

# ALDRIDGE MINERALS INC.

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## *ALDRIDGE MINERALS INC.*

### *Financial Statements*

### *First Quarter Report*

*Three months ended February 28, 2005 and 2004*

#### **NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS**

The financial statements of Aldridge Minerals Inc. and the accompanying interim balance sheet as at February 28, 2005 and the interim statements of loss and deficit and cash flows for the three month period then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Morgan & Company Chartered Accountants. The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

**ALDRIDGE MINERALS INC.**  
(formerly Aldridge Resources Ltd.)

Balance Sheets  
February 28, 2005 and November 30, 2004  
(Unaudited - Prepared by Management)

	February 28 2005	November 30 2004
<b>ASSETS</b>		
Current		
Cash	\$ 59,598	\$ 101,117
Accounts receivable	1,634	6,781
	61,232	107,898
Interest in Mineral Properties	309,066	288,798
	\$ 370,298	\$ 396,696
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 5,000	\$ 22,607
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock		
Authorized		
100,000,000 Common shares without par value		
Issued		
6,903,384 shares (2004 - 6,878,384) shares	3,923,880	3,920,130
Deficit	(3,558,582)	(3,546,041)
	365,298	374,089
	\$ 370,298	\$ 396,696

APPROVED BY THE BOARD

/s/ David Jenkins

David Jenkins

/s/ Stephen Ripley

Stephen Ripley

The accompanying notes are an integral part of these financial statements

**ALDRIDGE MINERALS INC.**  
(formerly Aldridge Resources Ltd.)

Statements of Operations and Deficit  
Three months ended February 28, 2005 and 2004  
(Unaudited - Prepared by Management)

	Three Months ended	
	February 28	
	2005	2004
<b>INCOME</b>		
Interest income	\$ 13	\$ -
<b>EXPENSES</b>		
Accounting, audit and legal	2,858	8,776
Administrative	7,598	2,924
Interest and bank charges	412	-
Public relations, filing and transfer fees	1,686	13,787
	12,554	25,487
<b>NET LOSS FOR THE PERIOD</b>	(12,541)	(25,487)
<b>DEFICIT, BEGINNING OF PERIOD</b>	(3,546,041)	(3,271,264)
<b>DEFICIT, END OF PERIOD</b>	\$ (3,558,582)	\$ (3,296,751)
<b>BASIC AND DILUTED LOSS PER SHARE</b>	\$ (0.00)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER</b>		
<b>OF COMMON SHARES OUTSTANDING</b>	6,878,384	2,128,384

The accompanying notes are an integral part of these financial statements

**ALDRIDGE MINERALS INC.**  
(formerly Aldridge Resources Ltd.)

Statements of Cash Flows  
Three months ended February 28, 2005 and 2004  
(Unaudited - Prepared by Management)

	Three Months ended	
	February 28	
	2005	2004
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (12,541)	\$ (25,487)
Net changes in non-cash working capital balances		
(Increase) decrease in accounts receivable	5,147	4,926
(Decrease) increase in accounts payable and accrued liabilities	(17,607)	(11,880)
	(25,001)	(32,441)
<b>FINANCING ACTIVITIES</b>		
Issuance of common stock for cash	3,750	-
Cash received for subscriptions	-	250,539
	3,750	250,539
<b>INVESTING ACTIVITIES</b>		
Mineral property expenditures	(20,268)	(6,771)
	(20,268)	(6,771)
(DECREASE) INCREASE IN CASH	(41,519)	211,327
CASH, BEGINNING OF PERIOD	101,117	54,820
CASH, END OF PERIOD	\$ 59,598	\$ 266,147

**OTHER SUPPLEMENTAL DISCLOSURE**

During the year ended November 30, 2004 the Company issued 200,000 shares for mineral properties

The accompanying notes are an integral part of these financial statements

**Aldridge Minerals Inc.**  
**Notes to the Interim Financial Statements**  
**February 28, 2005 and 2004**

**1. CONTINUING OPERATIONS**

These interim financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the most recent annual financial statements of the Company.

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. During the three months ended February 28, 2005, the Company incurred a net loss of \$12,541 (2004 - \$25,487) and has a working capital and an accumulated deficit as at February 28, 2005 of \$56,232 and \$3,558,582 respectively. The Company's continuing ability to meet its obligations as they come due is dependent upon its ability to raise additional funds and the continuing support of its creditors.

These interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant policies:

(a) *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 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. Actual results may differ from those estimates.

(b) *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at the average exchange rate in effect during the period. Realized and unrealized foreign exchange gains and losses are included in earnings.

(c) *Mineral properties*

The Company accounts for its mineral properties on a cost basis whereby all direct costs, net of pre-production revenue, relative to the acquisition of, exploration for and development of the properties are capitalized. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to operations. The Company reviews the carrying values of its mineral properties on a regular basis by reference to the project economics including the timing of the exploration and/or development work, the work programs and the exploration results experienced by the Company and others. The review of the carrying value of any producing property will be made by reference to the estimated future operating results and net cash flows.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

When the carrying value of a property exceeds its estimated net recoverable amount, provision is made for the decline in value. The recoverability of the amounts shown for mineral properties is dependent on the confirmation of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to successfully complete their development and the attainment of future profitable operations or proceeds from disposition.

### *(d) Stock-based compensation*

The Company has adopted the fair value based method (Note 2) to account for stock-based transactions with employees, non-employees and directors. Accordingly, the fair value of the options at the date of the grant is charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. Any consideration paid on exercise of stock options together with and the related portion of contributed surplus is credited to share capital.

### *(e) Loss per share*

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The fully diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the year.

### *(f) Comparative figures*

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

## 3. ACCOUNTING CHANGES

Effective December 1, 2003 the Company changed its accounting policy on a prospective basis with respect to the method of accounting for stock-based compensation. The Company adopted CICA 3870, *Stock-based Compensation and Other Stock-based Payments*, and has chosen to account for all grants of options to employees, non-employees and directors after December 1, 2003 in accordance with the fair value method for accounting for stock-based compensation as defined by accounting principles generally accepted in Canada. Stock-based compensation awards expense is calculated using the Black-Scholes option pricing model ("Black-Scholes"). Previously, the Company used the intrinsic value method for valuing stock-based compensation awards granted to employees and directors where compensation expense is recognized for the excess, if any, of the quoted market price of the Company's common shares over the common share exercise price on the day that options are granted.

## 4. MINERAL PROPERTIES

Mineral properties consist of:

	February 28, 2005	November 30, 2004
Derinköy and Olucak Properties in Turkey	\$ 309,066	\$ 288,798

## 5. SHARE CAPITAL

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

Changes in issued capital stock during the three months ended February 28, 2005 and the year ended November 30, 2004 were as follows:

	February 28, 2005		November 30, 2004	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	6,878,384	\$ 6,789,031	2,128,384	\$ 3,102,630
Shares issued pursuant to				
Private placements	-	-	4,500,000	800,000
Shares issued for fees	-	-	50,000	7,500
Shares issued for mineral property	-	-	200,000	30,000
Shares issued on exercise of Warrants	25,000	3,750	-	-
Less share issue costs	-	-	-	(20,000)
Balance, end of period	6,903,384	\$ 3,923,880	6,878,384	\$ 3,920,130

In February 2005, 25,000 warrants were exercised to purchase 25,000 common shares at \$0.15 per share.

(b) *Stock options outstanding as at February 28, 2004:*

Number <i>Outstanding</i>	Weighted Average <i>Exercise Price</i> Per Share	Expiry <i>Date</i>
625,000	\$0.40	December 2, 2009

(i) All options vest immediately

The Company follows the policies of the TSX Venture Exchange (the "Exchange"), under which it is authorized to grant options to executive officers, directors, employees and consultants. Under the Exchange's policies, the exercise price of each option equals the market price, minimum price or a discounted 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. The Company's Stock Option Plan was approved by the Company's shareholders at the Annual and Extraordinary General Meeting held on April 28, 2003 and May 20, 2004. The Company has implemented a rolling stock option plan whereby a maximum of 10% of the issued and outstanding shares will be reserved for issuance under the Plan. The Stock Option Plan limits the number of options which may be granted to any one individual to not more than 5% of the total issued and outstanding shares of the Company in a 12 month period and further limits options granted to any one person or consultant employed to provide investor relations activities to 2% of the total issued and outstanding shares of the Company in a 12 month period.

**5. SHARE CAPITAL (continued)**

*(c) Shares in escrow or subject to a pooling agreement:*

As at February 28, 2005, 1,943,249 of the issued shares are held in escrow, their release being subject to regulatory approval.

*(d) Warrants outstanding:*

As at February 28, 2005, the Company has 4,275,000 outstanding share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
4,000,000	\$0.20	October 7, 2006
250,000	\$0.50	October 7, 2006
25,000	\$0.15	October 7, 2006

**6. RELATED PARTY TRANSACTIONS**

During the three month period ended February 28, 2005 the Company incurred consulting and management fees of \$1,140 (2004 - \$450) with directors.

**7. SEGMENTED INFORMATION**

The Company considers its business to consist of one reportable operating segment. Capital assets referred to below consist of resource properties and other capital assets.

	February 28, 2005	November 30, 2004
Revenue for the period		
Canada	\$ 13	\$ 346
Capital assets at end of period		
Turkey	309,066	288,798
	\$ 309,079	\$ 289,144