 mineral claims covering approximately 850 hectares in the Nelson mining division in British Columbia, Canada. To earn its interest the Company is required to pay \$165,000 and issue up to 400,000 common shares up to completion of a feasibility study. During the first year of the Agreement, the Company is required to pay \$25,000 and issue 100,000 shares. On February 11, 2005, \$5,000 was paid and 50,000 shares were issued pursuant to the Agreement. Ownership of the claims is subject to a 3% net smelter return royalty payable to the optionor, 2% of which may be repurchased by the Company for \$1,000,000.
- (iii) On March 10, 2005, the Company completed a non-brokered private placement of 401,000 units at \$0.15 per unit, for proceeds of \$60,150. Each unit consists of one share and one-half of a share purchase warrant. A whole warrant will entitle the holder to purchase an additional share of the Company for \$0.20 for a one-year period.
- (iv) On March 24, 2005, the Company completed a brokered private placement of 1,200,000 units at \$0.15 per unit, for proceeds of \$180,000. Each unit consists of one share and one-half of a share purchase warrant. A whole warrant will entitle the holder to purchase an additional share of the Company for \$0.20 for a one-year period. The agent's fee consisted of 10,875 shares and 10,875 warrants exercisable at \$0.20 for a one-year period and share issue costs, including commissions, of 18,200 were incurred.

ACREX Ventures Ltd.

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NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

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13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") conform to those generally accepted in the United States ("U.S. GAAP"), in all material respects, except as noted below:

Reconciliation of losses reported to U.S. GAAP:

	2004	2003	2002
Net loss as reported in accordance with Canadian GAAP	\$ (409,347)	(453,279)	(236,855)
Adjustments:			
Mineral property costs expensed	(432,688)	(219,341)	(362,643)
Future income tax benefit related to flow-through shares	-	8,469	51,806
Stock-based compensation	-	-	(69,560)
Net loss under U.S. GAAP	\$ (842,035)	(733,711)	(617,252)
Net loss per share under U.S. GAAP	\$ (0.06)	(0.07)	(0.10)

Stock-based compensation - The Company records compensation expense for U.S. GAAP purposes following the fair value method of accounting for stock options issued to employees. The Company uses the Black-Scholes option pricing model to value its stock options as described in Note 6.

Flow-through shares - Under U.S. GAAP, proceeds from the issuance of flow-through shares are allocated amongst the fair value of the stock issued and the price the investor pays. The difference between the fair value and the price paid is recognized as a liability for accounting purposes. The liability is relieved and the corresponding future tax liability is recorded when the Company renounces its exploration expenditures to the flow-through share investors.

During the year ended December 31, 2002, the Company issued 1,151,500 flow-through shares. The Company renounced \$403,025 during the year and a corresponding tax benefit of \$51,806 was recorded. As of December 31, 2002, \$5,769 remained in the liability account relating to the flow-through expenses. As of December 31, 2003, all amounts renounced had been expended, the liability account relating to the flow-through expenses was \$Nil, and a tax benefit of \$8,469 was recorded for the year then ended. During the year ended December 31, 2004, the Company issued 250,000 flow-through shares; however, as of December 31, 2004 none of the flow-through funds raised had been renounced, resulting in a year end liability of \$7,500.

Additionally, under U.S. GAAP proceeds from the sale of flow-through shares would be classified as restricted cash until the expenditure actually occurs. As at December 31, 2004, for U.S. GAAP purposes, \$62,500 (2003: \$Nil, 2002: \$40,382) would have been restricted.

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004, 2003 and 2002

Expressed in Canadian dollars

13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Net earnings per share and escrow shares - Under U.S. GAAP, performance-based escrow shares are considered to be contingently issuable until the performance criteria has been satisfied and are excluded from the computation of the weighted average of shares outstanding. The Company's escrow shares are not performance-based and therefore no adjustments have been made to the calculation of earnings per share.

On November 2, 2001, the Company entered into an escrow agreement with certain of its shareholders in respect of their 1,283,415 shares. The shares are being released from escrow on a pro-rata basis at 15% semi-annually, with the final release scheduled for May 21, 2005. As of December 31, 2004 there were 192,511 shares still held in escrow.

Mineral properties - Under Canadian GAAP, acquisition and exploration costs are capitalized. Under U.S. GAAP, costs are expensed as incurred unless commercial feasibility is established.

Under U.S. GAAP, mineral properties are reviewed by management for impairment whenever circumstances change which could indicate that the carrying amount of these assets may not be recoverable. Such review has not been completed as there are no capitalized properties for U.S. GAAP purposes.

Reconciliation of total assets, liabilities, and shareholder equity to U.S. GAAP:

	2004	2003
Total assets under Canadian GAAP	\$ 1,316,305	1,717,723
Adjustments to U.S. GAAP	(1,039,672)	(606,984)
Total assets under U.S. GAAP	\$ 276,633	1,110,739
Total liabilities under Canadian GAAP	\$ 54,712	98,983
Adjustments to U.S. GAAP	7,500	-
Total liabilities under U.S. GAAP	\$ 62,212	98,983
Total stockholders' equity (deficit) under Canadian GAAP	\$ 1,261,593	1,618,740
Adjustments to U.S. GAAP	(1,047,172)	(606,984)
Total equity (deficiency) under U.S. GAAP	\$ 214,421	1,011,756
Total equity (deficiency) and liabilities under U.S. GAAP	\$ 276,633	1,110,739

ACREX Ventures Ltd.

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NOTES TO FINANCIAL STATEMENTS

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13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Reconciliation of statements of cash flows to U.S. GAAP:

	2004	2003	2002
Cash provided by (used in) operations under Canadian GAAP:			
Net loss as reported in accordance with Canadian GAAP	\$ (409,347)	(453,279)	(236,855)
Adjustments:			
Mineral property costs expensed	(432,688)	(219,341)	(362,643)
Future income tax benefit related to flow-through shares	-	8,469	51,806
Stock-based compensation	-	-	(69,560)
Net loss under U.S. GAAP	\$ (842,035)	(664,151)	(617,252)
Add (deduct) items not involving cash:			
Stock-based compensation	-	112,000	69,560
Write-down of marketable securities	25,409	-	-
Gain on sale of interest in mineral property	(12,049)	-	-
Future income tax benefit related to flow-through shares	-	(8,469)	(51,806)
Changes in non-cash working capital balances	(22,015)	61,067	(130,218)
Cash used in operations under U.S. GAAP	\$ (850,690)	(499,553)	(729,716)
Cash provided by (used in) financing activities under Canadian GAAP:			
Shares issued	\$ 52,200	977,960	1,282,893
Cash provided by (used in) investing activities under Canadian GAAP:			
Proceeds from sale of partial interest in mineral property	\$ 5,000	15,000	-
Increase in mineral properties	(432,688)	(232,591)	(362,643)
Adjustments to U.S. GAAP	427,688	217,591	362,643
Cash used in investing activities under U.S. GAAP	\$ -	-	-

ACREX Ventures Ltd.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

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13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Under U.S. GAAP the Company must provide a reconciliation of the numerators and the denominators of basic and diluted earnings per share:

	2004	2003	2002
Numerator			
Net loss under U.S. GAAP	\$ (842,035)	(733,711)	(617,252)
Denominator			
Weighted average number of common shares outstanding	13,168,301	9,866,402	6,118,716
Basic and diluted net earnings (loss) per share	\$ (0.06)	(0.07)	(0.10)

Diluted net loss per share reflects the potential dilution of securities that could result from the exercise of dilutive options and warrants. As of December 31, 2004, the Company had 1,305,000 (2003: 1,305,000, 2002: 740,000) stock options outstanding and 2,594,300 (2003: 8,893,733, 2002: 5,683,633) warrants outstanding which have not been included in the calculation of diluted net loss per share because their effect would have been antidilutive.

Recent pronouncements:

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted could have a material effect on the accompanying financial statements.

ACREX VENTURES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS DATED APRIL 28, 2005 AMENDED

To be read in conjunction with the audited financial statements, prepared to December 31, 2004 of Acrex Ventures Ltd. ("Company").

1. Overall Performance

Michaud, Ontario property

In July, 2004, the Company initiated - and carried out - a small diamond drilling programme which consisted of 3 holes and the deepening of a previously drilled hole. The expenditures on the programme brought the Company's total expenditures on the Michaud property to in excess of \$1,000,000 - as a result of which the Company earned its 50% joint venture interest in the property - excluding the portion of the property containing the Southwest Zone. Assaying of the holes was completed and assay results were announced. The results are considered very encouraging by Management and the decision has been made to continue work on the property, subject to the availability of financing.

Pursuant to the Option Agreement held by the Company on the property with Moneta Porcupine Mines Inc. ("Moneta") the Company had a further option (beyond earning a 50% interest) to increase its interest to 70% by making a firm commitment to spend an aggregate total of \$2,750,000 on the property by May 15, 2007 - i.e. to spend an additional \$1,750,000. The Company decided - as a result of the uncertainty about its ability to raise the additional \$1,750,000 - to abandon its option to increase the interest to 70%.

The Company's maintenance of its rights to the portion of the property containing the Southwest Zone was also dependent on the Company giving Moneta the commitment to spend an additional \$1,750,000 on the property by May 15, 2007. The Board concluded that the Southwest Zone was not sufficiently attractive to justify making a commitment to spend the additional \$1,750,000. As a result, the Option Agreement no longer covers the relatively small portion of the Michaud claims lying at the northeast end - and which contains the Southwest Zone.

As a result of the decisions made described above, the Company and Moneta entered into negotiations to settle a Joint Venture Agreement relating to the portion of the property in which the Company retained its 50% interest. Although the Agreement was not signed and delivered until February, 2005 it is dated November 26, 2004. The Joint Venture Agreement provides that each of the Company and Moneta have a 50% interest - and that Moneta is the Operator of the Joint Venture unless and until Moneta's interests in the property are reduced below 50% - in which case Acrex will become the Operator.

The Company obtained an updated geological report from Mr. Hank Meixner, P.Geo. dated April 8, 2004 which contains recommendations for additional work - including drilling - on the Michaud property. It is Management's hope that the Joint Venture will be able to carry out the recommended work. It is on the basis of this Report that subsequent work has been done.

In March, 2005 the Joint Venture, under the management of Moneta, conducted a diamond drilling programme on the property - which consisted of 6 holes for a total of 2,142 metres of drilling. The Joint Venture is waiting for the results of the assaying being done of the drill cores.

Referendum, British Columbia, property

Pursuant to an option agreement dated February 10, 2005 (the "Referendum Agreement") between the Company and Tom Elson Cherry ("Cherry") of Nelson, British Columbia, Canada, the Company has an option to acquire a 100% interest in the Referendum Property, which consists of 15 contiguous mineral claims constituting 53 mineral units covering approximately 850 hectares (2,100 acres) located approximately 20 kilometers west of Nelson in southeastern British Columbia. Under the terms of the Referendum Agreement, to maintain and exercise the option, the Company has to make cash payments totalling \$165,000, \$5,000 of which has been paid, \$5,000 of which must be paid on or before August 21, 2005, and the remaining \$155,000 of which must be paid in five yearly installments on or before February 21st in each of 2006 to 2010. The Company must also issue 200,000 common shares to Cherry, 50,000 of which have been issued and the remaining 150,000 shares of which must be issued in three yearly installments of 50,000 shares each on or before February 21st in each of 2006 to 2008.

Upon completion of the cash and share payments, the Company will have earned a 100% ownership of the Referendum Property, subject to a 3.0% net smelter returns royalty ("NSR") and the requirement to issue a further 200,000 shares within 60 days after the receipt by the Company of a positive feasibility study on the Referendum Property. The Company will have the right to purchase 66 2/3% of the NSR from Cherry for \$1,000,000 at any time up to 6 months following the date of the commencement of commercial production on the Referendum Property.

The Referendum property is a grassroots property on which little work has been done to date. Management believes that the Referendum Property may possibly host mineralized deposits, primarily gold and copper. Subject to weather conditions, the Company intends to conduct an exploration programme in the Spring/Summer of 2005 on the Referendum Property to determine if the Property does in fact host such mineralized deposits. The programme is expected to cost \$106,500.

Financing

Primarily to fund additional work on the Michaud property, the Company entered into an Agency Agreement with Canaccord Capital Corporation (in Vancouver, B.C.) to do a best efforts Unit private placement to raise gross proceeds of \$2,200,000. A first partial closing was done December 30, 2004, when placements were closed on 250,000 Units at \$0.25 per Unit to provide the Company with gross proceeds of \$62,500. Each Unit consisted of 1 share of the Company and ½ of a warrant entitling the purchase of an additional share until December 30, 2005 at \$0.25 per share.

The agreement with Canaccord Capital Corporation was amended in January, 2005 and, as a result, a further partial closing was done effective March 24, 2005 when 1,200,000 Units were sold at \$0.15 each to provide the Company with gross proceeds of \$180,000. Each Unit consisted of 1 share of the Company and ½ of a warrant entitling the purchase of an additional share for \$0.15 until March 6, 2006.

Effective March 6, 2004 the Company closed non-brokered private placements of 401,000 Units for \$0.15 per Unit - realizing proceeds of \$60,150. Each Unit consisted of one share of the Company and a ½ share purchase warrant. A whole warrant is exercisable until March 6, 2006 to purchase a share for \$0.20.

The Company's monthly expenses averaged, during the fiscal year, approximately \$33,890 per month - a decrease from the approximately \$39,600 per month incurred in the 2003 fiscal year. The decline in the Company's working capital from the December 31, 2003 figure of \$1,011,756 to \$221,921 on December 31, 2004, is as a result of the expenses incurred during the year and the Michaud property exploration expenses.

2. Selected Annual Information

The following information is given for the last three fiscal year-ends of the Company:

	December 31, 2004	December 31, 2003	December 31, 2002
(a) Net sales or total revenues	\$ 22,680	\$ 22,028	\$ 3,578
(b) Net income or (loss) before discontinued items or extraordinary items:			
– total	(406,618)	(475,307)	(240,433)
– per share undiluted	(0.03)	(0.06)	(0.04)
- per share diluted	(0.02)	(0.03)	(0.04)
(c) Net income or loss			
- total	(409,347)	(453,279)	(236,855)
- per share undiluted	(0.03)	(0.06)	(0.04)
- per share diluted	(0.02)	(0.03)	(0.04)
(d) Total assets	\$1,316,305	\$1,717,723	\$972,513
(e) Total long-term financial liabilities	Nil	Nil	Nil
(f) Cash dividends declared per share	Nil	Nil	Nil

Differences in the losses incurred by the Company in the various periods are caused entirely by variations in the amounts that the Company incurred in its day-to-day operations and, primarily, in raising funds or conducting exploration work on its Ontario property.

The above data was prepared in accordance with Canadian Generally Accepted Accounting Principles.

3. Summary of Quarterly Results

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Dec. 31/04	Sept. 30/04	June 30/04	March 31/04	Dec. 31/03	Sept. 30/03	June 30/03	March 31/03
(a) Net sales or total revenues	\$22,680	\$0.00	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
(b) Loss before extraordinary items								
- total	406,618	91,395	109,455	100,895	216,904	61,790	93,502	103,111
- per share undiluted	0.03	0.01	0.02	0.01	0.02	0.01	0.01	0.01
- per share diluted*								
(c) Net loss								
- total	409,347	76,612	111,473	104,887	231,887	31,704	94,483	95,205
- per share diluted	0.03	0.01	0.01	0.01	0.02	0.00	0.01	0.01

*As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

The differences in the figures between the various quarters is due only to the amount of activity by the Company in each quarter – primarily in raising funding or supervising exploration work on its property

4. **Liquidity**

At the close of business April 20, 2005 the Company had net working capital of approximately \$290,000. This represents sufficient funding for the Company to conduct some minor additional exploration work on the Michaud, Ontario property – but nothing of significance. If the Company and the Michaud Joint Venture decide to proceed with a major exploration programme on the property, as has been recommended by Mr. Meixner, additional funding will be required. Some of this can be anticipated to come from the exercise of outstanding share purchase warrants and share purchase options – although the amounts that might be received from such exercises is not determinable at this time. The Company has no financial commitments other than to pay its monthly general and administrative expenses.

The working capital on hand is expected to be expended - to the extent of an estimated \$106,500 - on a preliminary exploration work programme on the Referendum property.

5. **Transactions with Related Parties**

There have been no transactions with related parties in the past fiscal year – except that:

- (a) the Company pays \$9,000 per month to a company which is wholly owned by Mr. Malcolm Powell – in payment for Mr. Powell's management of the Company; and \$839 per month for the rental of computer and other equipment;
- (b) Frank Lang is paid a monthly director's fee of \$2,500;
- (c) Carl Jonsson is a principal in the law firm which acts as the Company's Solicitors – and accordingly receives a benefit from the fees paid to the law firm for legal services rendered;

6. **Fourth Quarter**

There were no events in the fourth quarter of the 2004 fiscal year which had any significant impact in the Company's financial condition nor which could be considered extraordinary items. Because the Michaud, Ontario, mineral claims are in muskeg country, exploration on the property could be considered seasonal – in that access to the surface of the property is easier and less expensive during mid-Winter frozen conditions and dry late Summer conditions whereas access is difficult and hence more expensive during the Spring and Fall periods.

As noted in Item 1 the Company, on December 30, 2004, closed a small private placement of 250,000 Units, of \$0.25 each, providing the Company with gross receipts of \$62,500.

7. **Other MD & A Requirements**

- (a) Additional information relating to the Company – including the Company's most recent Annual Information Form - being the Form 20F filed by the Company with the United States Securities and Exchange Commission, dated April 27, 2005 - and the Company's

Management Discussion and Analysis covering previous periods – have been filed on SEDAR and are available at www.sedar.com. Information about the Company may also be seen on its website at www.acrexventures.com.

- (b) As the Company has not had any revenue from operations in its last two financial years the following additional information is provided:

- (A) Breakdown of exploration costs for the 2004 and 2003 fiscal years:

	2004 \$	2003 \$
Assays	27,517	5,554
Consulting	70,461	53,888
Core facility	2,200	3,850
Drilling	272,643	98,538
Field vehicles	2,750	6,906
Lodging	-	5,987
Surveying and linecutting	495	30,814
Travel	-	3,654
Other	-	5,198
Support	76,246	-
Totals:	\$452,312	\$214,389

- (B) General and administration expenses.

Breakdown of general and administration expenses for the 2004 and 2003 fiscal years:

	2004 \$	2003 \$
Accounting	35,700	36,798
Business investigation costs	-	5,699
Consulting	9,202	44,290
Filing fees	6,244	14,718
Insurance	500	2,188
Investor relations	23,677	25,933
Legal	51,793	64,311
Management fees	138,000	86,000
Office and general	40,700	31,998
Promotion and travel	31,199	29,780
Rent	12,502	14,400
Stock-based compensation – deemed	-	112,000
Transfer agent fees	7,888	7,192
Advertising	41,213	-
Finance Fee	8,000	-
Totals:	\$406,618	\$475,307

(c) Outstanding share data:

(i) The Company has 15,079,491 common shares issued. The shares are all voting shares and rank equally with each other.

(ii) The Company has share purchase options outstanding entitling the purchase of:

- 740,000 shares of the Company exercisable at \$0.30 per share before June 3, 2007.
- 565,000 shares of the Company exercisable at \$0.28 per share before November 4, 2008.

(iii) The Company has share purchase warrants outstanding entitling the purchase of:

- 2,431,800 shares until April 30, 2005 at \$0.28 per share
- 162,500 shares until December 30, 2005 at \$0.25 per share
- 200,500 shares until March 6, 2006 at \$0.20 per share
- 190,875 shares until March 24, 2006 at \$0.15 per share
- 600,000 shares until March 24, 2006 at \$0.20 per share