

SKYGOLD VENTURES LTD.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim statements by an entity's auditors.

SKYGOLD VENTURES LTD.**BALANCE SHEETS****(Prepared by Management)**

	September 30, 2005	December 31, 2004
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash and short term securities	\$ 1,397,766	\$ 4,271
Accounts receivable	133,644	23,900
Prepaid expenses	6,222	380
	1,537,632	28,551
MINERAL PROPERTIES (Note 3)	1,576,714	845,074
EQUIPMENT (Note 4)	5,823	-
	\$ 3,120,169	\$ 873,625
LIABILITIES		
CURRENT LIABILITIES		
Cheques issued in excess of cash	\$ -	\$ -
Accounts payable and accrued liabilities	58,604	114,962
Loans payable (Note 8)	-	-
	58,604	114,962
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	4,266,368	1,505,294
OPTION COMPENSATION (Note 5(d))	342,288	-
CONTRIBUTED SURPLUS	170,091	170,091
DEFICIT	(1,717,182)	(916,722)
	3,061,565	758,663
	\$ 3,120,169	\$ 873,625

Nature of Operations (Note 1)

APPROVED BY THE DIRECTORS

"Douglas A. Fulcher" (signed)

Director - Douglas A. Fulcher

"John P. McGoran" (signed)

Director - John P. McGoran

SKYGOLD VENTURES LTD.

STATEMENTS OF OPERATIONS AND DEFICIT

For the Nine Months Ended September 30

(Unaudited - Prepared by Management)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
REVENUE				
Interest income	\$ 3,678	\$ 150	\$ 3,926	\$ 1,077
EXPENSES				
Stock-based compensation	301,970	-	342,288	39,884
Investor relations	35,572	20,221	88,174	39,049
Contract wages	18,600	-	53,600	-
Consultants	51,559	-	79,059	-
Rent	7,868	-	22,021	810
Transfer agent and filing fees	18,401	1,820	33,201	15,807
Office and miscellaneous	7,462	153	15,405	478
Management fees	4,500	-	13,500	-
Legal	58,893	2,853	65,137	11,379
Accounting and audit	-	880	5,760	4,518
Administration	-	4,500	-	12,900
Amortization	472	-	472	-
Interest expense	82,066	-	85,769	-
Expense recoveries	-	-	-	(397)
	587,363	30,427	804,386	124,428
LOSS FOR THE PERIOD	583,685	30,277	800,460	123,351
DEFICIT, BEGINNING OF PERIOD	1,133,497	778,137	916,722	685,063
DEFICIT, END OF PERIOD	\$ 1,717,182	\$ 808,414	\$ 1,717,182	\$ 808,414
LOSS PER SHARE	\$ 0.02	\$ 0.00	\$ 0.03	\$ 0.01

SKYGOLD VENTURES LTD.

STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30

(Unaudited - Prepared by Management)

	For the Three Months ended September 30,		For the Nine Months ended September 30,	
	2005	2004	2005	2004
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Loss for the period	\$ (583,685)	\$ (30,253)	\$ (800,459)	\$ (93,074)
Add: Non-cash charges				
Amortization	472	-	472	-
Stock-based compensation	301,970	-	342,288	39,884
	(281,243)	(30,253)	(457,699)	(53,190)
Net change in non-cash working capital items:				
Accounts receivable	(127,563)	(10,921)	(106,040)	(13,189)
Prepaid expenses	(6,222)	(4,815)	(5,842)	(4,815)
Accounts payable and accrued liabilities	(38,092)	28,796	(56,358)	23,872
	(171,877)	(17,193)	(168,240)	(47,322)
FINANCING ACTIVITIES				
Shares issued for cash, net of issue costs	2,515,546	-	2,752,073	150,000
Loans payable	(175,000)	-	-	-
Accrued interest on loan payable	(3,703)	-	(3,703)	
	2,336,843	-	2,748,370	150,000
INVESTING ACTIVITIES				
Mineral property costs	(479,413)	(168,255)	(722,640)	(189,532)
Equipment	(6,295)		(6,295)	
	(485,708)		(728,935)	
INCREASE IN CASH	1,398,015	(185,448)	1,393,496	(86,854)
CASH, BEGINNING OF PERIOD	(248)	464,527	4,271	365,933
CASH, END OF PERIOD	\$ 1,397,767	\$ 279,079	\$ 1,397,767	\$ 279,079

Supplemental disclosure relating to cash flows:

During the nine month period ended September 30, 2005, the Company issued 545,918 common shares valued at \$96,500 for mineral property interests.

SKYGOLD VENTURES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

Skygold Ventures Ltd. is a junior resource exploration company incorporated under the Alberta Business Corporation Act. These financial statements have been prepared on the basis of accounting principles applicable to "going concerns", which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. However, the Company is in the development stage, has no current source of revenue, and has a deficit. The continued operations will depend on its ability to raise sufficient capital to complete its exploration projects.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended December 31, 2004. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended December 31, 2004.

(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 the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, impairment of mineral claims and deferred exploration expenditures, and rates for amortization. Actual results could differ from those estimates.

(c) Equipment

Equipment is recorded at cost and is amortized using a declining-balance method, at an annual rate of 20% for office equipment and 30% for computer equipment.

3. MINERAL PROPERTIES

Spanish Mountain, Cariboo Mining Division, British Columbia

The Company entered into an option agreement to earn a 70% interest in the 103 mineral claim Spanish Mountain property located in the Cariboo Mining Division of British Columbia. An additional 79 mineral claims have been acquired by staking and are included in the area of interest under the agreement. The optionor owns 18 claim units outright and has agreements in place to earn 100% interest in a further 85 claim units from various individuals. Under the option agreement, the Company must, by the fifth anniversary, satisfy the following commitments:

- Complete exploration expenditures of \$100,000 in each of the first three years and \$200,000 in each of the fourth and fifth years of the agreement.

SKYGOLD VENTURES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

3. MINERAL PROPERTIES (CONTINUED)

Spanish Mountain, Cariboo Mining Division, British Columbia (continued)

- Issue the optionor 200,000 shares and a further consideration of cash and/or equivalent in shares, valued at \$200,000.
- Satisfy underlying agreements, which require the issuance of 30,000 shares plus payments, over a five-year term, of \$163,000 cash plus a further consideration of cash and/or equivalent in shares, valued at \$81,000.

In addition, the Company and the optionor will pay the underlying holders of one claim, \$51,000 or the equivalent in common shares, in each of the sixth through ninth anniversaries.

At September 30, 2005, expenditures incurred on mineral properties are as follows:

Balance, December 31, 2004	\$ 845,074
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Additions during period	
Acquisition costs	107,500
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Exploration costs	
Assay	117,899
Geological consulting	181,627
Camp, field supplies	31,594
Equipment rental	17,223
Travel and accommodation	32,336
Drilling	243,461
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	624,140
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Total additions during period	731,640
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Balance, September 30, 2005	\$ 1,576,714

4. EQUIPMENT

Equipment is comprised of computer equipment and is recorded at cost net of accumulated amortization of \$472.

5. SHARE CAPITAL

(a) Authorized

- (i) An unlimited number of common voting shares without nominal or par value
- (ii) Unlimited number of first preferred shares
- (iii) Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

SKYGOLD VENTURES LTD.**NOTES TO THE FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

5. SHARE CAPITAL (CONTINUED)**(b) Issued**

	Number of Shares	Amount
Balance at December 31, 2004	17,668,500	\$ 1,505,294
Issued during the period		
Private placements, for cash (net of issue costs)	6,066,169	2,095,636
Exercise of warrants, for cash	3,973,850	489,538
Exercise of stock options, for cash	40,000	4,400
Bonus shares	305,881	75,000
Mineral property interests	545,918	96,500
	10,931,818	2,761,074
Balance at September 30, 2005	28,600,318	\$ 4,266,368

(c) Escrowed shares

As at September 30, 2005 the common shares previously held in escrow have now been released.

(d) Stock options

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. As at September 30, 2005 the Company had stock options outstanding to directors and employees for the purchase of up to 2,855,000 common shares exercisable as follows:

Number of Shares	Exercise Price	Expiry Date
595,000	\$0.10	April 1, 2006
400,000	\$0.12	January 15, 2007
360,000	\$0.11	October 1, 2009
200,000	\$0.10	December 23, 2009
300,000	\$0.23	January 27, 2009
1,000,000	\$0.42	July 22, 2010
2,855,000		

SKYGOLD VENTURES LTD.**NOTES TO THE FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

5. SHARE CAPITAL (CONTINUED)

A summary of the status of the Company's stock options as at September 30, 2005 and changes during the period then ended is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	1,595,000	\$ 0.11
Granted	1,300,000	0.38
Exercised	(40,000)	0.11
Outstanding at September 30, 2005	2,855,000	\$ 0.23

Pursuant to the new CICA standard of accounting for stock-based compensation, the fair value of stock options granted to directors and employees which vested during the period, in the amount of \$342,288, has been recorded as an expense.

(d) Stock options (continued)

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	3.11%
Expected dividend yield	-
Expected stock price volatility	99%
Expected option life in years	5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(e) Share purchase warrants

The Company has, as at September 30, 2005, share purchase warrants outstanding entitling the holders to acquire common shares as follows:

SKYGOLD VENTURES LTD.**NOTES TO THE FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

Number of Shares	Exercise Price	Expiry Date
2,565,000	\$0.12	October 31, 2005
316,250	\$0.15	November 22, 2005
850,000	\$0.14	March 3, 2006
1,902,954(1)	\$0.50	August 10, 2007
448,594	\$0.40/\$0.55	August 10, 2006/2007
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6,082,798		

5. SHARE CAPITAL (CONTINUED)**(e) Share purchase warrants (continued)**

(1) On August 10, 2005, 3,805,909 one-half transferable share purchase warrants were issued. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years at a price of \$0.50.

6. RELATED PARTY TRANSACTIONS

- (a) The Company paid or accrued \$81,401 (2004 – 15,707) for administrative and management services, \$533,679 (2004 - nil) for geological consulting to a company in which a director is a principal.
- (b) The Company paid management fees of \$13,500 (2004 - nil) and rent of \$19,447 to a company in which a director is a principal.
- (c) The Company paid \$52,458 in legal fees to a firm in which an officer is a principal.

7. SEGMENTED INFORMATION

The Company has one operating segment; mineral exploration and all of its assets are located in Canada.

8. LOANS PAYABLE

On April 28, 2005 the Company arranged a private loan for the amount of \$175,000 from four separate investors. The terms of the loan agreement are for a period of one year bearing an interest rate of 12% per annum, compounded monthly. The Company agreed to pay the lenders bonus shares as consideration of the loan. On May 10, 2005 the Company issued 205,881 bonus shares at a deemed price of \$0.17. On August 17, 2005 the loans plus accrued interest in the amount of \$6,534 were repaid in full.

On July 14, 2005 the Company arranged a private loan for the amount of \$200,000 from three separate Investors. The terms of the loan agreement are for a period of one year being an interest rate of 12% Per annum, compounded monthly. The Company agreed to pay the lenders bonus shares as consideration of the loan. On August 9, 2005 the Company issued 100,000 bonus shares at a deemed price of \$0.40. On September 19, 2005 the loans plus accrued interest in the amount of \$4,236 were repaid in full.

9. SUBSEQUENT EVENTS

On October 31, 2005 the remaining 2,565,000 share purchase warrants at \$0.12 were fully exercised

SKYGOLD VENTURES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2005

(Unaudited - Prepared by Management)

providing proceeds to the Company in the amount of \$307,800.