

**FINANCIAL STATEMENTS**

**ACREX VENTURES LTD.**

**VANCOUVER, BRITISH COLUMBIA, CANADA**

**MARCH 31, 2005**

1. NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS
2. STATEMENT OF EARNINGS AND DEFICIT
3. BALANCE SHEET
4. STATEMENT OF CASH FLOWS
5. NOTES TO FINANCIAL STATEMENTS

## **Notice of No Auditor Review of Interim Financial Statements**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

## ACREX Ventures Ltd.

### STATEMENT OF EARNINGS AND DEFICIT

Unaudited - Prepared by management

	Three months ended March 31,	
	2005	2004
<b>EXPENSES</b>		
Management fees	\$ 34,500	34,500
Legal	23,139	5,460
Office and general	7,259	11,602
Advertising	7,038	12,895
Filing fees	6,095	3,150
Promotion and travel	4,789	8,991
Accounting	4,300	11,625
Investor relations	3,550	1,854
Transfer agent fees	2,895	1,218
Rent	1,280	3,600
Consulting	400	6,000
	<b>95,245</b>	<b>100,895</b>
Net loss before other items and income taxes	<b>(95,245)</b>	<b>(100,895)</b>
<b>OTHER ITEMS</b>		
Interest income	610	4,785
Write-down of marketable securities	(6,000)	(8,250)
	<b>(5,390)</b>	<b>(3,465)</b>
Net loss before income taxes	<b>(100,635)</b>	<b>(104,360)</b>
Future income tax recovery	22,263	-
Income taxes	(3,125)	(1,866)
<b>NET LOSS</b>	<b>(81,497)</b>	<b>(106,226)</b>
Deficit, beginning of period	<b>(3,781,690)</b>	<b>(3,372,343)</b>
<b>DEFICIT, end of period</b>	<b>\$ (3,863,187)</b>	<b>(3,478,569)</b>
<b>LOSS PER SHARE - BASIC / DILUTED</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>13,398,972</b>	<b>13,167,616</b>

# ACREX Ventures Ltd.

## BALANCE SHEET

Unaudited - Prepared by management

	March 31, 2005	December 31, 2004
<b>ASSETS</b>		
Current		
Cash and short-term investments	\$ 323,414	229,231
Marketable securities	10,500	16,500
Other receivables	25,265	16,230
Share subscription receivable	5,025	-
Prepaid expenses and deposits	22,420	-
	<b>386,624</b>	261,961
Due from joint venture [Note 2]	23,077	14,672
Mineral properties [Note 2]	1,063,477	1,039,672
	<b>\$ 1,473,178</b>	1,316,305
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued expenses	\$ 82,797	54,712
<b>SHAREHOLDERS' EQUITY</b>		
Share capital [Note 3]	5,134,051	4,931,283
Contributed surplus [Note 4]	119,517	112,000
Deficit	(3,863,187)	(3,781,690)
	<b>1,390,381</b>	1,261,593
	<b>\$ 1,473,178</b>	1,316,305

APPROVED ON BEHALF OF THE BOARD:

"T.J MALCOLM POWELL"

Director

"CARL R. JONSSON"

Director

## ACREX Ventures Ltd.

### STATEMENT OF CASH FLOWS

*Unaudited - Prepared by management*

	Three months ended March 31,	
	2005	2004
<b>OPERATIONS</b>		
Net loss	\$ (81,497)	(106,226)
Less item not involving cash:		
Write-down of marketable securities	6,000	8,250
Future income tax recovery	(22,263)	-
	<b>(97,760)</b>	<b>(97,976)</b>
Changes in non-cash working capital balances:		
Decrease (increase) in other receivables	(9,035)	19,491
Increase in accounts payable and accrued expenses	28,085	103,625
Increase in prepaid expenses and deposits	(22,420)	-
	<b>(101,130)</b>	<b>25,140</b>
<b>FINANCING</b>		
Issuance of common shares	224,048	-
Increase in share subscription receivable	(5,025)	-
	<b>219,023</b>	<b>-</b>
<b>INVESTING</b>		
Purchase of marketable securities	-	(6,659)
Mineral properties:		
Option payments	(5,000)	-
Exploration expenditures	(18,710)	(280,441)
Increase (decrease) in cash and short-term investments	94,183	(261,960)
Cash and short-term investments, beginning of period	229,231	1,035,013
<b>CASH AND SHORT-TERM INVESTMENTS, end of period</b>	<b>\$ 323,414</b>	<b>773,053</b>

# ACREX Ventures Ltd.

## NOTES TO FINANCIAL STATEMENTS

Three months ended March 31, 2004

Unaudited - Prepared by management

### 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. MINERAL PROPERTIES

	Michaud	Referendum	Total
<b>Acquisition costs</b>			
Balance, beginning of period	\$ 25,000	-	25,000
Acquisition fees	-	13,500	13,500
Balance, end of period	25,000	13,500	38,500
<b>Exploration costs</b>			
Balance, beginning of period	\$ 1,029,344	-	1,029,344
Expenditures for period			
Drilling	11,498	-	11,498
Support	1,681	-	1,681
Consulting	1,664	1,750	3,414
Surveying and linecutting	1,513	-	1,513
Other	454	150	604
Balance, end of period	1,046,154	1,900	1,048,054
Less: due from joint venture	(23,077)	-	(23,077)
	<b>\$ 1,023,077</b>	<b>15,400</b>	<b>1,063,477</b>

**Michaud gold claims, Ontario, Canada** - Pursuant to an Agreement dated September 1, 2001 and amended January 17, 2003 and February 17, 2004 (the "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.

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS

Three months ended March 31, 2004

Unaudited - Prepared by management

#### 2. MINERAL PROPERTIES (continued)

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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 2004 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 March 31, 2005, the assets and liabilities of the joint venture were as follows:

<b>ASSETS</b>	
Exploration expenditures	\$ 46,154
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<b>PARTNERS' INTERESTS</b>	
JV Partners' interests	\$ 46,154
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There were no other revenues, expenses, net income or cash flows for the joint venture for the period ended March 31, 2005.

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.

**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.

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS

Three months ended March 31, 2004

Unaudited - Prepared by management

#### 2. 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 (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.

**Referendum claims, British Columbia, Canada** - 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 200,000 common shares over a 60 month period. 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. On completion of the 60 month cash and share payments, the Company will have earned 100% ownership of the claims 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, and the issuance of a further 200,000 shares.

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS

Three months ended March 31, 2004

Unaudited - Prepared by management

#### 3. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value. Issued share capital is as follows:

	2005		2004	
	Number	Amount	Number	Amount
Balance, beginning of period	13,417,616	\$ 4,931,283	13,167,616	\$ 4,879,083
Shares issued for cash and other:				
Private placements	1,601,000	240,150	250,000	62,500
Property option payment	50,000	8,500	-	-
Agent's fee	10,875	(7,517)	-	-
Finders fee	-	(402)	-	-
Share issue costs	-	(15,700)	-	(10,300)
Future income taxes on expenditures renounced to shareholders	-	(22,263)	-	-
Balance, end of period	15,079,491	\$ 5,134,051	13,417,616	\$ 4,931,283

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

Exercise Price	Outstanding December 31, 2004	Issued	(Expired)	Outstanding March 31, 2005	Expiry date
\$0.28	2,431,800	-	-	2,431,800	April 30, 2005
\$0.25	162,500	-	-	162,500	December 30, 2005
\$0.20	-	200,050	-	200,050	March 10, 2006
\$0.20	-	600,000	-	600,000	March 24, 2006
\$0.15	-	190,875	-	190,875	March 24, 2006
	2,594,300	990,925	-	3,585,225	

## ACREX Ventures Ltd.

### NOTES TO FINANCIAL STATEMENTS

Three months ended March 31, 2004

Unaudited - Prepared by management

#### 4. CONTRIBUTED SURPLUS

	2005	2004
Balance - beginning of period	\$ 112,000	112,000
Add: agent's warrants	7,517	-
Balance - end of period	\$ 119,517	112,000

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

The changes in stock options for the period ended March 31, 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 March 31, 2005:

Exercise Price Per Share	Number Outstanding At March 31, 2004	Weighted Average Remaining Contractual life	Weighted Average Exercise Price
\$0.30 - 0.28	1,305,000	2.79 years	\$ 0.29

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 \$23,139 from a law firm of which a director is a principal. Accounts payable includes \$21,076 due to the law firm.

The Company incurred management fees of \$27,000 and equipment rental charges of \$2,516 from a company owned by a director.

The Company incurred management fees of \$7,500 from a company owned by a director.

## **ACREX Ventures Ltd.**

### **NOTES TO FINANCIAL STATEMENTS**

*Three months ended March 31, 2004*

*Unaudited - Prepared by management*

#### **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 British Columbia, Ontario and Quebec.

#### **8. SUBSEQUENT EVENTS**

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On May 16, 2005 the Company closed its Short Form Offering dated April 29, 2005 with Leede Financial Markets Inc. ("Leede"). An aggregate 4,336,500 Units were sold at \$0.12 per Unit, which raised gross proceeds of \$520,380. Each Unit consists of one share of the Company and one-half of a one-year share purchase Warrant. Each full Warrant will entitle the purchase of an additional share of the Company for \$0.18 on or before May 16, 2006. Leede has received a commission of 10% of the gross proceeds of the Offering and an option to acquire up to 520,380 Units at \$0.12 per Unit exercisable on or before May 16, 2006.

## ACREX VENTURES LTD.

### MANAGEMENT DISCUSSION AND ANALYSIS - INTERIM DATED MAY 27, 2005

This Interim MD & A is intended to cover the period from December 31, 2004 to May 27, 2005. It is to be read in conjunction with the Company's Amended Management Discussion and Analysis dated April 28, 2005, the audited financial statements of the Company prepared to December 31, 2004, and the unaudited financial statements of the Company prepared to March 31, 2005.

#### 1. Overall Performance

##### Michaud, Ontario property

During the period March - April, 2005 the Michaud Joint Venture - 50% the Company and 50% Moneta Porcupine Mines Inc. ("Moneta") - under the management of Moneta conducted a diamond drill programme on the property - which consisted of 6 holes for a total of 2,142 meters of drilling - and the subsequent assaying of the drillcore recovered. The programme was conducted on the area of the property known as the "55 Zone". The drill programme significantly enhanced the potential of the 55 Zone.

A more detailed commentary on the 55 Zone - including the assay results from the 6-hole programme and the previous 12 holes - is contained in the Company's News Release dated May 17, 2005.

##### Referendum, British Columbia, property

As noted in the MD & A the Company has planned an exploration programme on the property which has a present anticipated cost of \$106,500. It is anticipated that the programme will start in early June, 2005 - assuming that the snow on the property has substantially melted. The property is at a high altitude and hence is normally covered with snow until late Spring.

##### Financing

On May 16, 2005 and equity financing in British Columbia and Alberta was completed pursuant to a Short Form Offering Document dated April 29, 2005. 4,336,500 Units were sold at \$0.12 per Unit providing the Company with gross proceeds of \$520,380 - and net proceeds, after payment of commissions, costs of the brokerage firm which handled the offering, of \$446,576.03. The agent which handled the offering for the Company was Leede Financial Markets Inc.

Each Unit consists of one share of the Company and one-half of a 1-year share purchase warrant. A whole warrant is exercisable to buy an additional share of the Company for \$0.18.

The remuneration for the brokers who did the placing includes an option to purchase 510,380 Units for \$0.12 per Unit for one year. Within those Units will be warrants entitling the brokers to purchase up to an additional 780,570 shares of the Company at a price of \$0.18 each exercisable during the same 1-year period which will expire May 16, 2006.

##### Expenses

The Company's monthly expenses during the quarter ended March 31, 2005 were approximately \$31,750 - down marginally from the \$33,884 average for 2004. The increase in the cash on hand at the end of the

quarter was due to the two small private placement financings closed in the quarter - as described in the Annual MD & A, less the Company's expenditures on exploration and administration.

### Investor Relations

The Company has signed an agreement with Barry Kaplan Associates ("Kaplan") of Fair Haven, New Jersey, U.S.A. for Kaplan to provide financial public relations services to it. The engagement, which will commence effective June 1, 2005, will be for an initial 6-month term and will continue thereafter monthly until terminated by 30 days notice given by either party. The Company will pay Kaplan a fee of \$5,000 (U.S.) per month plus reimbursement of expenses. Kaplan will also be paid an initial \$5,000 to prepare a Background Highlights report on the Company. Kaplan will also be granted options to purchase up to 150,000 shares of the Company exercisable at \$0.12 per share during a period which will expire 30 days after the termination of the engagement, or 5 years, whichever is shorter. Kaplan has provided public relations services for publicly listed companies for over 26 years.

## 2. Results of Operations

Because the Company did not have any operations which produced sales revenues - i.e. did not have any business operations - no meaningful analysis can be done of the Company's operations.

Following is a comparison of the Company's expenditures with previously disclosed intended use of proceeds for the period since November 15, 2004, the intended use of proceeds having been disclosed in Offering Memoranda dated November 15, 2004 and February 28, 2005 - assuming that the gross proceeds anticipated in the two offerings (net of commissions and offering costs) totalling \$2,437,000:

	<b>Proposed Use of Proceeds</b> \$	<b>Use of Proceeds</b> <b>November 15/04 - March</b> <b>31/05</b> \$
Drilling and other exploration costs on Michaud, Ontario property	1,111,000	16,810
General and administrative costs at anticipated \$35,000 per month	157,500	146,071

## 3. Summary of Quarterly Results

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

	Mar. 31/05	Dec. 31/04	Sept. 30/04	June 30/04	March 31/04	Dec. 31/03	Sept. 30/03	June 30/03
(a) Net sales or total revenues	\$0.00	\$22,680	\$0.00	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
(b) Loss before extraordinary items								
- total								
- per share undiluted	95,245 0.01	406,618 0.03	91,395 0.01	109,455 0.02	100,895 0.01	216,904 0.02	61,790 0.01	93,502 0.01
- per share diluted*								

(c) Net loss								
- total	100,635	409,347	76,612	111,473	104,887	231,887	31,704	94,483
- per share diluted	0.01	0.03	0.01	0.01	0.01	0.02	0.00	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 on May 25, 2005 the Company had net working capital of approximately \$675,000. 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.

#### 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. **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; and its Short Form Offering Document dated April 29, 2005 have been filed on SEDAR and are available at [www.sedar.com](http://www.sedar.com). Information about the Company may also be seen on its website at [www.acrexventures.com](http://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 quarter ending March 31, 2005 and for 2004 fiscal year:

	Quarter ending March 31/05 \$	2004 \$
Assays	-	27,517
Consulting	1,664	70,461
Core facility	-	2,200
Drilling	11,498	272,643
Field vehicles	-	2,750
Lodging	-	-
Surveying and linecutting	1,513	495
Travel	-	-
Other	454	-
Support	1,681	76,246
<b>Totals:</b>	<b>16,810</b>	<b>\$452,312</b>

## (B) General and administration expenses.

Breakdown of general and administration expenses for quarter ending March 31, 2005 and for 2004 fiscal year:

	Quarter ending March 31/05 \$	2004 \$
Accounting	4,300	35,700
Business investigation costs	-	-
Consulting	400	9,202
Filing fees	6,095	6,244
Insurance	-	500
Investor relations	3,550	23,677
Legal	23,139	51,793
Management fees	34,500	138,000
Office and general	7,259	40,700
Promotion and travel	4,789	31,199
Rent	1,280	12,502
Stock-based compensation – deemed	-	-
Transfer agent fees	2,895	7,888
Advertising	7,038	41,213
Finance Fee	-	8,000
<b>Totals:</b>	<b>\$92,245</b>	<b>\$406,618</b>

## (c) Outstanding share data:

(i) The Company has 19,165,491 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:
- 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
  - 2,168,250 shares until May 16, 2006 at \$0.12 per share
- (iv) The Company has outstanding options entitling the holders to purchase up to 510,380 Units, for \$0.12 per Unit, each Unit consisting of 1 share of the Company and a one-half share purchase warrant expiring May 16, 2006. A whole warrant can be exercised to purchase an additional share of the Company at a price of \$0.18 per share.