

**INTERNATIONAL CROESUS  
VENTURES CORP.**

Consolidated Financial Statements

September 30, 2005 and 2004  
*(unaudited)*

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**R-G MANAGEMENT**  
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**NOTICE TO READER**

We have compiled the balance sheet of International Croesus Ventures Corp. as at September 30, 2005 and the consolidated statement of operations and deficit and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

R-G Management

*“Peter G. Rook-Green”*

Per: Peter G. Rook-Green, C.M.A.

November 25, 2005.

**INTERNATIONAL CROESUS VENTURES CORP.**

205 – 16055 Fraser Highway

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**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditor.

# INTERNATIONAL CROESUS VENTURES CORP.

## Consolidated Balance Sheets

	September 30, 2005 <i>(unaudited)</i>	December 31, 2004 <i>(Audited)</i>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 271,603	\$ 373,643
Refundable tax credit	953	1,062
Prepaid expenses and sundry receivable (Note 8)	2,474	1,010
<b>Total current assets</b>	<b>275,030</b>	<b>375,715</b>
<b>Equipment and vehicle</b> (Note 4)	<b>2,858</b>	<b>3,525</b>
<b>Mineral interests</b> (Note 5)	<b>572,214</b>	<b>544,502</b>
<b>Total assets</b>	<b>\$ 850,102</b>	<b>\$ 923,742</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 17,343	\$ 15,076
Promissory note payable (Note 6)	—	15,209
<b>Total current liabilities</b>	<b>17,343</b>	<b>30,285</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 7)	<b>4,595,483</b>	<b>4,476,160</b>
<b>Shares subscribed</b> (Note 7)	<b>—</b>	<b>88,000</b>
<b>Contributed Surplus</b> (Note 7)	<b>212,621</b>	<b>183,095</b>
<b>Deficit</b>	<b>(3,975,345)</b>	<b>(3,853,798)</b>
<b>Total shareholders' equity</b>	<b>832,759</b>	<b>893,457</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 850,102</b>	<b>\$ 923,742</b>
<b>Continued operations</b> (Note 1)		
<b>Approved by the directors:</b>		
	<u>“Alastair J. Sinclair”</u> Alastair J. Sinclair	<u>“Brian V. Hall”</u> Brian V. Hall

See Notes to the consolidated Financial Statements

**INTERNATIONAL CROESUS VENTURES CORP.**

## Consolidated Statements of Operations and Deficit

For the nine and three months ended September 30, 2005 and 2004

*(unaudited)*

<b>Three Months</b>			<b>Nine Months</b>	
<b>2005</b>	<b>2004</b>		<b>2005</b>	<b>2004</b>
		<b>Expenses</b>		
\$ 222	\$ 320	Amortization	\$ 666	\$ 968
216	601	Bank charges	749	781
3,000	—	Consulting fee	3,000	—
289	642	Foreign exchange loss	847	1,214
1,375	13,786	General prospecting costs	1,375	21,756
4,500	4,500	Management fees	13,500	13,407
225	3,039	Office and sundry	1,658	6,285
7,963	12,005	Professional fees	40,983	52,552
1,103	600	Rent	2,303	1,900
8,501	48,681	Stock based compensation	39,149	159,780
165	—	Telephone	349	660
976	1,710	Transfer agent and filing fees	10,532	13,822
4,801	1,629	Travel and promotion	9,728	3,867
(1,349)	(32)	Interest income	(4,603)	(73)
(31,987)	(87,481)	<b>Operating loss</b>	(120,236)	(276,919)
(71)	(218)	<b>Write-off of mineral interests</b>	(1,311)	(327)
(32,058)	(87,699)	<b>Loss for the period</b>	(121,547)	(277,246)
(3,943,287)	(3,668,335)	<b>Deficit, beginning of period</b>	(3,853,798)	(3,478,788)
\$ (3,975,345)	\$ (3,756,034)	<b>Deficit, end of period</b>	\$ (3,975,345)	\$ (3,756,034)
\$ (0.002)	\$ (0.006)	<b>Loss per share - basic and diluted</b>	\$ (0.008)	\$ (0.018)
		<b>Weighted average number of common</b>		
16,153,737	15,281,305	<b>shares outstanding - basic and diluted</b>	16,086,641	15,008,443

See Notes to the consolidated Financial Statements

# INTERNATIONAL CROESUS VENTURES CORP.

## Consolidated Statements of Cash Flows

For the nine and three months ended September 30, 2005 and 2004

(unaudited)

Three Months		Nine Months	
2005	2004	2005	2004
<b>Cash flows from (used in) operating activities</b>			
\$ (32,058)	\$ (87,699)	\$ (121,547)	\$ (277,246)
Loss for the period			
Adjustment for items not involving cash:			
222	320	666	968
8,501	48,681	39,149	159,780
71	218	1,311	327
(23,264)	(38,480)	(80,421)	(116,171)
Change in non-cash working capital:			
766	2,114	109	(535)
1,112	(27)	(1,463)	(37)
2,368	(5,410)	2,267	8,575
(19,018)	(41,803)	(79,508)	(108,168)
<b>Net cash used in operating activities</b>			
<b>Cash flows from (used in) financing activities</b>			
—	1,493	(15,209)	16,732
—	8,000	109,700	174,278
—	—	(88,000)	—
—	9,493	6,491	191,010
<b>Net cash from financing activities</b>			
<b>Cash flows used in investing activities</b>			
(13,230)	(40,467)	(29,023)	(59,184)
Mineral interest acquisition and exploration costs			
(32,248)	(72,777)	(102,040)	23,658
<b>Increase (decrease) in cash and cash equivalents</b>			
303,851	106,213	373,643	9,778
<b>Cash and cash equivalents, beginning of period</b>			
\$ 271,603	\$ 33,436	\$ 271,603	\$ 33,436
<b>Cash and cash equivalents, end of period</b>			
<b>Cash and cash equivalents consist of:</b>			
<b>Cash</b>		\$ 33,870	\$ 33,436
<b>Short Term investments</b>		237,733	—
		\$ 271,603	\$ 33,436

See Notes to the consolidated Financial Statements

# INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
September 30, 2005 and 2004  
(Unaudited)

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## 1. Continued Operations

The Company was incorporated under the laws of British Columbia, Canada.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support from its directors, public equity financing, or generate profitable operations in the future.

## 2. Basis of presentation

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year except the comparative figures for the balance sheet are for the fiscal year ended December 31, 2004. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

## 3. Significant Accounting Policies

### (a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera Croesus S.A. de C.V. ("Minera"), a company incorporated in Mexico. All significant inter-company balances and transactions have been eliminated.

### (b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
September 30, 2005 and 2004  
(Unaudited)

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### 3. Significant Accounting Policies, *continued*

(c) Cash Equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturity of three months or less when purchased.

(d) Equipment and Vehicle

Amortization is provided as follows:

Vehicle	30% per annum, declining-balance basis
Computer equipment	30% per annum, declining-balance basis

Amortization is provided at half the annual rate in the year of acquisition.

(e) Long-lived Assets Impairment

Long-term assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

(f) Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. The amounts shown as mineral interests represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold.

In the event that reserves are determined, the carrying values of mineral interests, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalized property carrying values.

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
September 30, 2005 and 2004  
(Unaudited)

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### 3. Significant Accounting Policies, *continued*

(g) Property Option Agreement

From time to time, the Company may acquire or dispose of mineral properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(h) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share are the same, as the effect of common shares issuable upon the exercise of warrants and stock options would be anti-dilutive.

(i) Stock-Based Compensation and Contributed Surplus

Effective January 1, 2003, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants' ("CICA") *Handbook 3870 Stock-Based Compensation and Other Stock-Based Payments*, which requires the fair-value method of accounting for stock-based payments. Under the prospective application method, compensation expense is recognized for stock options granted, modified or settled after January 1, 2003 based upon the fair value of the options at the grant date. The fair value of the options is recognized over the vesting period of the options as compensation expenses and contributed surplus.

The fair value of stock options is estimated at the grant date using the *Black-Scholes Option Pricing Model*. This model requires the input of a number of assumptions, including expected dividend yields, expected stock price volatility, risk-free interest rates, and an expected life of the options. Although the assumptions used reflect management's best estimate, they involve inherent uncertainties based on market conditions generally outside the controls of the Company. If future market conditions are different than the assumption used, stock-based compensation expense could be significantly different.

The contributed surplus balance is reduced as the options are exercised and the amount initially recorded in contributed surplus for the options, at the time of issue, is credited to share capital along with the proceeds received upon exercise. There has been no exercise of options during the period.

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
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### 3. Significant Accounting Policies, *continued*

#### (j) Foreign Currency Translation

The Company's functional currency is Canadian dollars. The accounts of its subsidiaries, all of which are considered to be integrated foreign operations, are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the period-end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenues and expenses are translated at average rates for the year and exchange gains and losses on translation are included in operations. Transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at transaction dates.

#### (k) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

#### (l) Asset Requirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they incur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability. As at March 31, 2005, the Company does not have any assets retirement obligations.

### 4. Equipment and Vehicle

	September 30, 2005		
	Cost	Accumulated Amortization	Net book Value
Vehicle	\$ 14,425	\$ 13,173	\$ 1,252
Computer equipment	10,133	8,527	1,606
	<u>\$ 24,558</u>	<u>\$ 21,700</u>	<u>\$ 2,858</u>
	December 31, 2004		
	Cost	Accumulated Amortization	Net book Value
Vehicle	\$ 14,425	\$ 12,972	\$ 1,453
Computer equipment	10,133	8,061	2,072
	<u>\$ 24,558</u>	<u>\$ 21,033</u>	<u>\$ 3,525</u>

# INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
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## 5. Mineral Interests

	Balance Dec. 31, 2004	Additions	Write-offs	Balance Sept. 30, 2005
<b>Almatea, Jalisco State, Mexico</b>				
Deferred exploration costs	15,268	559	—	15,827
<b>Cabrel, Jalisco State, Mexico</b>				
	11,441	160	—	11,601
<b>Canton, Mexico</b>				
Acquisition costs	—	42	—	42
Deferred exploration costs	—	5,846	—	5,846
	—	5,888	—	5,888
<b>El Maple/La Diana, Jalisco State, Mexico</b>				
Acquisition costs	45,978	—	—	45,978
Deferred exploration costs	438,960	20,739	—	459,699
	484,938	20,739	—	505,677
<b>El Gordo Group, Guanajuato State, Mexico</b>				
Acquisition costs	—	—	—	—
Deferred exploration costs	—	1,311	(1,311)	—
	—	1,311	(1,311)	—
<b>Madunfo, Jalisco State, Mexico</b>				
Acquisition costs	15,000	—	—	15,000
Deferred exploration costs	17,855	366	—	18,221
	32,855	366	—	33,221
<b>Total</b>	<b>\$ 544,502</b>	<b>\$ 29,023</b>	<b>\$ (1,311)</b>	<b>\$ 572,214</b>

Summary of deferred acquisition and exploration costs incurred during the current nine-month period:

Acquisition costs	\$ 42
Geological consulting	7,987
Mining taxes	17,333
Supplies and Miscellaneous	195
Travel	3,466
<b>Total</b>	<b>\$ 29,023</b>

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
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(Unaudited)

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### 5. Mineral Interests, *continued*

During the 2004 fiscal year, further exploration was conducted on the El Maple property which led to the downsizing of the property and retention of a favorable area which will be investigated more extensively; and two additional properties were obtained by staking in the general area of the El Maple property. One of the properties, the Almatea, lies just to the east of the El Maple property; the other is centered on the Bramador area to the south of the El Maple property.

### 6. Promissory Note Payable

During the 2004 fiscal year, the Company received US\$12,000, as part of an agreement with an arms length company. This loan was repayable on demand and bore interest calculated at 6% per annum. During the nine month period, the company repaid the loan including all accrued interest in full.

### 7. Share Capital

(a) Authorized: 100,000,000 common shares without par value

(b) Issued:

	Shares	Amount
<b>Balance, December 31, 2003</b>	<b>14,812,884</b>	<b>3,991,155</b>
Issued for cash pursuant to the exercise of options at \$0.22 per share	46,718	10,278
Issued for cash pursuant to the exercise of options at \$0.32 per share	25,000	8,000
Issued for cash pursuant to the exercise of warrants at \$0.39 per share	400,000	156,000
Issued for cash pursuant to the exercise of warrants at \$0.44 per share	100,000	44,000
Issued for cash pursuant to a private placement at \$0.50 per unit	500,000	250,000
Issued for debt at a deemed price of \$0.49 per share	34,135	16,727
<b>Balance, December 31, 2004</b>	<b>15,918,737</b>	<b>\$ 4,476,160</b>
Issued for cash pursuant to the exercise of options at \$0.62 per share including \$9,623 contributed surplus attributed to stock-based compensation recognized in previous periods.	35,000	31,323
Issued for cash pursuant to the exercise of warrants at \$0.44 per share	200,000	88,000
<b>Balance, September 30, 2005</b>	<b>16,153,737</b>	<b>4,595,483</b>

During the nine month period ended September 30, 2005, the company issued 35,000 shares pursuant to the exercise of stock options at \$0.62 per share and issued 200,000 shares for warrants which were exercised in December 2004. The cash proceeds for the warrants exercised during December 2004 were \$88,000 and were carried on the December 31, 2004 balance sheet under the caption "shares subscribed".

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
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### 7. Share Capital, *continued*

(b) Issued (*continued*):

During the year ended December 31, 2004, the Company received \$468,278 as cash proceeds from the issuance of 500,000 shares pursuant to the exercise of warrants at prices ranging from \$0.39 - \$0.44 per share; from the issuance of 46,718 for the exercise of options at \$0.22 per share; from the issuance of 25,000 shares for the exercise of options at \$0.32 per share; and from the issuance of 500,000 shares for a private placement at \$0.50 per unit during the year. The company extinguished debt of \$16,727 by the issuance of 34,135 shares at a deemed price of \$0.49 per share.

(c) Escrow Shares

On August 12, 2005, 28,125 common shares were released from escrow, leaving the balance of shares in escrow as 478,125. The release of which is staged over a period of six years ending on December 18, 2009.

(d) Stock options

The following is a summary of the stock option information for the period ended September 30, 2005 and 2004:

	2005		2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding as at beginning of period	1,156,000	\$ 0.52	447,718	\$ 0.31
Granted	-	-	780,000	\$ 0.62
Exercised	(35,000)	\$ 0.62	(71,718)	\$0.25
Cancelled	—		(113,000)	\$0.32
Options outstanding as at end of period	1,121,000	\$ 0.52	1,043,000	\$ 0.54
Options exercisable	1,121,000	\$ 0.52	653,000	\$ 0.40

For the nine months ended September 30, 2005, \$39,149 (2004 – \$159,780) was recorded to stock-based compensation and contributed surplus.

The weighted-average fair value of the option granted during the period ended September 30, 2005 was \$Nil (2004 - \$0.28). The exercise price of each option at the date of grant is equal to the market price at that date.

## INTERNATIONAL CROESUS VENTURES CORP.

Notes to Consolidated Financial Statements  
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### 7. Share Capital, *continued*

#### (d) Stock options, *continued*

The Company used the *Black-Scholes Option Pricing Model* to determine the fair value of the options with the following assumptions:

	2005	2004
Risk-free interest rate	3.5%	3.5%
Dividend yield	0%	0%
Volatility	48%	48%
Approximate expected lives	3.25 years	5 years

The following table sets forth the continuity of contributed surplus for the nine months period ended September 30, 2005:

Opening balance, December 31, 2004	\$ 183,095
Reallocation to share capital of the estimated fair value of 35,000 stock option recognized in prior periods that were exercised during the period ended September 30, 2005	(9,623)
Stock-based compensation expense during the period	39,149
<b>Balance, September 30, 2005</b>	<b>\$ 212,621</b>

For the nine months ended September 30, 2005, \$39,149 was recorded to stock-based compensation and contributed surplus.

#### (e) As at September 30, 2005, the Company has share purchase warrants outstanding as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
500,000	\$0.63	December 30, 2006

Each share purchase warrant entitles the holder to acquire one common share of the Company.

### 8. Related Party Transactions

#### (a) The Company incurred the following expenses to its directors or corporations controlled by its directors:

	2005	2004
Geological Fees	\$ 5,190	\$ 15,270
Legal fees	5,541	18,982
Management fees	13,500	12,778
Rent	—	500
	<b>\$ 24,231</b>	<b>\$ 47,530</b>

## **INTERNATIONAL CROESUS VENTURES CORP.**

Notes to Consolidated Financial Statements

September 30, 2005 and 2004

*(Unaudited)*

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### **8. Related Party Transactions, *continued***

- (b) Accounts payable and accrued liabilities include \$1,831 (2004 - \$26,221) due to directors and/or officers of the Company
- (c) Prepaid expenses and sundry receivable include \$978 (2004 - \$1,040) due from a director of the Company for expense advances.

### **9. Subsequent Events**

Subsequent to the period, the Company:

- a) announced and closed a private placement consisting of 650,000 units at 49 cents each. Each unit consisted of one share and one warrant to buy an additional share at 61 cents for a period of two years. The proceeds from the private placement will be used to further explore the company's mineral exploration properties in Mexico and for working capital; and
- b) Issued 20,000 shares at \$0.32 per share pursuant to the exercise of stock options.