

**ORKO GOLD CORP.**Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005

---

**BC FORM 51-901F**

## QUARTERLY REPORT

Incorporated as part of:

 Schedule A  
 Schedule C**ISSUER DETAILS:**

Name of Issuer	<b>ORKO GOLD CORP.</b>
For Quarter Ended	April 30, 2005
Date of Report	June 28, 2005
Issuer Address	2610 – 1066 West Hastings Street Vancouver, BC V6E 3X2
Issuer Fax Number	(604) 684-4601
Issuer Telephone Number	(604) 684-4691
Contact Name	Gary Cope
Contact Position	Director
Contact Telephone Number	(604) 684-4691
Contact Email Address	N/A
Web Site Address	N/A

**CERTIFICATE**

THE TWO SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.

Gary Cope	<i>"Gary Cope"</i>	2005/06/28
Name of Director	<i>Sign (typed)</i>	Date Signed (YY/MM/DD)

Ross Wilmot	<i>"Ross Wilmot"</i>	2005/06/28
Name of Director	<i>Sign (typed)</i>	Date Signed (YY/MM/DD)

**ORKO GOLD CORP.**

Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005

---

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTH PERIODS ENDED APRIL 30, 2005 AND APRIL 30, 2004****DESCRIPTION OF BUSINESS**

In 2002, the Company had negotiated a 60 percent interest in the Red Lake property located in Northern Ontario. In the third quarter of 2003, the drilling program was completed and a final report was received summarizing all of the results. Although some encouraging intersections were encountered, the program did not find any definable reserves. After reviewing the report and recommendations, management engaged an independent professional geologist to provide a review assessment of the results. His report recommended that no further work be done on the property, and on this basis, management decided not to proceed further. Consequently, all costs were written off in the first quarter of 2004.

On December 1, 2003, the Company entered into a joint venture with Minas Sanluis S.A. de C.V., a subsidiary of Wheaton River Minerals Ltd., with Luisman, S.A. de C.V., and with Minera Thesalia, S.A. de C.V. to acquire an interest in the La Preciosa gold/silver project located in the State of Durango, Mexico. Under the terms of the agreement, Orko earns a 51 percent interest in the project by incurring exploration and development expenditures of US\$1 million over the next five years. The Company will also issue 50,000 common shares to Minas Sanluis upon TSX Venture Exchange approval, and a further 50,000 common shares 12 months following the acceptance date.

The La Preciosa project hosts tertiary-aged gold and silver bearing epithermal quartz vein systems, associated with barite and minor quantities of base metals. The vein trend is principally north/south, although there are subordinate, mineralized vein systems that run in an east/west direction. These east/west veins typically average 2.5 meters in width and yield higher gold values. The La Preciosa claims cover over 1,300 hectares and are located about an hour and a half from Durango, Durango State, Mexico.

On June 21, 2004, the Company announced that it had acquired an option for a 51 percent participation in a second property from Wheaton through its subsidiary, Minas de Sanluis S.A. de C.V. The terms of this second option are similar to those of the first with Wheaton on the La Preciosa property. The Company is required to make expenditures of US\$1 million over the next five years and to issue 100,000 common shares, the first 50,000 shares upon acceptance by the TSX Venture Exchange and the remaining 50,000 shares after one year from the date of approval.

The property, termed "Santa Monica", covers 16,000 hectares and is located in the Municipality of Panuco de Coronado, Durango State, Mexico, and is adjacent to the La Preciosa property.

In January, the Company had retained a geophysics contractor to conduct an IP survey on the La Preciosa property. During the second quarter, the survey was completed and a number of targets were identified. In February, management signed an agreement with Major Drilling de Mexico, S.A. de C.V. to undertake the drilling program, initially estimated at approximately 5,000 metres. At this time, eleven holes have been completed, and the Company has reported the assay results on the first three holes, and expects to be able to release further hole results shortly. In the results released, management reported that one intersection yielded a grading of approximately 41 ounces of silver per ton over a 1.27 metre intersection. Overall, management is encouraged with all of the results to date. The Company is continuing to increase the potential strike length by stepping out every 100 metres on every second hole to the north. Every hole drilled to date has intersected the known vein set. As a result of the success to date, the drilling contract has been extended to 10,000 metres and the Company has announced new financing to fund this commitment.

Also recently, management has initiated work on its Santa Monica property, with plans for geophysics work and auger surface soil sampling.

**ORKO GOLD CORP.**Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005Results of Operations for the three-month periods ended April 30, 2005 and 2004:

For the second quarter ended April 30, 2005, the Company incurred general costs aggregating \$193,552, which is 107 percent higher than the costs of \$93,481 incurred in the second quarter of 2004. The higher costs reflect the Company's exploration work and the necessary financing activity required, and include increases in consulting fees at \$33,411, up 110 percent from \$15,875 incurred in the comparable period of 2004, professional fees of \$19,675, significantly higher than that of \$4,954 in 2004, and higher travel costs of \$30,396 compared to \$11,536 in the prior comparable period. Also, shareholder relations expenses of \$47,809 rose significantly over the 2004 amount of \$500, when the Company was not actively exploring and financing this work. Offsetting these higher costs to some degree were decreases in transfer agent fees from \$14,888 in 2004 to \$11,012 this year and office expenses of \$10,499 in 2004, down to \$7,589 in the current second quarter.

Also in the second quarter of this year, the Company incurred exploration costs of \$359,798 on its La Preciosa property. This is dramatically higher than the expenditures incurred in the comparable quarter of 2004 of \$3,573, primarily due the drilling costs related to the 5000 meter drilling program initiated this year.

Overall, the Company incurred a loss for the second quarter of 2005 of \$555,994 or \$0.02 per share. For the comparable quarter in 2004, the significantly lower exploration costs allowed the loss for the period to be limited to \$96,742 or \$0.005 per share.

Results of Operations for the six-month periods ended April 30, 2005 and 2004:

For the six months ended April 30, 2005, the Company incurred general costs aggregating \$292,028, which is approximately 52 percent higher than the costs of \$192,382 incurred in the first half of 2004. This increase is primarily due to the aforementioned higher costs incurred in the second quarter of this year. Consulting fees of \$64,769 were 110 percent higher than those incurred in the comparable six-month period of 2004 of \$30,875. As was the case for the current quarter, shareholder relations costs of \$55,671 were significantly higher than those incurred for the comparable 2004 period of \$2,837. And associated with the Company's activities in the field and raising additional working capital, travel costs at \$39,798 were 123 percent higher than the level incurred in the first six months of 2004 of \$17,855.

Exploration costs for the first six months of 2005 rose to \$395,985, whereas the 2004 comparable costs were only \$3,573. Of the total incurred, drilling costs to the period end represented \$215,219, and the geophysical program conducted earlier this year amounted to \$92,617. Drilling continues and the contract was recently extended from its initial level of 5,000 metres to 10,000 metres.

Overall, for the first six months of 2005, the Company incurred a loss of \$690,467 or \$0.03 per share, whereas for the comparable six months in 2004, the loss for the period was \$260,778 or \$0.01 per share.

Statement Of Mining And Exploration Expenditures For The Six Month Period Ended April 30, 2005

<b>MINING PROPERTIES</b>		<b>LA PRECIOSA</b>		<b>SANTA MONICA</b>		<b>TOTAL</b>
Balance, October 31, 2004	\$	-	\$	-	\$	-
Additions in the period:		-		-		-
Balance, April 30, 2005	\$	-	\$	-	\$	-
<b>EXPLORATION EXPENDITURES</b>						
Drilling	\$	215,219	\$		\$	215,219
Geophysical		92,617		-		92,617
Geological		73,749		-		73,749
Exploration - other		14,400				14,400
Total Expenditures for the period	\$	<b>395,985</b>	\$	-	\$	<b>395,985</b>

**ORKO GOLD CORP.**Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005Selected annual financial information:

	For the year ended October 31, 2004	For the year ended October 31, 2003	For the year ended October 31, 2002
Total revenues	Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:			
(i) total for the year	465,567	465,402	423,369
(ii) per share	0.02	0.04	0.04
(iii) per share fully diluted	0.02	0.04	0.04
Net income or loss:			
(i) total for the year	465,567	465,402	423,369
(ii) per share	0.02	0.04	0.04
(iii) per share fully diluted	0.02	0.04	0.04
Total assets	64,756	346,224	137,114
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

Selected quarterly financial information:

	4 <sup>th</sup> Quarter Ended October 31, 2005	3 <sup>rd</sup> Quarter Ended July, 2005	2 <sup>nd</sup> Quarter Ended April 30, 2005	1 <sup>st</sup> Quarter Ended January 31, 2005
(a) Revenue	-	-	Nil	Nil
(b) Loss for period	-	-	555,994	134,473
(c) Loss per share	-	-	0.02	0.01
	4 <sup>th</sup> Quarter Ended October 31, 2004	3 <sup>rd</sup> Quarter Ended July, 2004	2 <sup>nd</sup> Quarter Ended April 30, 2004	1 <sup>st</sup> Quarter Ended January 31, 2004
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	131,570	73,218	96,742	164,037
(c) Loss per share	0.006	0.004	0.005	0.01
	4 <sup>th</sup> Quarter Ended October 31, 2003	3 <sup>rd</sup> Quarter Ended July, 2003	2 <sup>nd</sup> Quarter Ended April 30, 2003	1 <sup>st</sup> Quarter Ended January 31, 2003
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	121,551	124,712	214,239	4,900
(c) Loss per share	0.01	0.01	0.02	0.01

As reported in the preceding commentary, the loss for the second quarter has risen significantly due to the costs associated with the drilling on the La Preciosa property. In the first quarter, exploration expenditures were lower, yielding a smaller operating loss. During 2004, the losses in the second and third quarters reflect the corporate sustaining costs, while the loss was higher in the first quarter due to the write-off of the Red Lake property, and in the fourth quarter, due to the initial exploration work and costs associated with financing completed in the first quarter of this year.

**ORKO GOLD CORP.**Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005Capital Stock:

Authorized: 100,000,000 Common shares without par value.

Issued:	No. of Shares	\$
October 31, 2004	19,558,384	4,429,559
Private placement	2,445,000	337,500
Exercise of warrants	3,855,000	385,500
April 30, 2005	25,858,384	5,152,559

Warrants outstanding:

	No. of Warrants	Exercise Price	Expiry Date
Private placement	2,845,000	\$0.10	October 31, 2005
Private placement	2,445,000	\$0.15	March 14, 2006
	5,290,000		

Options outstanding:

Number of common shares issuable	Exercise Price	Date of Expiry
1,245,000	\$0.11	October 21, 2008
260,000	\$0.22	December 4, 2005
350,000	\$0.08	October 5, 2006
100,000	\$0.13	November 30, 2006
100,000	\$0.20	January 19, 2007
100,000	\$0.25	January 28, 2007
25,000	\$0.30	April 7, 2007
50,000	\$0.24	April 22, 2007
2,230,000		

Financial Position:

The Company's financial position strengthened from the opening level of \$43,591 at the beginning of the year to the period end level of \$288,330. The increase of \$244,739 arose from two sources; a private placement of 2,250,000 shares at \$0.15 per share and the exercise of 3,855,000 warrants, each priced at \$0.10 per share. These inflows served to fund the operating loss of \$460,094 after accounting for the changes in non-cash expenses and working capital items. A finders fee was paid in stock on the financing and amounted to 195,000 units.

As part of the acquisition terms, the Company has commitments for both the La Preciosa and the Santa Monica properties, and must issue 50,000 common shares to the optionor upon acceptance by the TSX Venture Exchange and an additional 50,000 common shares for each property following one year from the date of approval. Also, as stated above, the agreement requires that the Company incur expenditures over the next five years amounting to US\$1 million to earn its working interest on each property. The required expenditures are as follows:

	La Preciosa	Santa Monica
Year 1	US\$ 50,000	US\$ 75,000
2	100,000	100,000
3	150,000	125,000
4	250,000	250,000
5	450,000	450,000

## **ORKO GOLD CORP.**

Quarterly Report to Shareholders for the 2<sup>nd</sup> Quarter Ended April 30, 2005

---

While the schedule calls for the project expenditure level to grow, management is planning for a more aggressive exploration program and expects that additional financing will be necessary this year. To date, the Company has incurred aggregate expenditures on the La Preciosa property of CDN\$395,985 or US \$320,247, while it has incurred no expenditures as yet on the Santa Monica property.

To continue to fund these commitments, the Company had announced on January 12, 2005 its intent to raise additional funds through a private placement of units, each unit consisting of one common share and one non-transferable warrant to purchase another common share for an additional \$0.15 per share if exercised in the first year, and \$0.20 in the second year from the date of closing of the placement. The securities issued under the private placement will be subject to a four-month hold period from closing. On January 17, 2005, the Company further announced that it intended to increase the size of the placement to 2.2 million units, with all of the other terms unchanged. On March 14, the Company closed this placement issuing 2,250,000 units to the placees and a further 195,000 units as a finder's fee. Consequently, total cash proceeds of CDN\$337,500 were received.

On March 16, 2005, the Company had announced a brokered private placement to raise additional working capital, but on May 19, this placement was withdrawn. In its place, the Company announced at that time its intent to complete a non-brokered placement of 4,000,000 units at a price of \$.25 per unit, each unit to consist of one common share and one-half of a transferable common share purchase warrant. Each whole share purchase warrant is exercisable into one additional common share for a period of two years at a price of \$.30 per share. The Company will pay a finders fee equal of eight percent of the proceeds to certain finders in consideration of their efforts with the placement. The commission may be paid in cash or units. The proceeds of this financing will be used to continue the drilling program and for general working capital purposes. On May 25, the Company announced that it is extending the placement to 4,800,000 units to raise \$1.2 million.

### Related Party Transactions:

During the first six months of the year, the Company paid management fees amounting to \$52,200 to two officers for services provided. The comparable amount, reported in the first half of 2004, was \$53,300. No director fees were paid in the quarter. An amount of \$3,103 in fees payable to an officer is included in accounts payable at April 30, 2005, whereas fees accrued and unpaid of \$2,033 were included in the payable balance for the first half of 2004.

### Subsequent Events:

On June 9, 2005, the Company announced an additional financing of 400,000 units at \$0.27 per unit for a total proceeds of \$108,000. Each unit consists of one common share and one-half of a transferable common share purchase warrant. Each whole share purchase warrant is exercisable into one additional common share for a period of two years at a price of \$0.35 per share.

On June 16, 2005, the Company granted 200,000 options to a director, a consultant and employees at an exercise price of \$0.40 for a period of two years. The consultant provides investor relation services to the company.