



MBA Gold Corp.
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Financial Statements of

MBA GOLD CORP.

April 30, 2005

MBA GOLD CORP.
Consolidated Balance Sheets
As at April 30, 2005 and January 31, 2005

	<u>April 30,</u> <u>2005</u>	<u>January 31,</u> <u>2005</u>
ASSETS		
CURRENT		
Cash	\$ 26,524	\$ 71,648
Cash committed for exploration	51,595	102,500
Amounts receivable	6,085	15,670
Prepaid expenses and deposits	1,985	1,985
Advances for exploration expenditures	-	245,773
	86,189	437,576
RESTRICTED CASH [note 4]	113,121	111,420
PROPERTY AND EQUIPMENT [note 6]	16,188	17,495
MINERAL PROPERTIES [note 4]	32,630	32,630
OIL AND GAS PROPERTIES [note 5]	882,925	448,247
	\$ 1,131,053	\$ 1,047,368
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,336	\$ 18,365
Due to related parties	70,000	20,000
Short-term debt	100,000	10,000
	178,336	48,365
SHAREHOLDERS' EQUITY		
Common shares [note 7]	11,155,592	11,155,592
Treasury stock	(40,928)	(40,928)
Contributed surplus	390,775	390,775
Deferred compensation	(138,394)	(138,394)
Deficit	(10,414,328)	(10,368,042)
	952,717	999,003
	\$ 1,131,053	\$ 1,047,368

NATURE OF OPERATIONS [note 1]

Approved on behalf of the Board:

 Cam White, Director

 Stephen Cheikes, Director

MBA GOLD CORP.

Consolidated Statements of Loss and Deficit

For The Three Months Ended April 30, 2005 and 2004

	April 30, 2005	April 30, 2004
REVENUE	\$ -	\$ -
EXPENSES		
Accounting and audit	4,275	6,498
Amortization	1,307	1,694
Foreign exchange loss (gain)	(1,687)	-
Investor relations	7,059	23,178
Legal	-	4,498
Office	3,993	9,412
Project investigation fees	-	17,155
Rent	5,463	5,463
Transfer agent and filing fees	6,859	6,454
Wages, benefits and consulting	19,017	26,057
	46,286	100,409
NET LOSS	(46,286)	(100,409)
DEFICIT, BEGINNING OF THE YEAR	(10,368,042)	(8,821,187)
DEFICIT, END OF THE YEAR	\$ (10,414,328)	\$ (8,921,596)
BASIC AND DILUTED LOSS PER SHARE	(0.002)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	18,721,498	11,721,627

See accompanying notes to the consolidated financial statements

MBA GOLD CORP.
Consolidated Statements Cash Flows
For The Three Months Ended April 30, 2005 and 2004

	April 30, 2005	April 30, 2004
OPERATING ACTIVITIES		
Net loss	\$ (46,286)	\$ (100,409)
Items not involving cash		
Amortization	1,307	1,694
Foreign exchange gain	(1,701)	-
	(46,680)	(98,715)
Changes in non-cash operating assets and liabilities		
Amounts receivable	9,585	(29,733)
Accounts payable and accrued liabilities	(10,029)	27,371
	(444)	(101,077)
FINANCING ACTIVITIES		
Issue of shares, net of costs	50,000	102,450
Short-term debt	90,000	-
	140,000	102,450
INVESTING ACTIVITIES		
Exploration and acquisition costs on mineral properties	-	(8,444)
Exploration costs on oil and gas properties	(188,905)	-
	(188,905)	(8,444)
INCREASE IN CASH (DECREASE)	(147,624)	(2,347)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	174,148	68,904
CASH AND CASH EQUIVALENTS, END OF PERIOD	78,119	66,557
CASH AND CASH EQUIVALENTS		
Are comprised of the following balance sheet accounts		
Cash	26,524	-
Cash committed for exploration	51,595	-
	78,119	-

See accompanying notes to the consolidated financial statements

MBA GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months Ended April 30, 2005

1. NATURE OF 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. SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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) Cash committed for exploration

Cash committed for exploration consists of proceeds of flow-through shares which were used to fund the costs of drilling the initial well on the Dover Prospect (see also note 7 (c)).

(d) Mineral Properties

All costs related to the acquisition, exploration and development of mineral and resource properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable mineral reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

MBA GOLD CORP.
Notes to the Consolidated Financial Statements
For the Three Months Ended April 30, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Oil and gas properties

The Company follows the full-cost method of accounting for oil and gas properties whereby all costs relating to the acquisition, exploration and development activities are capitalized. These costs include land acquisition costs, geological and geophysical expenses, the cost of drilling both productive and non-productive wells and directly related overhead. Proceeds from the disposal of properties are deducted from the full cost pool without recognition of a gain or loss unless such a sale would significantly alter the rate of depletion and depreciation. Upon commercial production, the related accumulated costs are amortized against future income using the unit-of-production method based on production volumes before royalties in relation to total estimated proved reserves as determined by independent engineers.

(f) Property 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. Property and equipment are amortized at one half the amortization rate, in year of acquisition.

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(h) Stock-based compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870 "Stock-based Compensation and Other Stock-based Payments". When stock or stock options are issued to non-employees, compensation expense is recognized based on the fair value of the stock or stock options issued. In February, 2004, the Company changed its accounting policy related to employee stock options, and began to recognize compensation expense for stock or stock option grants to employees, based on the fair value of the stock or stock options issued. See Note 3.

(i) Share issue costs

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

(j) Flow-through Shares

The Company has adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and the shareholders' equity is reduced.

If the Company has sufficient unused tax loss carryforwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carryforwards, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

MBA GOLD CORP.
Notes to the Consolidated Financial Statements
For the Three Months Ended April 30, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 are included in operations.

(l) 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.

(m) Comparative figures

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

3. CHANGE IN ACCOUNTING POLICY

In February, 2004 the Company adopted the provisions of CICA Handbook Section 3870, "Stock-based Compensation and Other Stock Based Payments", as it relates to employee stock options. In accordance with the provisions of this section, the Company has accounted prospectively for all employee stock options granted, settled, or modified since February 1, 2004 as a charge to operations based upon the fair value method. The fair value method requires the Company to expense the fair value, as determined using the Black Scholes option-pricing model, of the employee options granted or modified during a period. Accordingly, the Company has recorded an amount in respect of employee options granted in 2005. Pro forma loss would continue to be disclosed as it relates to employee stock options granted during 2005.

4. MINERAL PROPERTIES

Worldbeater Gold Project

The Company has acquired an option from Compass Minerals NL, NSW, Australia ("Compass") 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. The Company has earned a 30% interest in the project by carrying out an exploration program of U.S. \$500,000. A further 30% interest can be earned by completing a pre-feasibility study on the property on or before September 30, 2004 provided that this date can be extended if additional exploration is warranted. The Company elected not to complete the pre-feasibility study by September 30, 2004 and is currently reviewing various options. Compass will 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% 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. and has agreed to issue 200,000 shares to Compass upon completion of the pre-feasibility study and a further 200,000 shares upon commencement of commercial production. 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 \$113,121) for which a short-term investment in the same amount is held as collateral.

MBA GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months Ended April 30, 2005

4. MINERAL PROPERTIES (continued)

Worldbeater Gold Project (continued)

As at January 31, 2005 the Board of Directors resolved to write-down the carrying value to nil and the Board will make a decision on whether to continue with this project.

S310 Gold Property

The Company, through its wholly-owned subsidiary Manele Bay Goldfields Inc. ("MBG"), has acquired an option to acquire a 100% interest in a group of 12 unpatented mining claims in Humboldt County, Nevada. The Company made an initial payment of \$10,000 and issued 75,000 common shares related to this project. In order to maintain the option in good standing the Company must pay a further US\$7,500 and issue an additional 50,000 shares over each of the next three years and incur exploration expenditures of US\$400,000 by July 31, 2007. The Company can acquire a 100% interest in the property by paying US\$100,000 and issuing an additional 100,000 shares by January 31, 2008. The vendor will retain a 3% net smelter return royalty, 1.5% of which can be bought out for US\$1.5 million within 24 months of the commencement of commercial production. MBG subsequently acquired a 100% interest in an additional 12 contiguous mining claims through staking.

Cumulative exploration and acquisitions costs are as follows:

2006	Worldbeater	S310 Gold	Total
Balance – Beginning of Period	\$ –	\$ 32,630	\$ 32,630
Deferred during the year			
Engineering	–	–	–
Geological contractors and consulting	–	–	–
Legal	–	–	–
Property payments	–	–	–
Storage and other	–	–	–
Travel and accommodation	–	–	–
	–	–	–
Balance – End of Period	\$ –	\$ 32,630	\$ 33,630
2005	Worldbeater	S310 Gold	Total
Balance – Beginning of Year	\$ 898,247	\$ –	\$ 898,247
Deferred during the year			
Engineering	16,445	–	16,445
Geological contractors and consulting	12,093	25,203	37,296
Legal	771	–	771
Property payments	29,559	750	30,309
Storage and other	2,375	6,377	9,052
Travel and accommodation	1,917	–	1,917
	63,160	32,630	95,790
	961,407	32,630	994,037
Impairment charge	961,407	–	961,407
Balance – End of Year	\$ –	\$ 32,630	\$ 32,630

MBA GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months Ended April 30, 2005

5. OIL AND GAS PROPERTIES

Dover and Gautreau Oil and Gas Project

On August 18, 2004 the Company entered into an oil and gas farm-in agreement with Contact Exploration Inc. (TSX-V: CEX) of Calgary, Alberta whereby the Issuer has the right to earn a 50% working interest in the Dover and Gautreau oil and gas prospects in Eastern New Brunswick by incurring 100% of the costs of drilling and completing an initial exploration well on each prospect.

Cumulative exploration and acquisitions costs for Dover and Gautreau are as follows:

2006	
Balance – Beginning of Period	\$ 448,247
Deferred during the year	
Drilling	188,905
Engineering	–
Geological contractors and consulting	–
Legal	–
Property payments	–
Storage and other	–
Travel and accommodation	–
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Balance – End of Period	\$ 637,152
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2005	
Balance – Beginning of Year	\$ –
Deferred during the year	
Drilling	429,226
Engineering	–
Geological contractors and consulting	11,685
Legal	2,202
Property payments	–
Storage and other	665
Travel and accommodation	4,469
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	448,247
Balance – End of Year	\$ 448,247

6. PROPERTY AND EQUIPMENT

	April 30, 2005		January 31, 2005	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 17,678	\$ 7,949	\$ 9,729	\$ 10,518
Furniture and equipment	8,683	3,554	5,130	5,546
Leasehold improvements	2,044	715	1,329	1,431
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	\$ 28,405	\$ 12,217	\$ 16,188	\$ 17,495

MBA GOLD CORP.
Notes to the Consolidated Financial Statements
For the Three Months Ended April 30, 2005

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued

	Common shares		Treasury Stock	
	Number of Shares	Amount	Number of Shares	Amount
Balance – January 31, 2004	11,706,750	9,914,704	(6,826)	(40,928)
Shares issued for mineral property [note 4]	75,000	24,000	-	-
Private Placement [(c) below]			-	-
Shares issued for cash	4,750,000	950,000	-	-
Shares issued for accounts payable	250,000	50,000	-	-
Share issue costs	-	(8,562)	-	-
Shares issued on exercise of warrants	1,540,000	161,700	-	-
Shares issued on exercise of stock options	425,000	63,750	-	-
Shares cancelled	(25,252)	-	-	-
Balance - January 31, 2005	18,721,498	\$11,155,592	(6,826)	\$ (40,928)
Balance - April 30, 2005	18,721,498	\$11,155,592	(6,826)	\$ (40,928)

(c) Private Placement

On December 20, 2004 the Company completed a private placement of 5,000,000 units at \$0.20 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the purchaser to acquire one common share at price of \$0.25 per share expiring December 16, 2005. 3,887,500 common shares were flow-through shares and 1,112,500 common shares were non flow-through shares. Proceeds were used to fund the costs of drilling the initial well on the Dover Prospect.

(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 fair value of common shares of the Company. Options vest over a period of 18 months.

Number of Options	Weighted Average Exercise
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MBA GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months Ended April 30, 2005

		Price
Balance - January 31, 2004	900,000	0.35
Issued	750,000	0.45
Issued	1,100,000	0.30
Exercised	(425,000)	0.15
Cancelled	(150,000)	0.55
Cancelled	(25,000)	0.45
Balance - January 31, 2005	2,150,000	\$ 0.38
Balance - April 30, 2005	2,150,000	\$ 0.38

The following table summarizes the stock options outstanding at April 30, 2005:

Exercise price	Options outstanding			Options exercisable	
	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.30	1,100,000	4.25	\$0.30	1,100,000	\$0.30
\$0.45	725,000	4.05	\$0.45	725,000	\$0.45
\$0.55	300,000	3.35	\$0.55	300,000	\$0.55
\$0.15	25,000	2.15	\$0.15	25,000	\$0.15
	2,150,000	4.02	\$0.38	2,150,000	\$0.38

The expiry date of the Company's stock options are as follows:

	Price	Outstanding	Expiry Date
Options	\$0.55	300,000	August 2008
Options	\$0.15	25,000	June 2007
Options	\$0.45	725,000	April 2009
Options	\$0.30	1,100,000	July 2009
		<u>2,150,000</u>	

(e) *Share purchase warrants*

	Number of warrants	Exercise Price
Balance, January 31, 2004	3,278,500	0.105 – 0.50
Issued	5,000,000	0.25
Exercised	(1,540,000)	0.105
Expired	(1,738,500)	0.50
Balance, January 31, 2005	5,000,000	\$0.25
Balance, April 30, 2005	5,600,000	\$0.25

Pursuant to a private placement completed in December 2004, the Company issued warrants to purchase 5,000,000 common shares at a price of \$0.25 per share. The warrants associated with this private placement expire December 16, 2005

MBA GOLD CORP.
Notes to the Consolidated Financial Statements
For the Three Months Ended April 30, 2005

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 April 30, 2005, all warrants have been exercised.

In connection with a short form offering 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:

	April 30 2005	April 31 2004
Consulting fees paid to directors	<u>\$ 15,000</u>	<u>\$ 15,000</u>

Related party debt of \$70,000 owing to two directors is unsecured, due on demand and non-interest bearing.