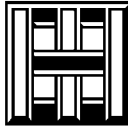

**ORKO GOLD CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
OCTOBER 31, 2005 AND 2004**



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of
Orko Gold Corporation

We have audited the balance sheets of Orko Gold Corporation as at October 31, 2005 and 2004 and the statements of operations and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2005 and 2004 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Business Corporations Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

Chartered Accountants
Vancouver, British Columbia
December 22, 2005

COMMENTS BY THE AUDITOR FOR U.S. READERS ON CANADA-US REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 2 to the financial statements. Our report to the shareholders dated December 22, 2005 is expressed in accordance with Canadian generally accepted auditing standards, which does not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

Manning Elliott LLP

Chartered Accountants
Vancouver, British Columbia
December 22, 2005

ORKO GOLD CORPORATION**BALANCE SHEETS****AS AT OCTOBER 31, 2005 AND 2004**

	2005 \$	2004 \$
ASSETS		
CURRENT ASSETS		
Cash	229,647	43,591
Accounts receivable	8,784	4,076
	238,431	47,667
INVESTMENTS (Note 3)	10,439	10,439
CAPITAL ASSETS (Note 4)	4,455	6,650
MINERAL PROPERTIES (Note 5)	42,000	—
	295,325	64,756
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	317,805	43,771
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	6,888,159	4,429,559
CONTRIBUTED SURPLUS	461,770	32,852
DEFICIT	(7,372,409)	(4,441,426)
	(22,480)	20,985
	295,325	64,756

APPROVED BY THE BOARD

"Gary Cope" Director
Gary Cope

"Ross Wilmot" Director
Ross Wilmot

ORKO GOLD CORPORATION**STATEMENT OF OPERATIONS AND DEFICIT****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

	2005	2004
	\$	\$
EXPLORATION AND DEVELOPMENT EXPENSES	1,793,762	40,755
GENERAL EXPENSES		
Amortization	2,195	1,714
Bank charges and interest	1,234	599
Consulting fees	205,373	69,688
Exchange loss (gain)	(14,476)	244
Insurance	4,288	4,971
Investor and public relations	68,534	4,755
Management fees	106,100	96,000
Office and miscellaneous	51,334	22,629
Professional fees	55,447	42,666
Rent	24,000	24,000
Repairs and maintenance	2,484	—
Stock-based compensation	459,418	32,852
Telephone and communications	4,930	2,612
Transfer agent and filing fees	29,509	20,629
Travel and entertainment	141,063	36,860
	1,141,433	360,219
OTHER ITEMS		
Loss on property abandoned	—	66,000
Interest	(4,212)	(1,407)
	(4,212)	64,593
NET LOSS FOR THE YEAR	2,930,983	465,567
DEFICIT - BEGINNING OF YEAR	4,441,426	3,975,859
DEFICIT - END OF YEAR	7,372,409	4,441,426
BASIC AND DILUTED LOSS PER SHARE	0.11	0.02

ORKO GOLD CORPORATION**STATEMENT OF CASH FLOWS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

	2005	2004
	\$	\$
CASH AND CASH EQUIVALENTS FROM (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(2,930,983)	(465,567)
Items not involving cash		
Amortization	2,195	1,714
Loss on abandonment of mineral property	-	66,000
Stock-based compensation	459,418	32,852
	(2,469,370)	(365,001)
Change in non-cash working capital items	269,326	(603,819)
	(2,200,044)	(968,820)
FINANCING ACTIVITIES		
Issuance of shares	2,386,100	803,748
INVESTING ACTIVITIES		
Expenditures on mineral property - net	-	(41,000)
Acquisition of capital assets	-	(409)
	-	(41,409)
INCREASE (DECREASE) IN CASH	186,056	(206,481)
CASH - BEGINNING OF YEAR	43,591	250,072
CASH - END OF YEAR	229,647	43,591

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

1. NATURE OF OPERATIONS

The Company, which is listed on the TSX Venture Exchange, is in the business of acquiring and exploring mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, on the assumption that the Company is a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain necessary financing to discharge its liabilities as they become due, and upon attaining future profitable operations.

Because a precise determination of certain assets and liabilities is dependent on future events, the preparation of the financial statements involves the use of estimates based on careful judgement and actual results could differ from estimates used. These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the accounting policies noted below:

a) Mineral properties

Costs for the acquisition of mineral properties are initially deferred and, once a property is determined to be economically viable, development expenditures on that property are capitalized. All deferred property and capitalized development costs will be amortized following commencement of production, using the unit of production basis. All exploration costs are expensed.

The recorded values for each mineral property and any associated capitalized development costs are reviewed every quarter and, when it is determined that each such aggregate value is no longer appropriate in relation to the property's stage of exploration or development and the current economic viability of the property, or if the property is no longer of interest, its carrying value is adjusted to the estimated net realizable value to the Company.

b) Capital assets

Computer equipment is recorded at cost less accumulated amortization, amortized on the declining balance basis at 30% per annum.

c) Investments

Investments in marketable securities are carried at the lower of cost or quoted market value.

d) Foreign currency translation

Transactions and balances in currencies other than the Canadian dollar are translated by the temporal method with revenue, expenses and non-monetary balances converted at exchange rates prevailing at the transaction dates and monetary balances converted at rates prevailing at year-end with resulting exchange gains and losses recognized in the determination of income.

e) Loss per share

The Company uses the treasury stock method for the calculation and presentation of both basic and diluted loss per share.

f) Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of six months or less to be cash equivalents.

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Long-lived assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the quarter when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the undiscounted estimated future cash flows from the asset.

h) Stock issuance costs

The Company charges all costs relating to issuing shares and raising capital directly to the proceeds of the issue.

i) Stock-based compensation

Effective November 1, 2003, the Company adopted prospectively, the fair value method to recognize options granted. Accordingly, all stock-based payments are measured at the fair value of the equity instruments issued on the date of grant. The fair value of stock-based payments is periodically re-measured until counter-party performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

3. INVESTMENTS

Investments are recorded at the lower of cost and quoted market value, and consist of:

	Market Value \$	2005 Cost \$	2004 Cost \$
Marketable securities	64,126	10,439	10,439

4. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2005 Net Book Value \$	2004 Net Book Value \$
Computer equipment	8,364	3,909	4,455	6,650

5. MINERAL PROPERTIES

- a) In 2002, the Company acquired an option to earn a 60% interest in 20 mineral claims in the Red Lake District, Kenora Mining Division, Ontario, for which it paid \$41,000, issued 100,000 shares at \$0.25 per share, and incurred \$273,976 in exploration expenditures. In December 2003, following a report obtained from an independent professional geologist, management decided not to proceed with this joint venture and wrote off the \$66,000 in acquisition costs previously capitalized.

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

5. MINERAL PROPERTIES (continued)

- b) In December 2003, the Company acquired an option to earn a 51% interest in the La Preciosa gold/silver project located in the State of Durango, Mexico, from Minas Sanluis S.A. de C.V., a subsidiary of Wheaton River Minerals Ltd. by incurring US\$1 million in exploration and development expenditures over the next five years as well as issuing 50,000 shares to Minas Sanluis, upon TSX Venture Exchange approval, and a further 50,000 shares 12 months thereafter. Pursuant to these terms, in 2005, the Company issued 100,000 shares to Minas Sanluis with a fair market value of \$42,000. The Company can earn a further 24% interest by expending an additional US\$500,000 by the end of the sixth year. Upon the Company earning a 75% interest, Minas Sanluis will have a 90-day option period to buy back up to a 60% controlling interest for US\$1,500,000.
- c) In June 2004, the Company acquired an option to earn a 51% interest in a second property, Santa Monica, from Minas Sanluis S.A. de C.V. by incurring expenditures of US\$1 million over the next five years as well as issuing 100,000 shares (with a fair market value of \$42,000), the first 50,000 shares upon approval by the TSX Venture Exchange and the remaining 50,000 shares 12 months thereafter.

6. SHARE CAPITAL

Authorized:

100,000,000 Common shares without par value

Issued:

	#	\$
October 31, 2003	12,478,384	3,893,559
- Private placement	6,300,000	504,000
- Shares issued for finders' fee	380,000	30,400
- Shares issued for debt settlement	400,000	32,000
Less: Share issue costs	—	(30,400)
	19,558,384	4,429,559
October 31, 2004		
- Private placement	7,450,000	1,645,500
- Shares issued for finders' fee	603,685	131,915
- Shares issued for mineral property	100,000	42,000
- Exercise of warrants	6,620,000	668,000
- Exercise of options	690,000	72,600
- Fair value of options exercised	—	30,500
Less: Share issue costs	—	(131,915)
October 31, 2005	35,022,069	6,888,159

a) Private Placements

- i) During 2005, the Company completed three private placements. The first private placement of 2,250,000 units at \$0.15 per unit provided gross proceeds of \$337,500. Each unit consists of one share and one share purchase warrant, entitling the holder thereof to purchase an additional share at \$0.15 per share until March 14, 2006 and at \$0.20 per share until March 14, 2007. In connection with the transaction, the Company issued 195,000 units at a deemed price of \$0.15 per unit as a finders' fee.

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

6. SHARE CAPITAL (continued)

a) Private Placements (continued)

- ii) The second private placement in 2005 of 4,800,000 units at \$0.25 per unit provided gross proceeds of \$1,200,000. Each unit consists of one share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase an additional share at \$0.30 per share until August 17, 2007. In connection with the transaction, the Company issued 384,000 units at a deemed price of \$0.25 per unit as a finders' fee.
- iii) The third private placement in 2005 of 400,000 units at \$0.27 per unit provided gross proceeds of \$108,000. Each unit consists of one share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase an additional share at \$0.35 per share until August 17, 2007. In connection with the transaction, the Company issued 24,685 units at a deemed price of \$0.27 per unit as a finders' fee.
- iv) During 2004, the Company completed a private placement of 6,300,000 units at \$0.08 per unit, for gross proceeds of \$504,000. Each unit consists of one share and one share purchase warrant, entitling the holder thereof to purchase an additional share for a period of two years at \$0.10 per share. In connection with the transaction, the Company issued 380,000 shares at a deemed price of \$0.08 per share as a finders' fee. The Company also issued 400,000 units with the same terms at a deemed price of \$0.08 per unit, in settlement of \$32,000 in debt.

b) Options

In 2003, the Company adopted a rolling stock option plan (the "Plan") to grant options to directors, officers, employees, dependent contractors and consultants of the Company. Under the Plan, the Board has the discretion to issue the equivalent of up to 10% of the issued and outstanding share capital of the Company from time to time. Options granted will be for a term of up to 5 years from the date granted and will be exercisable at a price that is not less than the market price on the date granted.

A summary of the Company's stock options outstanding at October 31, 2005 and 2004 and changes during the years then ended, is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, October 31, 2003	1,245,000	0.11
Granted	610,000	0.15
Expired	—	0.00
Forfeited/cancelled	—	0.00
Balance, October 31, 2004	1,855,000	0.12
Granted	1,865,000	0.35
Exercised	(690,000)	0.11
Forfeited/cancelled	—	0.00
Balance, October 31, 2005	3,030,000	0.26

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

6. SHARE CAPITAL (continued)

b) Options (continued)

Exercise Prices	Number Outstanding	Weighted average remaining contractual life	Number of Shares
\$0.11	915,000	3 years	915,000
\$0.13	90,000	1.1 years	90,000
\$0.195	100,000	1.2 years	100,000
\$0.22	260,000	0.1 years	260,000
\$0.24	50,000	1.5 years	50,000
\$0.25	100,000	1.3 years	100,000
\$0.30	25,000	1.4 years	25,000
\$0.40	200,000	1.7 years	200,000
\$0.45	1,090,000	2.1 years	1,090,000
\$0.54	200,000	1.8 years	200,000
	<u>3,030,000</u>		<u>3,030,000</u>

c) Stock-based compensation

During the year, the Company granted 1,865,000 stock options under its stock option plan. The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.61% to 3.10%
Expected life of options	2 years
Expected volatility	100%
Expected dividend yield 0.0%	

Options granted during 2005 had fair values ranging from \$0.05 to \$0.24 per share and the Company recorded \$459,418 as stock-based compensation with a corresponding credit to contributed surplus which is reclassified to share capital when the options are exercised. \$30,500 was reclassified from contributed surplus to share capital in respect of options exercised in 2005.

d) Warrants

Warrants have been granted and are exercisable in whole or in part allowing the holders to purchase 5,329,343 shares at exercise prices ranging from \$0.10 to \$0.35 before expiry dates ranging from November 6, 2005 to August 17, 2006.

	Number of Shares	Exercise Price \$	Expiry Date
Balance, October 31, 2003 and 2004	6,700,000	0.10	November 6, 2005
Issued with private placements	2,445,000	0.15	March 14, 2007
	2,592,000	0.30	August 17, 2007
	212,343	0.35	August 17, 2007
Exercised	(6,500,000)	0.10	
	(120,000)	0.15	
<u>Balance, October 31, 2005</u>	<u>5,329,343</u>		

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

7. RELATED PARTY TRANSACTIONS

- a) Included in the determination of net loss for the year, at their exchange amounts are management fees of \$106,100 (2004: \$96,000) to a director and a company related by one or more common directors.
- b) Included in accounts payable is \$3,317 (2004: \$3,539) due to these related parties.

8. INCOME TAXES

The tax effect (computed by applying the combined Canadian federal and provincial statutory rate of 35.62% (2004 - 35.62%) to the significant temporary differences, which comprise future tax assets and liabilities, are as follows:

	2005	2004
	\$	\$
Future income tax assets		
Non-capital losses carried forward	894,000	669,000
Valuation allowance	(894,000)	(669,000)
Net future income tax asset	—	—

At October 31, 2005, the Company had non-capital losses of \$2,509,000 to carry forward to reduce future years' taxable income, expiring as follows:

	\$		\$
2006	121,000	2010	365,000
2007	186,000	2011	556,000
2008	143,000	2012	313,000
2009	171,000	2013	654,000

At October 31, 2005, the Company had cumulative Canadian Exploration Expenses of approximately \$565,000, which are deductible 100% against future years' taxable income and have no expiry date.

At October 31, 2005, the Company had cumulative Canadian Development Expenses of approximately \$2,997,000, which are deductible 30% against future years' taxable income and have no expiry date.

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion of all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

ORKO GOLD CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

9. SUBSEQUENT EVENTS

Subsequent to year-end the Company:

- a) issued 100,000 shares at \$0.195 per share on the exercise of options, for gross proceeds of \$19,500.
- b) issued 200,000 shares at \$0.10 per share and 150,000 shares at \$0.15 per share on the exercise of warrants, for gross proceeds of \$42,500.
- c) arranged a brokered private placement through Haywood Securities Inc. (the "Agent") of up to 3,400,000 units, plus an over allotment option of up to a further 3,400,000 units (the "Over Allotment") at \$0.30 per Unit for gross proceeds of up to \$2,040,000. Each unit consists of one share and one share purchase warrant allowing the holder thereof to purchase one additional share for 12 months from the date of closing at \$0.40 per share. Upon closing, the Agent will be paid a cash commission, receive 100,000 units as a corporate finance fee, and be issued Agent's Warrants representing 10% of the units sold under the offering. Each Agent's Warrant will be exercisable at \$0.30 for one unit of the Company with the same terms and conditions as the units issued under the private placement, for a term of 12 months.
- d) arranged a non-brokered private placement of up to 3,333,333 Units to raise up to \$1,000,000. Upon closing, the Company will pay finder's fees in accordance with TSX Venture Exchange policies in cash or units with the same terms as the units issued under the offering, at the election of the finders..

The Company will use the proceeds from these offerings for general exploration expenses and working capital.

10. DIFFERENCES BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ from those generally accepted in the United States of America ("US GAAP") or from practices prescribed by the Securities and Exchange Commission ("SEC") with regard to stock-based compensation. Under Canadian GAAP compensation expense must be recorded for stock options granted to directors, officers and employees that are exercisable at the market price at the time granted, whereas no expense is recorded for such items under US GAAP. The effect of this difference is as follows:

	2005	2004
	\$	\$
a) Contributed surplus		
Stated amount under Canadian GAAP	461,770	32,852
Adjustment for stock-based compensation	341,918	21,592
Amount under US GAAP	119,852	11,260
b) Deficit		
Stated amount under Canadian GAAP	7,372,409	4,441,426
Adjustment for stock-based compensation	341,918	21,592
Amount under US GAAP	7,030,491	4,419,834