

**FINANCIAL STATEMENTS**

**ACREX VENTURES LTD.**

**VANCOUVER, BRITISH COLUMBIA, CANADA**

**JUNE 30, 2004**

1. NOTICE TO READER
2. STATEMENT OF EARNINGS AND DEFICIT
3. BALANCE SHEET
4. STATEMENT OF CASH FLOWS
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## **NOTICE TO READER**

We have compiled the balance sheet of ACREX Ventures Ltd. as at June 30, 2004 and the statements of earnings and deficit and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, British Columbia, Canada  
July 5, 2004

**"BEDFORD CURRY & CO."**  
**CHARTERED ACCOUNTANTS**

## ACREX Ventures Ltd.

### STATEMENT OF EARNINGS AND DEFICIT

Unaudited - See Notice to Reader

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
<b>EXPENSES</b>				
Management fees	\$ 34,500	18,000	\$ 69,000	36,000
Office and general	18,937	30,602	30,539	35,968
Advertising	13,795	450	26,690	664
Promotion and travel	11,210	11,642	20,201	15,798
Legal	12,953	14,262	18,413	40,481
Accounting	3,000	5,470	14,625	14,070
Consulting	3,000	11,707	9,000	25,887
Rent	3,480	3,600	7,080	10,731
Investor relations (recovery)	3,746	(1,796)	5,600	1,848
Filing fees (recovery)	1,850	(3,735)	5,000	5,500
Transfer agent fees	2,984	3,661	4,202	4,761
Property evaluation cost (recovery)	-	(2,549)	-	2,717
Insurance	-	2,188	-	2,188
	<b>109,455</b>	<b>93,502</b>	<b>210,350</b>	<b>196,613</b>
Net loss before other items and income taxes	<b>(109,455)</b>	<b>(93,502)</b>	<b>(210,350)</b>	<b>(196,613)</b>
<b>OTHER ITEMS</b>				
Interest income (recovery)	2,482	(981)	7,267	6,925
Write-down of marketable securities	(4,500)	-	(12,750)	-
	<b>(2,018)</b>	<b>(981)</b>	<b>(5,483)</b>	<b>6,925</b>
Net loss before income taxes	<b>(111,473)</b>	<b>(94,483)</b>	<b>(215,833)</b>	<b>(189,688)</b>
Income taxes	-	-	(1,866)	-
<b>NET LOSS</b>	<b>(111,473)</b>	<b>(94,483)</b>	<b>(217,699)</b>	<b>(189,688)</b>
Deficit, beginning of period	<b>(3,478,569)</b>	<b>(3,014,269)</b>	<b>(3,372,343)</b>	<b>(2,919,064)</b>
<b>DEFICIT, end of period</b>	<b>\$ (3,590,042)</b>	<b>(3,108,752)</b>	<b>\$ (3,590,042)</b>	<b>(3,108,752)</b>
<b>LOSS PER SHARE - BASIC</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>	<b>\$ (0.02)</b>	<b>(0.02)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>13,167,616</b>	<b>8,422,366</b>	<b>13,167,616</b>	<b>8,806,116</b>

# ACREX Ventures Ltd.

## BALANCE SHEET

Unaudited - See Notice to Reader

	June 30, 2004	December 31, 2003
<b>ASSETS</b>		
Current		
Cash	\$ 451,228	1,035,013
Marketable securities	17,159	23,250
Other receivables	14,667	52,476
	<b>483,054</b>	1,110,739
Mineral properties <i>[Note 3]</i>	936,617	606,984
	<b>\$ 1,419,671</b>	1,717,723
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 18,630	98,983
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>[Note 4]</i>	4,879,083	4,879,083
Contributed surplus	112,000	112,000
Deficit	(3,590,042)	(3,372,343)
	<b>1,401,041</b>	1,618,740
	<b>\$ 1,419,671</b>	1,717,723

APPROVED ON BEHALF OF THE BOARD:

"T.J. MALCOLM POWELL"

Director

"CARL R. JONSSON"

Director

## ACREX Ventures Ltd.

### STATEMENT OF CASH FLOWS

Unaudited - See Notice to Reader

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
<b>OPERATIONS</b>				
Net loss	\$ (111,473)	(94,483)	\$ (217,699)	(189,688)
Less item not involving cash:				
Write-down of marketable securities	4,500	-	12,750	-
	<b>(106,973)</b>	(94,483)	<b>(204,949)</b>	(189,688)
Changes in non-cash working capital balances:				
Decrease (increase) in accounts receivable	18,318	(13,968)	37,809	1,384
Increase (decrease) in accounts payable	(183,978)	(56,894)	(80,353)	6,496
	<b>(272,633)</b>	(165,345)	<b>(247,493)</b>	(181,808)
<b>FINANCING</b>				
Shares issued for cash	-	292,914	-	285,414
	-	292,914	-	285,414
<b>INVESTING</b>				
Purchase of marketable securities	-	-	(6,659)	-
Exploration expenditures	(49,192)	(5,961)	(329,633)	(85,192)
Increase (decrease) in cash	<b>(321,825)</b>	121,608	<b>(583,785)</b>	18,414
Cash, beginning of period	773,053	451,662	1,035,013	554,856
<b>CASH, end of period</b>	<b>\$ 451,228</b>	573,270	<b>\$ 451,228</b>	573,270

# ACREX Ventures Ltd.

## NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2004

Unaudited - See Notice to Reader

### 1. NATURE OF OPERATIONS

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The accompanying unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles but do not conform in all respects to the note disclosure requirements for its annual financial statements. The unaudited financial statements have been prepared on a basis consistent with the accounting principles and policies described in the annual financial statements, unless otherwise mentioned, and should be read in conjunction with those statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included in these financial statements.

### 2. CHANGE IN ACCOUNTING POLICY

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The Company has adopted CICA 3063 "Impairment of Long-Lived Assets". This statement establishes standards for the recognition, measurement and disclosure of the impairment of non-monetary long-lived assets, including property, plant, equipment and deferred costs. The standard was applied prospectively effective January 1, 2004 and did not have a material impact on the Company's financial position or results of operations.

### 3. MINERAL PROPERTIES

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	Michaud	Raglan Ungava	Total
<b>Acquisition costs</b>			
Balance, beginning and end of period	\$ 25,000	4,952	29,952
<b>Exploration costs</b>			
Balance, beginning of year	\$ 577,032	-	577,032
Expenditures for period			
Drilling	207,714	-	207,714
Consulting	48,901	-	48,901
Support	45,744	-	45,744
Assays	21,829	-	21,829
Field vehicles	2,750	-	2,750
Core facility	2,200	-	2,200
Surveying and linecutting	495	-	495
	329,633	-	329,633
	<b>\$ 931,665</b>	<b>4,952</b>	<b>936,617</b>

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## **ACREX Ventures Ltd.**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

*Six months ended June 30, 2004*

*Unaudited - See Notice to Reader*

#### **3. MINERAL PROPERTIES (continued)**

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**Michaud gold property, Ontario, Canada** - On September 1, 2001, the Company agreed (the "Agreement") with Moneta Porcupine Mines Inc. ("Moneta") to acquire a 60% interest in a mineral property consisting of 76.91 mineral claims in the Michaud Township, Ontario (the "Property").

The Company can earn a 60% interest in the first area by:

- (a) expending a minimum of \$500,000 on exploration of the Property by December 31, 2003 (completed);
- (b) expending a minimum of \$1,000,000 on exploration of the Property by May 15, 2005; and,
- (c) completing a bankable feasibility study on the Property by May 15, 2007. The Company can extend the due date for the feasibility study by up to three years by paying cash (or an equivalent number of shares) to Moneta as follows: \$50,000 on or before May 15, 2007; \$150,000 on or before May 15, 2008; \$250,000 on or before May 15, 2009.

The Company can earn up to a 70% interest in the second area by:

- (a) expending a minimum of \$1,000,000 on exploration of the Property by May 15, 2004 or such length of time as may be required for the Company to complete the \$1,000,000 in expenditures, to earn a 50% interest; and,
- (b) giving notice to Moneta by December 31, 2004 and expending a minimum of \$2,750,000 on exploration of the Property by May 15, 2007 to earn an additional 20% interest.

**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 as a finder's fee in respect of the transaction.

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS (continued)

Six months ended June 30, 2004

Unaudited - See Notice to Reader

#### 3. MINERAL PROPERTIES (continued)

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	\$ 15,000	75,000	\$ -
September 26, 2004	5,000	75,000	-
January 1, 2005	-	-	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

During the year ended December 31, 2003 the Company received payment of \$15,000 and 75,000 Resolve shares.

#### 4. SHARE CAPITAL

The Company has authorized share capital of 25,000,000 common voting shares without par value. The issued share capital is as follows:

	2004		2003	
	Number	Amount	Number	Amount
Balance, beginning of period	13,167,616	\$ 4,879,083	8,038,616	\$ 3,876,123
Shares issued for cash and other:				
Private placements	-	-	4,994,000	1,101,380
Agent's fee	-	-	135,000	-
Finders fee	-	-	-	25,000
Share issue costs	-	-	-	(123,420)
Balance, end of period	13,167,616	\$ 4,879,083	13,167,616	\$ 4,879,083

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS (continued)

Six months ended June 30, 2004

Unaudited - See Notice to Reader

#### 4. SHARE CAPITAL (continued)

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

Exercise Price	Outstanding December 31, 2003	Issued	(Expired)	Outstanding June 30, 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)	-	May 30, 2004
\$0.27	1,064,000	-	-	1,064,000	October 29, 2004
\$0.28	2,431,800	-	-	2,431,800	April 30, 2005
	8,893,733	-	(5,397,933)	3,495,800	

#### 5. STOCK OPTION PLAN AND STOCK - BASED COMPENSATION

The changes in stock options for the period ended June 30, 2004 were as follows:

	Options	Weighted Average Exercise Price
Outstanding, beginning and end of period	1,305,000	\$ 0.29

The following table summarizes the information about stock options outstanding and exercisable at June 30, 2004:

Exercise Price Per Share	Number Outstanding At June 30, 2004	Remaining Contractual life
\$0.28	565,000	2.93 years
\$0.30	740,000	4.35 years

No options were granted during the period and therefore no stock compensation expense has been recorded.

## **ACREX Ventures Ltd.**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

*Six months ended June 30, 2004*

*Unaudited - See Notice to Reader*

#### **6. RELATED PARTY TRANSACTIONS**

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The Company incurred legal fees of \$18,413 from a law firm of which a director is a principal.

The Company incurred management fees of \$54,000 and equipment rental charges of \$5,034 from a company owned by a director and management fees of \$15,000 from a company owned by another director.

Accounts payable includes \$5,776 due to a law firm of which a director is a principal and \$1,308 due to a company owned by a director.

#### **7. SEGMENT INFORMATION**

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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.

#### **8. COMPARATIVE FIGURES**

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Certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation.