

FINANCIAL STATEMENTS

ACREX VENTURES LTD.

VANCOUVER, BRITISH COLUMBIA, CANADA

SEPTEMBER 30, 2004

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NOTICE TO READER

We have compiled the balance sheet of ACREX Ventures Ltd. as at September 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
November 15, 2004

CHARTERED ACCOUNTANTS

ACREX Ventures Ltd.

STATEMENT OF EARNINGS AND DEFICIT

Unaudited - See Notice to Reader

	Three months ended September 30, 2004		Nine months ended September 30, 2003	
	2004	2003	2004	2003
EXPENSES				
Management fees	\$ 34,500	18,000	\$ 103,500	54,000
Advertising	9,092	300	35,782	964
Office and general	5,170	9,137	35,709	45,105
Legal	15,806	5,912	34,219	46,393
Promotion and travel	3,162	4,159	23,363	19,957
Accounting	2,300	8,998	16,925	23,068
Filing fees	11,650	495	16,650	5,995
Investor relations	5,904	529	11,504	2,377
Rent	2,670	3,600	9,750	14,331
Consulting	-	9,602	9,000	35,489
Transfer agent fees	1,141	1,058	5,343	5,819
Property evaluation cost	-	-	-	2,717
Insurance	-	-	-	2,188
	91,395	61,790	301,745	258,403
Loss before other items	(91,395)	(61,790)	(301,745)	(258,403)
OTHER ITEMS				
Gain on sale of interest in mineral property	12,049	20,049	12,049	20,049
Interest income	2,734	10,037	10,001	16,962
Write-down of marketable securities	-	-	(12,750)	-
	14,783	30,086	9,300	37,011
Loss before income taxes	(76,612)	(31,704)	(292,445)	(221,392)
Income taxes	-	-	(1,866)	-
NET LOSS	(76,612)	(31,704)	(294,311)	(221,392)
Deficit, beginning of period	(3,590,042)	(3,108,752)	(3,372,343)	(2,919,064)
DEFICIT, end of period	\$ (3,666,654)	(3,140,456)	\$ (3,666,654)	(3,140,456)
LOSS PER SHARE - BASIC	\$ (0.01)	0.00	\$ (0.02)	(0.02)
WEIGHTED AVERAGE				
NUMBER OF SHARES OUTSTANDING	13,167,616	9,573,616	13,167,616	8,898,216

ACREX Ventures Ltd.

BALANCE SHEET

Unaudited - See Notice to Reader

	September 30, 2004	December 31, 2003
ASSETS		
Current		
Cash	\$ 260,874	1,035,013
Marketable securities	29,159	23,250
Accounts receivable - other	25,915	52,476
	315,948	1,110,739
Mineral properties [Note 3]	1,039,416	606,984
	\$ 1,355,364	1,717,723
LIABILITIES		
Current		
Accounts payable	\$ 30,935	98,983
SHAREHOLDERS' EQUITY		
Share capital [Note 4]	4,879,083	4,879,083
Contributed surplus	112,000	112,000
Deficit	(3,666,654)	(3,372,343)
	1,324,429	1,618,740
	\$ 1,355,364	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 September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
OPERATIONS				
Net loss	\$ (76,612)	(31,704)	\$ (294,311)	(221,392)
Less item not involving cash:				
Write-down of marketable securities	-	-	12,750	-
Gain on sale of interest in mineral property	(12,049)	(20,049)	(12,049)	(20,049)
	(88,661)	(51,753)	(293,610)	(241,441)
Changes in non-cash working capital balances:				
Decrease (increase) in				
accounts receivable - other	(11,248)	(27,305)	26,561	(25,920)
Increase (decrease) in accounts payable	12,306	2,447	(68,047)	8,942
	(87,603)	(76,611)	(335,096)	(258,419)
FINANCING				
Shares issued for cash	-	(1,260)	-	284,154
	-	(1,260)	-	284,154
INVESTING				
Proceeds on the sale of interest in mineral property	5,000	15,000	5,000	15,000
Purchase of marketable securities	-	-	(6,659)	-
Exploration expenditures	(107,751)	-	(437,384)	(85,192)
	(102,751)	15,000	(439,043)	(70,192)
Decrease in cash	(190,354)	(62,871)	(774,139)	(44,457)
Cash, beginning of period	451,228	573,270	1,035,013	554,856
CASH, end of period	\$ 260,874	510,399	\$ 260,874	510,399

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Nine months ended September 30, 2004

Unaudited - See Notice to Reader

1. NATURE OF OPERATIONS

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

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 mineral properties and deferred exploration 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

	Michaud	Raglan Ungava	Total
Acquisition costs			
Balance, beginning of period	\$ 25,000	4,952	29,952
Reduction in costs due to sale of interest (see note below)	-	(4,952)	(4,952)
Balance, end of period	25,000	-	25,000
Exploration costs			
Balance, beginning of period	\$ 577,032	-	577,032
Expenditures for period			
Drilling	270,846	-	270,846
Support	69,349	-	69,349
Consulting	64,897	-	64,897
Assays	26,847	-	26,847
Field vehicles	2,750	-	2,750
Core facility	2,200	-	2,200
Surveying and linecutting	495	-	495
Balance, end of period	1,014,416	-	1,014,416
	\$ 1,039,416	-	1,039,416

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2004

Unaudited - See Notice to Reader

3. MINERAL PROPERTIES (continued)

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 Property is divided into two areas:

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, which has been completed, 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 granted Resolve Ventures Inc. ("Resolve") an option to acquire up to a 70% interest in the claims.

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 <i>(received)</i>	\$ 15,000	75,000	\$ -
September 26, 2004 <i>(received)</i>	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

The 75,000 shares of Resolve received by the Company during the period ended September 30, 2004 were recorded at their market value of \$12,000.

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2004

Unaudited - See Notice to Reader

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

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	

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2004

Unaudited - See Notice to Reader

5. STOCK OPTION PLAN AND STOCK - BASED COMPENSATION

The changes in stock options for the period ended September 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 September 30, 2004:

Exercise Price Per Share	Number Outstanding At September 30, 2004	Remaining Contractual life
\$0.28	565,000	2.67 years
\$0.30	740,000	4.10 years

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

6. RELATED PARTY TRANSACTIONS

The Company incurred legal fees of \$34,219 with a law firm of which a director is a principal. Accounts payable includes \$17,881 due to the law firm.

The Company incurred management fees of \$81,000 and equipment rental charges of \$7,551 from a company owned by a director and management fees of \$22,500 from a company owned by another director.

Accounts payable includes \$1,308 due to a company owned by a director.

7. 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.

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2004

Unaudited - See Notice to Reader

8. SUBSEQUENT EVENTS

The Company has agreed with Canaccord Capital Corporation to complete a brokered private placement of up to 10,000,000 Units at a price of \$0.22 per Unit, to provide the Company with gross proceeds of \$2,200,000. Each Unit will consist of one share and one-half of a 12-month warrant. One full warrant will entitle the holder to purchase an additional non flow-through share at \$0.25 per share. The non flow-through Unit price will continue at \$0.22 per Unit. Where purchasers buy flow-through Units the price will be \$0.25 per Unit. Up to 5,000,000 Units may be sold as flow-through Units.

9. COMPARATIVE FIGURES

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