

E-ENERGY VENTURES INC.

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITORS' REPORT

To the Shareholders of
E-Energy Ventures Inc.

We have audited the balance sheets of E-Energy Ventures Inc. as at March 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 of 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 March 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

June 24, 2005

A Member of SC INTERNATIONAL

E-ENERGY VENTURES INC.
BALANCE SHEETS
AS AT MARCH 31

	2005	2004
ASSETS		
Current		
Cash	\$ 170,815	\$ 130
Receivables	1,601	1,162
Prepays and deposit	<u>1,842</u>	<u>500</u>
	174,258	1,792
Mineral property and deferred exploration costs (Note 3)	<u>5,250</u>	<u>-</u>
	<u>\$ 179,508</u>	<u>\$ 1,792</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 71,425	\$ 44,191
Loan payable (Note 4)	-	46,250
Loan from related party (Note 5)	62,389	35,733
Due to related parties (Note 6)	<u>138,613</u>	<u>93,502</u>
	<u>272,427</u>	<u>219,676</u>
Shareholders' deficiency		
Capital stock (Note 7)	5,975,864	5,975,864
Share issuance costs (Note 12(a))	(16,080)	-
Share subscription received (Note 12(a))	204,000	-
Deficit	<u>(6,256,703)</u>	<u>(6,193,748)</u>
	<u>(92,919)</u>	<u>(217,884)</u>
	<u>\$ 179,508</u>	<u>\$ 1,792</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

On behalf of the Board:

 "Malcolm B. Fraser" Director _____ "Dieter Schindelbauer" Director

The accompanying notes are an integral part of these financial statements.

E-ENERGY VENTURES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED MARCH 31

	2005	2004
GENERAL AND ADMINISTRATIVE EXPENSES		
Administration fees	\$ 3,600	\$ 3,600
Consulting fees	21,606	23,595
Filing fees	9,862	5,424
Interest	7,155	6,596
Management fees	19,606	24,000
Office and miscellaneous	2,060	4,855
Professional fees	26,795	23,852
Rent	7,800	8,563
Shareholder information	838	1,205
Transfer agent fees	6,511	6,538
Travel and promotion	<u>3,372</u>	<u>6,371</u>
Loss before other item	(109,205)	(114,599)
OTHER ITEM		
Gain on extinguishment of debt (Note 4)	<u>46,250</u>	<u>-</u>
Loss for the year	(62,955)	(114,599)
Deficit, beginning of year	<u>(6,193,748)</u>	<u>(6,079,149)</u>
Deficit, end of year	<u>\$ (6,256,703)</u>	<u>\$ (6,193,748)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>8,833,703</u>	<u>8,833,703</u>

The accompanying notes are an integral part of these financial statements.

E-ENERGY VENTURES INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED MARCH 31

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (62,955)	\$ (114,599)
Items not affecting cash:		
Accrued interest	6,106	4,733
Accrued management and consulting fees to related parties	41,111	45,813
Gain on extinguishment of debt	(46,250)	-
Changes in non-cash working capital items:		
Increase in receivables	(439)	(656)
Increase in prepaids and deposit	(1,342)	-
Increase in accounts payable and accrued liabilities	<u>27,234</u>	<u>26,600</u>
Net cash used in operating activities	<u>(36,535)</u>	<u>(38,109)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property and deferred exploration costs	<u>(5,250)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,250)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscription received	204,000	-
Issuance costs	(16,080)	-
Loan payable to related party	20,550	34,000
Due to related party	<u>4,000</u>	<u>-</u>
Net cash provided by financing activities	<u>212,470</u>	<u>34,000</u>
Increase (decrease) in cash during the year	170,685	(4,109)
Cash, beginning of year	<u>130</u>	<u>4,239</u>
Cash, end of year	<u>\$ 170,815</u>	<u>\$ 130</u>

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these financial statements.

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

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

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	2005	2004
Working capital (deficiency)	\$ (98,169)	\$ (217,884)
Deficit	(6,256,703)	(6,193,748)

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral property and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of maintaining mineral properties

The Company does not accrue the estimated future costs of maintaining its mineral property in good standing.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The adoption of this accounting policy during the current fiscal year has not affected the Company's financial statements.

Stock-based compensation

Effective April 1, 2003, the Company adopted the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. The Company has no potentially dilutive options or warrants outstanding.

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

3. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS

Stormy Mountain Molybdenum Property

The Company entered into an agreement, whereby the Company can acquire a 100% interest in certain mining claim units located in the Watson Lake Mining District of the Yukon Territories, referred to as the Stormy Mountain Molybdenum Property (the "Property"). The Property is subject to a 2% Net Smelter Royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 from the vendors. In consideration, the Company is required to pay \$75,000 in cash (paid subsequent to year end) and issue 2,000,000 common shares (issued subsequent to year end). The Company shall also pay a finder's fee of 293,750 common shares (issued subsequent to year end) in connection with the acquisition of the property.

2005	Balance, Beginning Of Year	Additions	Balance, End Of Year
<i>Stormy Mountain Molybdenum Property</i>			
Deferred exploration costs			
Consulting fees	\$ -	\$ 5,250	\$ 5,250

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

4. LOAN PAYABLE

	2005	2004
Demand loan, bearing interest at 10% per annum and is unsecured.		
Principal amount	\$ 30,000	\$ 30,000
Accrued interest	<u>16,250</u>	<u>16,250</u>
	46,250	46,250
Extinguishment of debt	<u>(46,250)</u>	<u>-</u>
	\$ -	\$ 46,250

5. LOAN FROM RELATED PARTY

A company controlled by directors has loaned the Company various amounts at 10% interest per annum, convertible into common shares on or before certain conversion dates. On issuance of the loans, the relative fair value that would be attributed to the equity component of these individual loans was not significant. The loan was repaid subsequent to year end.

	2005	2004
Loan, bearing interest at 10% per annum		
Principal amount	\$ 54,550	\$ 34,000
Accrued interest	<u>7,839</u>	<u>1,733</u>
	\$ 62,389	\$ 35,733

6. RELATED PARTY TRANSACTIONS

Amounts due to related parties at March 31, 2005 totalling \$138,613 (2004 - \$93,502) are owing to a director and a company controlled by directors of the Company for services rendered. The amounts were repaid subsequent to year end.

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

6. RELATED PARTY TRANSACTIONS (cont'd...)

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$21,606 (2004 - \$23,595) for consulting fees to a company controlled by a director and to a director of the Company.
- b) Paid or accrued to a management company controlled by directors of the Company the following:

	2005	2004
Management fees	\$ 19,606	\$ 24,000
Rent	7,800	7,800
Administration fees	<u>3,600</u>	<u>3,600</u>
	<u>\$ 31,006</u>	<u>\$ 35,400</u>

- c) Paid or accrued \$6,106 (2004 - \$1,733) in interest on a loan from a related party.
- d) A company controlled by directors of the Company loaned an amount of \$20,550 (2004 - \$34,000) to the Company as outlined in Note 5.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. CAPITAL STOCK

	Number of Shares	Amount
Balance, March 31, 2003, 2004 and 2005	8,833,703	\$ 5,975,864

Stock options

The Company has a stock option plan whereby it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the policy, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

There were no stock options outstanding March 31, 2003, 2004 and 2005.

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loan payable, loan from related party and due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of mineral properties in Canada.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid during the year for interest	\$ 1,082	\$ 1,863
Cash paid during the year for income taxes	\$ -	\$ -

There were no significant non-cash transactions for the years ended March 31, 2005 and 2004.

11. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes (recovery) is as follows:

	2005	2004
Loss for the year	\$ (62,955)	\$ (114,599)
Expected income tax (recovery) at statutory rates	\$ (22,425)	\$ (40,797)
Deductible expenses	(12,651)	(795)
Unrecognized benefits of non-capital losses	<u>35,076</u>	<u>41,592</u>
Total income tax	\$ -	\$ -

E-ENERGY VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

11. INCOME TAXES (cont'd...)

Details of future income tax assets are as follows:

	2005	2004
Future income tax assets		
Resource properties	\$ 1,262,000	\$ 1,262,000
Cumulative eligible capital	17,000	17,000
Capital assets	3,000	3,000
Non-capital loss carry forwards	<u>281,000</u>	<u>315,000</u>
	1,563,000	1,597,000
Valuation allowance	<u>(1,563,000)</u>	<u>(1,597,000)</u>
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company has available for deduction against future taxable income non-capital losses of approximately \$800,000. These losses, if not utilized, will expire through to 2015. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses, resource expenditures and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

12. SUBSEQUENT EVENTS

Subsequent to March 31, 2005, the Company:

- a) Issued 8,000,000 units at \$0.06 per unit for gross proceeds of \$480,000 of which \$204,000 was received as of March 31, 2005. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire one additional common share at an exercise price of \$0.12 for a period of one year. The Company paid finders' fee of \$45,720 in cash of which \$16,080 was paid during the year ended March 31, 2005.
- b) Granted 1,200,000 stock options at an exercise price of \$0.14 per share for five years.
- c) Issued 2,293,750 common shares and paid \$75,000 pursuant to a mineral property agreement as outlined in Note 3.