



MBA Gold Corp.
847 Hamilton St.
Vancouver, B.C.
Canada V6B 2R7
p: 604.707.0373
f: 604.707.0378

Financial Statements of

MBA GOLD CORP.

July 31, 2004

These Interim Financial Statements have not been reviewed by the Company's Auditors

MBA GOLD CORP.
Consolidated Balance Sheets
(Unaudited – Prepared By Management)

	July 31, 2004	January 31, 2004
ASSETS		
CURRENT		
Cash	\$ 50,126	\$ 68,904
Accounts receivable	11,250	33,623
Prepaid expenses and deposits	1,985	1,985
	63,361	104,512
DEFERRED EXPLORATION COSTS	946,338	898,247
RESTRICTED CASH	118,674	118,674
PLANT AND EQUIPMENT	20,982	22,984
INVESTMENT	1	1
	\$ 1,149,356	\$ 1,144,418
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 58,653	\$ 71,189
SHAREHOLDERS' EQUITY		
Contributed surplus	20,640	20,640
Common shares	10,140,154	9,914,704
Treasury stock	(40,928)	(40,928)
Deficit	(9,029,163)	(8,821,187)
	1,090,703	1,073,229
	\$ 1,149,356	\$ 1,144,418

CONTINUING OPERATIONS (Note 1)

Cameron White, President & Chief Executive Officer

Tim Gamble, Director

See accompanying notes to the consolidated financial statements

MBA GOLD CORP.

Consolidated Statements of Loss and Deficits

(Unaudited – Prepared By Management)

	3 months ended July 31,		6 months ended July 31,	
	2004	2003	2004	2003
EXPENSES				
Accounting and audit	3,939	\$ 1,929	\$ 19,437	\$ 6,029
Amortization	1,793	-	3,487	-
Wages, benefits and consulting	21,172	(10,400)	38,322	18,100
Investor relations	8,000	-	30,572	-
Legal	499	(13,871)	4,997	937
Office	11,411	10,755	21,429	21,058
Rent	5,463	-	10,925	3,505
Project investigation fees	40,982	-	64,894	-
Transfer agent and filing fees	7,459	6,717	13,913	30,680
	100,718	(4,870)	207,976	80,309
NET LOSS	(100,718)	4,870	(207,976)	(80,309)
DEFICIT, BEGINNING OF THE YEAR	(8,921,596)	(8,418,440)	(8,821,187)	(8,418,440)
DEFICIT, END OF THE YEAR	(9,022,314)	(8,413,570)	(9,029,163)	(8,498,479)
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.00)	(0.02)	(0.01)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING	11,840,531	7,435,250	11,840,531	7,435,250

MBA GOLD CORP.
Consolidated Statements Cash Flows
(Unaudited – Prepared By Management)

	3 months ended July 31,		6 months ended July 31,	
	2004	2003	2004	2003
OPERATING ACTIVITIES				
Net loss	\$ (100,718)	\$ 4,870	\$ (207,976)	\$ (80,309)
Items not involving cash				
Amortization	1,793	-	3,487	-
Changes in non-cash operating assets and liabilities				
Accounts receivable	(7,360)	1,543	22,373	(4,654)
Prepaid expenses and deposits	-	8,000	-	(7,000)
Accounts payable and accrued liabilities	7,986	(82,369)	(12,537)	(2,039)
	(98,299)	(67,956)	(194,653)	(94,002)
FINANCING ACTIVITIES				
Issue of shares for cash, net of costs	123,000	1,130,530	225,450	1,130,530
Loans payable	-	(75,000)	-	-
	123,000	1,055,530	225,450	1,130,530
INVESTING ACTIVITIES				
Deferred exploration costs	(39,647)	(212,113)	(48,090)	(273,372)
Plant and equipment	(1,485)	-	(1,485)	-
	(41,132)	(212,113)	(49,575)	(273,372)
NET CASH FLOW (OUTFLOW)	(16,431)	775,461	(18,778)	763,156
CASH (BANK INDEBTEDNESS), BEGINNING OF PERIOD	66,557	(3,654)	68,904	8,651
CASH (BANK INDEBTEDNESS), END OF PERIOD	50,126	771,807	50,126	\$ 771,807

MBA GOLD CORP.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared By Management)

1. CONTINUING OPERATIONS

The Company has interests in mining assets at the exploration stage, the economic viability of which has not been assessed. The realization of the Company's investment in mineral properties is dependent upon various factors, including the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the properties, future profitable operations, or, alternatively, upon disposal of the investment on an advantageous basis.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values of assets may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

2. FINANCIAL STATEMENT PRESENTATION

These financial statements are prepared for interim reporting purposes and do not necessarily contain all the Company's financial information. Readers are advised to refer to the Company's annual audited financial statements for the year ended January 31, 2004.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies outlined below.

(a) Basis of presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. Estimates are used for, but not limited to, accounting for doubtful accounts, income taxes, the carrying value of long-lived assets, and contingencies. Actual results may differ from those estimates.

(c) Mining properties and deferred exploration costs

Costs of acquiring mining properties and all exploration costs less related recoveries are capitalized.

The costs of properties, which are abandoned or impaired in value, are written down in the year of abandonment or impairment. Upon commencement of commercial production, all related deferred acquisition, exploration and development expenditures will be amortized and matched with future revenues.

The amounts capitalized represents costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular properties.

MBA GOLD CORP.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared By Management)

(d) Plant and equipment

Computer, furniture and equipment are recorded at cost and are amortized using the declining balance method at 30% per annum. Leasehold improvements are amortized on a straight-line basis over five years. Plant and equipment are amortized at one half the amortization rate, in year of acquisition.

(d) Stock options

The Company has adopted the standard in CICA Section 3870, Stock-based Compensation and Other Stock-based Payments, for accounting stock options. Stock-based awards made to non-employees are measured and recognized using the fair value of the stock options at the date of grant. For stock options granted to employees, the Company has adopted the disclosure-only provisions of the new standard whereby pro forma net income and pro forma earnings per share are disclosed in Notes 7(d) to the financial statements as if the fair value based method of accounting had been used.

(e) Share issue costs

Direct costs relating to the issuance of shares are charged directly to share capital.

(f) Foreign exchange

The accounts of the Company are expressed in Canadian dollars. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Other balance sheet items were translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Translation gains and losses relating to monetary items included in operations.

(g) Income (loss) per share

Income (loss) per share is calculated using the weighted-average number of common shares outstanding during the year. The treasury stock method is used in the calculation of diluted earnings per share. Diluted earnings per share are computed using the weighted-average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares exercisable upon the exercise of stock options and are excluded from the computation if their effect is anti-dilutive.

(h) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to the current period's presentation.

4. DEFERRED EXPLORATION COSTS

On November 5, 2002, the Company entered into an agreement with Compass Minerals Ltd., a U.S. subsidiary of Compass Minerals NL, NSW, Australia ("Compass"), whereby the Company has the option to acquire up to a 60% interest in the Worldbeater Gold Project. The Worldbeater Gold Project is located in the Panamint Ranges, near Ballarat, Inyo County California. During the fiscal 2004, the Company earned its initial 30% interest by carrying out an exploration program of at least U.S. \$500,000 by December 2003. A further 30% interest can be earned by completing a pre-feasibility study on the property by September 30, 2004. Subject to reasonable extension if additional exploration is warranted, Compass could retain the remaining 40% interest as a joint venture partner if Compass elects to contribute to the cost of a bankable feasibility study, otherwise Compass's interest will be converted to a 20% carried interest and the Company will acquire the remaining 20% interest. The Company has agreed to make annual land rental payments of U.S. \$20,000.

The Company has agreed to issue 200,000 shares to Compass upon completion of the pre-feasibility study and a

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Notes to the Consolidated Financial Statements
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further 200,000 shares upon commencement of commercial production. During the period, 200,000 shares were issued as a finder's fee.

As a condition to enter into the agreement with Compass, the Company posted a letter of credit in the amount of U.S.\$90,000 (Cdn \$118,674) for which a short-term investment in the same amount is held as collateral.

	July 31 2004	January 31 2003
Geological contractors and consulting	\$ 352,486	\$ 340,393
Engineering	30,169	24,940
Drilling	203,044	203,044
Assay	25,287	25,287
Road construction	84,551	84,551
Travel and accommodation	104,588	102,671
Legal	10,302	9,927
Property payments	84,422	56,894
Storage and other	51,489	50,540
	\$ 946,338	\$ 898,247

5. INVESTMENT

On April 28, 2000, the Company sold substantially all of the assets of its wholly-owned subsidiary, Theatre.com Inc., to BroadwayOnline.com, Inc. ("BOL"). As part of the total consideration received from the sale, the Company was issued 1,600 Series A convertible preferred shares of BOL. These shares were recorded at a carrying value of \$1 as the Company's participation in the net equity of BOL is only determinable based on future events, which include future financing entered into by BOL, the financial performance of BOL and ultimately, the sale of the preferred shares.

On January 31, 2001, the Company completed the exchange of its preferred shares in BOL for common shares in Broadway Television Network, Inc. ("BTN"), a Delaware corporation and the corporate parent of BOL. In exchange for the 1,600 Series A convertible preferred shares of BOL, the Company received 469,021 common shares of BTN with a par value of \$0.001 per share.

6. CAPITAL ASSETS

	July 31, 2004			January 31, 2004
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 17,678	\$ 4,906	\$ 12,772	\$ 15,026
Furniture and equipment	8,683	2,109	6,574	6,118
Leasehold improvements	2,044	408	1,636	1,840
	\$ 28,405	\$ 7,423	\$ 20,982	\$ 22,894

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7. SHARE CAPITAL

(a) *Authorized*

Unlimited number of common shares with no par value.

(b) *Issued*

	Common shares		Common shares in Treasury	
	Number of shares	Amount	Number of Shares	Amount
Balance, January 31, 2003	7,435,250	8,628,472	(6,826)	\$ (40,928)
Shares issued for cash	3,000,000	1,275,000		
Share issue costs	-	(193,568)	-	-
Shares issued for corporate finance fee	50,000	21,250		
Exercise of warrants	871,500	96,050		
Exercise of stock options	150,000	22,500	-	-
Shares issued for finder's fee	200,000	65,000	-	-
Balance, January 31, 2004	11,706,750	\$9,914,704	(6,826)	\$ (40,928)
Exercise of warrants	940,000	98,700	-	-
Exercise of stock options	25,000	3,750		
Cancelled	(25,252)	-	-	-
Balance, April 30, 2004	12,646,498	\$10,017,154	(6,826)	\$ (40,928)
Exercise of warrants	600,000	63,000		
Exercise of options	400,000	60,000		
Balance, July 31, 2004	13,646,498	10,140,154		

On June 30, 2003, the Company completed a short form offering of 3,000,000 units for gross proceeds of \$1,275,000. Each unit consists of one common share and one-half share purchase warrant. As of June 24, 2004 no warrants had been exercised and were cancelled in accordance with the offering agreement.

For the three months ended July 31, 2004 the Company issued 1,000,000 common shares for gross proceeds of \$123,000 on the exercise of stock options and warrants.

(c) *Escrow shares*

As at February 24, 2004 25,252 (2003 – 25,252) shares held in escrow were cancelled by regulatory authorities.

(d) *Stock-based compensation plans*

The company has established a Share Option Plan (the "option plan) which provides for options to purchase common shares to be granted by the Company to directors, officers, employees and consultants of the Company. At the date options are granted, the exercise price for an option shall not be less than the then market price of common shares of the Company. Options vest over a period of 18 months.

The Company accounts for stock-based compensation awards granted to employees whereby no compensation cost is recognized when their exercise price exceeds or equals the fair value of the Company's common shares at the date of grant. Accordingly, no compensation cost has been recognized for its fixed stock option plans and its

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stock purchase plan.

During the six month period 425,000 options were exercised at a rate of \$0.15 per share. A summary of the status of the Company's stock option plan as of July 31, 2004 is presented below.

Options	July 31, 2004		January 31, 2004	
	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price
Outstanding at the beginning of the period	900,000	\$ 0.35	600,000	\$ 0.15
Issued	750,000	0.45	470,000	0.55
Issued	950,000	0.30	-	-
Exercised	(425,000)	0.15	(150,000)	0.15
Cancelled/expired	(100,000)	0.55	(20,000)	0.55
Outstanding at the end of the period	<u>2,075,000</u>	<u>0.39</u>	<u>900,000</u>	<u>\$ 0.35</u>

(e) *Share purchase warrants*

Pursuant to a private placement completed in May 2002, the Company issued warrants to purchase 2,400,000 common shares at a price of \$0.105 per share until May 22, 2004. As of July 31, 2004, all warrants have been exercised.

In connection with a short form offering (See Note 7(b)) the Company issued 1,750,000 warrants to purchase 1,750,000 common shares at a price of \$0.50 per share on or before June 24, 2004. In accordance with this offering agreement all outstanding warrants were cancelled effective June 24, 2004.

8. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise disclosed include the following:

	6 months ended	
	July 31, 2004	2003
Consulting fees paid to directors	<u>\$ 30,000</u>	<u>\$ 28,500</u>

9. SUBSEQUENT EVENT

Effective August 17, 2004 the Company announced the formation of its wholly-owned subsidiary MBA Energy Corporation. MBA Energy Corporation will pursue exploration opportunities for natural gas and oil in North America, with a particular emphasis in Canada.

As of the date of this report the Company has not incurred significant expenditures related to this new operation.