

**ORKO GOLD CORP.**Quarterly Report to Shareholders for the 3<sup>rd</sup> Quarter Ended July 31, 2005

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**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	July 31, 2005
Date of Report	September 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>	2005/09/28
Name of Director	<i>Sign (typed)</i>	Date Signed (YY/MM/DD)

Ross Wilmot	<i>"Ross Wilmot"</i>	2005/09/28
Name of Director	<i>Sign (typed)</i>	Date Signed (YY/MM/DD)

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**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTH PERIODS ENDED JULY 31, 2005 AND JULY 31, 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, the Company is completing the 22<sup>nd</sup> hole of its extended 24-hole program and assay results have been released for the first 13 holes. The drilling has expanded the strike length of the vein set to a length of approximately one kilometre, and every hole has intercepted the vein targets. The Company is currently planning a third phase, on which work is expected to commence in early November, 2005. This phase will include an additional drill rig and will enable the Company to explore under the known mineralization. The Company anticipates the signing of a 10,000 metre drilling contract with its contractor very shortly.

Work is planned to commence in November also on the Company's second property, Santa Monica, with initial soil sampling and geophysics.

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Results of Operations for the three-month periods ended July 31, 2005 and 2004:

In the third quarter of this year, the Company incurred exploration costs of \$747,863 on its La Preciosa property. This is dramatically higher than the expenditures incurred in the comparable quarter of 2004 of \$4,705, primarily due the drilling costs related to the 10,000 meter drilling program initiated this year.

In addition, the Company incurred general costs aggregating \$239,750 which is significantly higher than the costs of \$68,624 incurred in the comparable 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 \$62,906, up from \$17,500 incurred in the comparable period of 2004, professional fees of \$26,028 whereas no professional fees were incurred in the third quarter of 2004, office expenses of \$19,331 significantly higher than those in 2004 of \$8,682, and travel costs of \$47,442 compared to \$8,208 in the prior comparable period. Also, shareholder relations expenses of \$34,734 rose significantly over the 2004 amount of \$662, when the Company was not actively exploring and financing this work. Related to increased financing activity, transfer agent and filing fees were also up, from \$1,509 in the third quarter of 2004 to \$11,961 in the current quarter. Offsetting these higher costs to some degree was a gain of \$10,374 due to currency fluctuations.

Overall, the Company incurred a loss for the third quarter of 2005 of \$986,201 or \$0.04 per share. For the comparable quarter in 2004, the significantly lower exploration costs allowed the loss for the period to be limited to \$73,219 or \$0.004 per share.

Results of Operations for the nine-month periods ended July 31, 2005 and 2004:

For the nine months ended July 31, 2005, exploration costs rose significantly to \$1,143,849, whereas the 2004 comparable costs were only \$8,278. Of the total incurred, drilling costs to the period end represented \$826,949, geological costs were 153,394 and the geophysical program conducted earlier this year amounted to \$98,867. Drilling continues on the second 5,000 metre phase of the drilling program.

As was the case in the third quarter, general costs aggregating \$535,130 also increased significantly, and were approximately double the costs incurred in the first nine months of 2004 of \$261,038. This increase is largely due to the aforementioned higher costs incurred in the third quarter of this year reflecting the much higher activity level in 2005. Consulting fees of \$127,674 were up 164 per cent from \$48,375 incurred in the comparable period of 2004, shareholder relations costs of \$90,404 rose significantly over those incurred for the comparable 2004 period of only \$3,000, and travel costs rose to \$87,240 this year from \$26,064 for the comparable period in 2004. All three increases are a direct result of the Company's exploration activity and the requisite funding requirements to complete the first 5,000 metre drilling program and then its extension for an additional 5,000 meters, due to the successful results achieved to date. Generally, other operating costs were higher also as a result of this increased activity.

Overall, for the first nine months of 2005, the Company incurred a loss of \$1,676,669 or \$0.07 per share, whereas for the comparable nine months in 2004, the loss for the period was \$333,996 or \$0.02 per share.

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Statement Of Mining And Exploration Expenditures For The Nine Month Period Ended July 31, 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, July 31, 2005	<u>-</u>	<u>-</u>	<u>-</u>

<b>EXPLORATION EXPENDITURES YEAR-TO-DATE</b>	<b>LA PRECIOSA</b>	<b>SANTA MONICA</b>	<b>TOTAL</b>
	\$	\$	\$
Drilling	826,949	-	826,949
Geochemical	153,394	-	153,394
Geophysical	98,867	-	98,867
Site costs	47,740	-	47,740
General exploration	16,899	-	16,899
Total Expenditures for the period	<u>1,143,849</u>	<u>-</u>	<u>1,143,849</u>

<b>EXPLORATION EXPENDITURES TOTAL TO DATE</b>	<b>LA PRECIOSA</b>	<b>SANTA MONICA</b>	<b>TOTAL</b>
	\$	\$	\$
Drilling	826,949	-	826,949
Geochemical	190,576	-	190,576
Geophysical	98,867	-	98,867
Site costs	47,740	-	47,740
General exploration	20,472	-	20,472
Total Expenditures for the period	<u>1,184,604</u>	<u>-</u>	<u>1,184,604</u>

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	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

The loss for 2004 includes the write-off of the Red Lake property costs of approximately \$200,000 incurred in 2003 following the Company's decision not to proceed with further work on the property and recorded in the first quarter of the year. In the following quarters, only costs to sustain the Company were incurred, but in the fourth quarter, costs rose reflecting the initial geophysical work on the La Preciosa property. In 2003, the loss was comparable to that of 2004 coincidentally as the drilling costs incurred on the Red Lake property amounting to approximately \$270,000 were included, together with the sustaining costs for the year. In 2002, the loss of \$423,369 included the write-off of the Company's investment in a technology company as the Company attempted to alter its focus from mining to technology, where financing was more readily available. The write-off amounted to \$116,813. Also professional fees were particularly high in the year due to the Company's change in focus, first from mining to technology, and then back to the mining sector, as the mining sector recovered from its decline of several years.

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	Nil
(b) Loss for period	-	986,201	555,994	134,473
(c) Loss per share	-	0.04	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

The losses for the second and third quarters have 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.

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

Issued:	No. of Shares	\$
Balance, October 31, 2004	19,558,384	4,429,559
Private placement	2,250,000	337,500
Shares issued for finders' fee	195,000	29,250
Exercise of warrants	5,750,000	575,000
Exercise of options	175,000	17,500
Fair value of options exercised	-	5,250
Less: Share issue costs	-	(29,250)
Balance, July 31, 2005	27,928,384	5,364,809

Warrants outstanding:

	No. of Warrants	Exercise Price	Expiry Date
Private placement	1,000,000	\$0.10	October 31, 2005
Private placement	2,445,000	\$0.15	March 14, 2006
	3,445,000		

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
175,000	\$0.10	October 5, 2006
100,000	\$0.13	November 30, 2006
100,000	\$0.195	January 19, 2007
100,000	\$0.25	January 28, 2007
25,000	\$0.30	April 7, 2007
50,000	\$0.24	April 22, 2007
200,000	\$0.40	June 16, 2007
2,255,000		

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 \$1,128,465. During the year to fund the drilling program and other operating costs, the Company was successful in completing a private placement and having a significant number of its outstanding warrants and options exercised. Early in the year, the private placement of 2,250,000 shares at \$0.15 per share was completed, providing funds aggregating \$337,500. In addition, 5,750,000 warrants and 175,000 options, all priced at \$0.10 per share, provided additional funds of \$592,500. These inflows together with the funds on hand served to fund the cash operating loss of \$942,376 after accounting for the changes in non-cash expenses and working capital items. A finders fee was paid in stock on the financing that was completed and amounted to 195,000 units, valued at \$29,250.

Anticipating the need to supplement this funding based on the early drilling results, management announced in May a new private placement of initially 4 million units priced at \$0.25 per unit and then extended to 4.8 million units. This was further extended in June to add another 400,000 units priced at \$0.27 per unit. At July 31, 2005, proceeds amounting to \$1,097,250 had been received, which augmented the Company's cash position to the closing level of \$1,128,465.

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

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50,000 common shares for each property following one year from the date of approval. The Company has issued 100,000 shares pursuant to these terms. 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:

		<b>La Preciosa</b>		<b>Santa Monica</b>
		(US\$)		(US\$)
Year 1	\$	50,000	\$	75,000
Year 2		100,000		100,000
Year 3		150,000		125,000
Year 4		250,000		250,000
Year 5		450,000		450,000

To July 31, 2005, the Company has incurred aggregate expenditures on the La Preciosa property of CDN \$1,143,849 or US \$934,441, while it has incurred no expenditures as yet on the Santa Monica property.

As noted above, 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 its intent to complete a non-brokered placement of 4,000,000 units at a price of \$0.25 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 \$0.30 per share. The Company will pay a finders fee equal to 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 are to be used to continue the drilling program and for general working capital purposes. On May 25, the Company announced an extension to the placement to 4,800,000 units to raise \$1.2 million.

On June 9, 2005, the Company announced an additional financing of 400,000 units at \$0.27 per unit for 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.

Subsequent to the period end, on September 8, 2005, the Company closed both of these placements, issuing 4,800,000 units priced at \$0.25 per unit raising \$1,200,000, and issuing a further 400,000 units priced at \$0.27 per unit raising \$108,000. In addition, the Company paid a finders fee in units, issuing 384,000 units valued at \$96,000 and 24,685 units valued at \$6,665.

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.

In summary, at July 31, 2005, the Company had cash on hand amounting to \$1,128,465 to fund its ongoing drilling program to completion and its operating costs for the remainder of the year.

**Related Party Transactions:**

During the first nine months of the year, the Company paid management fees amounting to \$76,800 to two officers for services provided. The comparable amount, reported in the first three quarters of 2004, was \$73,500. No director fees were paid in the quarter. An amount of \$2,592 in fees payable to an officer is included in accounts payable at July 31, 2005, whereas fees accrued and unpaid of \$3,103 were included in the payable balance for the first three quarters of 2004.

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Subsequent Events:

On August 30, 2005, the Company granted 200,000 options to a consultant at an exercise price of \$0.54 for a period of two years.

On September 8, 2005, the Company announced that it closed its two non-brokered private placements of 4,800,000 units at \$0.25 and 400,000 units at \$0.27. Related to these private placements, the Company issued as finders fees 384,000 units having the same terms and conditions as the \$0.25 placement, and 24,685 units having the same terms and conditions as the \$0.27 placement.

On September 21, 2005 the Company granted 1,090,000 options to directors, officers and consultants at an exercise price of \$0.45 per share for a period of two years.