

FINANCIAL STATEMENTS

ACREX VENTURES LTD.

VANCOUVER, BRITISH COLUMBIA, CANADA

JUNE 30, 2005

1. NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS
2. STATEMENT OF EARNINGS AND DEFICIT
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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 the 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 June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------------------|---------------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 |
| EXPENSES | | | | |
| Management fees | \$ 34,500 | 34,500 | \$ 69,000 | 69,000 |
| Office and general | 21,754 | 18,937 | 29,013 | 30,539 |
| Legal | 3,477 | 12,953 | 26,616 | 18,413 |
| Filing fees | 14,815 | 1,850 | 20,910 | 5,000 |
| Advertising | 9,877 | 13,795 | 16,915 | 26,690 |
| Promotion and travel | 10,014 | 11,210 | 14,803 | 20,201 |
| Investor relations | 16,408 | 3,746 | 19,958 | 5,600 |
| Accounting | 8,330 | 3,000 | 12,630 | 14,625 |
| Rent | 4,060 | 3,480 | 5,340 | 7,080 |
| Transfer agent fees | 1,596 | 2,984 | 4,491 | 4,202 |
| Insurance | 625 | - | 625 | - |
| Consulting | - | 3,000 | 400 | 9,000 |
| | 125,456 | 109,455 | 220,701 | 210,350 |
| Net loss before other items and income taxes | (125,456) | (109,455) | (220,701) | (210,350) |
| OTHER ITEMS | | | | |
| Interest income | 2,505 | 2,482 | 3,115 | 7,267 |
| Write-down of marketable securities | (750) | (4,500) | (6,750) | (12,750) |
| | 1,755 | (2,018) | (3,635) | (5,483) |
| Net loss before income taxes | (123,701) | (111,473) | (224,336) | (215,833) |
| Future income tax recovery | - | - | 22,263 | - |
| Income taxes | - | - | (3,125) | (1,866) |
| NET LOSS | (123,701) | (111,473) | (205,198) | (217,699) |
| Deficit, beginning of period | (3,863,187) | (3,478,569) | (3,781,690) | (3,372,343) |
| DEFICIT, end of period | \$ (3,986,888) | (3,590,042) | \$ (3,986,888) | (3,590,042) |
| LOSS PER SHARE - BASIC | \$ (0.01) | (0.01) | \$ (0.01) | (0.02) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 17,295,924 | 13,167,616 | 15,446,799 | 13,167,616 |

ACREX Ventures Ltd.

BALANCE SHEET

Unaudited - Prepared by management

| | June 30, 2005 | December 31, 2004 |
|---------------------------------|---------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash and short-term investments | \$ 560,363 | 229,231 |
| Marketable securities | 9,750 | 16,500 |
| Other receivables | 18,112 | 16,230 |
| Prepaid expenses and deposits | 14,278 | - |
| | 602,503 | 261,961 |
| Due from joint venture | - | 14,672 |
| Mineral properties [Note 2] | 1,162,001 | 1,039,672 |
| | \$ 1,764,504 | 1,316,305 |
| LIABILITIES | | |
| Current | | |
| Accounts payable | \$ 55,397 | 54,712 |
| SHAREHOLDERS' EQUITY | | |
| Share capital [Note 3] | 5,546,206 | 4,931,283 |
| Contributed surplus [Note 4] | 149,789 | 112,000 |
| Deficit | (3,986,888) | (3,781,690) |
| | 1,709,107 | 1,261,593 |
| | \$ 1,764,504 | 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 June 30, | | Six months ended June 30, | |
|---|-----------------------------|----------------|---------------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| OPERATIONS | | | | |
| Net loss | \$ (123,701) | (111,473) | \$ (205,198) | (217,699) |
| Add (deduct) items not involving cash: | | | | |
| Stock-based compensation | 6,276 | - | 6,276 | - |
| Write-down of marketable securities | 750 | 4,500 | 6,750 | 12,750 |
| Future income tax recovery | - | - | (22,263) | - |
| | (116,675) | (106,973) | (214,435) | (204,949) |
| Changes in non-cash working capital balances: | | | | |
| Decrease (increase) in other receivables | 7,153 | 18,318 | (1,882) | 37,809 |
| Decrease (increase) in prepaid expenses | 8,142 | - | (14,278) | - |
| Increase (decrease) in accounts payable | (27,400) | (183,978) | 685 | (80,353) |
| | (128,780) | (272,633) | (229,910) | (247,493) |
| FINANCING | | | | |
| Shares issued for cash | 436,151 | - | 660,199 | - |
| Decrease in share subscriptions | 5,025 | - | - | - |
| | 441,176 | - | 660,199 | - |
| INVESTING | | | | |
| Purchase of marketable securities | - | - | - | (6,659) |
| Mineral properties: | | | | |
| Option payments | - | - | (5,000) | - |
| Exploration expenditures | (75,447) | (49,192) | (94,157) | (329,633) |
| | (75,447) | (49,192) | (99,157) | (336,292) |
| Increase (decrease) in cash | 236,949 | (321,825) | 331,132 | (583,785) |
| Cash and short-term investments, beginning of period | 323,414 | 773,053 | 229,231 | 1,035,013 |
| CASH AND SHORT-TERM INVESTMENTS, end of period | \$ 560,363 | 451,228 | \$ 560,363 | 451,228 |

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

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 the Company's 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 |
|------------------------------|---------------------|---------------|------------------|
| Acquisition costs | | | |
| Balance, beginning of period | \$ 25,000 | - | 25,000 |
| Acquisition fees | - | 13,500 | 13,500 |
| Balance, end of period | 25,000 | 13,500 | 38,500 |
| Exploration costs | | | |
| Balance, beginning of period | \$ 1,029,344 | - | 1,029,344 |
| Expenditures for period | | | |
| Drilling | 52,207 | 4,369 | 56,576 |
| Support | 1,681 | - | 1,681 |
| Consulting | 7,019 | 11,185 | 18,204 |
| Surveying and linecutting | 10,833 | 3,714 | 14,547 |
| Other | 454 | 2,695 | 3,149 |
| Balance, end of period | 1,101,538 | 21,963 | 1,123,501 |
| | \$ 1,126,538 | 35,463 | 1,162,001 |

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

Six months ended June 30, 2005

Unaudited - Prepared by management

2. MINERAL PROPERTIES *(continued)*

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.

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 |

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

Unaudited - Prepared by management

2. MINERAL PROPERTIES *(continued)*

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.

On June 27, 2005, the Company agreed that Resolve will purchase 100% of the Raglan Ungava claims and cancelled the option referred to above. The consideration for the sale will be the issuance of 500,000 shares of Resolve to the Company together with a cash payment of \$65,000. The Company will retain a 3% net smelter return royalty with Resolve having the option to purchase up to 2.5% of the royalty for \$500,000 for each 0.5% royalty purchased (Note 8).

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.

Subsequent to the period end the Company terminated its option on the Referendum claims (Note 8).

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 | 5,937,500 | 760,530 | 250,000 | 62,500 |
| Property option payment | 50,000 | 8,500 | - | - |
| Share issue costs | 10,875 | (131,844) | - | (10,300) |
| Future income taxes on expenditures renounced to shareholders | - | (22,263) | - | - |
| Balance, end of period | 19,415,991 | \$ 5,546,206 | 13,417,616 | \$ 4,931,283 |

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

Unaudited - Prepared by management

3. SHARE CAPITAL *(continued)*

Short form offering - On May 16, 2005, the Company issued 4,336,500 units at \$0.12 per unit for gross proceeds of \$520,380. Each unit consisted of one common share and ½ common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share for \$0.18 until May 16, 2006. The agent received a commission of \$52,038 and an option to acquire 520,380 units at \$0.12 per unit until May 16, 2006. The Company has recognized the fair value of the agent's options as a share issue cost.

Private placements - On March 24, 2005, the Company issued 1,200,000 units at \$0.15 per unit for gross proceeds of \$180,000 under a brokered private placement. Each unit consisted of one common share and ½ common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share for \$0.20 until March 24, 2006. The agents received fees and commissions of \$15,400, 10,875 shares and 190,875 warrants exercisable at \$0.15 until March 24, 2006. The Company has recognized the fair value of the agents' warrants as a share issue cost.

On March 10, 2005 the Company issued 401,000 units at \$0.15 per unit for gross proceeds of \$60,150 under a non-brokered private placement. Each unit consisted of one common share and ½ common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share for \$0.20 until March 10, 2006.

Stock-based compensation - The Company uses the Black-Scholes option pricing model to value agents' options and warrants issued. 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. For purposes of the calculations, the following weighted-average assumptions were used:

| | |
|---------------------------------|--------|
| Risk free interest rate | 3.0% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 88% |
| Expected life | 1 year |

During the six months ended June 30, 2005, the weighted-average grant-date fair value of agents' options and warrants issued was \$0.03.

Total stock-based compensation in respect of agents' options and warrants issued for the six months ended June 30, 2005 was \$31,513, and was recorded as share issuance costs on the balance sheet.

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

Unaudited - Prepared by management

3. SHARE CAPITAL (continued)

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

| Exercise Price | Outstanding December 31, 2004 | Issued | (Expired) | Outstanding June 30, 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 | - | 200,500 | - | 200,500 | March 10, 2006 |
| \$0.20 | - | 600,000 | - | 600,000 | March 24, 2006 |
| \$0.15 | - | 190,875 | - | 190,875 | March 24, 2006 |
| \$0.18 | - | 2,168,250 | - | 2,168,250 | May 16, 2006 |
| | 2,594,300 | 3,159,625 | (2,431,800) | 3,322,125 | |

4. CONTRIBUTED SURPLUS

| | 2005 | 2004 |
|-------------------------------|------------|---------|
| Balance - beginning of period | \$ 112,000 | 112,000 |
| Add: stock-based compensation | 37,789 | - |
| Balance - end of period | \$ 149,789 | 112,000 |

5. STOCK OPTION PLAN

The changes in stock options for the period ended June 30, 2005 were as follows:

| | Options | Weighted Average Exercise Price |
|----------------------------------|-----------|---------------------------------|
| Outstanding, beginning of period | 1,305,000 | \$ 0.29 |
| Granted during the period | 150,000 | 0.12 |
| Outstanding, end of period | 1,455,000 | \$ 0.27 |

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

Unaudited - Prepared by management

5. STOCK OPTION PLAN (continued)

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

| Exercise Price Per Share | Number Outstanding At June 30, 2005 | Weighted Average Remaining Contractual life | Weighted Average Exercise Price |
|-----------------------------|--|---|------------------------------------|
| \$0.30 - 0.12 | 1,455,000 | 2.79 years | \$ 0.27 |

The Company uses the Black-Scholes option pricing model to value stock options granted. 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. For purposes of the calculation, the following assumptions were used:

| | |
|---------------------------------|--------|
| Risk free interest rate | 3.0% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 88% |
| Expected life | 1 year |

During the six months ended June 30, 2005, the grant-date fair value of options granted was \$0.04.

Total stock-based compensation in respect of stock options granted for the six months ended June 30, 2005 was \$6,276 and was recorded as an expense in the statement of earnings and deficit.

6. RELATED PARTY TRANSACTIONS

The Company incurred legal fees of \$61,555 from a law firm of which a director is a principal. Accounts payable includes \$27,270 due to the law firm.

The Company incurred management fees of \$54,000 and equipment rental charges of \$5,032 from a company owned by a director.

The Company incurred management fees of \$15,000 from 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 British Columbia, Ontario and Quebec.

ACREX Ventures Ltd.

NOTES TO FINANCIAL STATEMENTS

Six months ended June 30, 2005

Unaudited - Prepared by management

8. SUBSEQUENT EVENTS

a) On July 18, 2005, the Company granted to its directors share purchase options for 485,000 shares exercisable at \$0.12 per share.

b) On July 23, 2005 a letter option agreement was made with Lloyd Addie whereby the Company was granted an option to acquire the Spanish Mountain claims located near Likely in northern British Columbia, Canada. Consideration is \$100,000 payable in tranches over a 48-month period and 400,000 common shares, 200,000 payable in tranches over a 36-month period and 200,000 subject to receipt of a positive feasibility study.

On August 16, 2005, the agreement was accepted for filing by the TSX Venture Exchange and the Company issued the first tranche of 50,000 shares.

c) Only July 26, 2005, the Company closed its sale of the Raglan Ungava claims (Note 2) to Resolve Ventures Inc., and received a cash payment of \$65,000 and 500,000 shares of Resolve.

d) On August 5, 2005, the Company gave notice terminating its option on the Referendum claims (Note 2).