ERIN VENTURES INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004 and 2003

TERRY AMISANO LTD.
KEVIN HANSON, CA

AMISANO HANSON
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders,
Erin Ventures Inc.

We have audited the consolidated balance sheets of Erin Ventures Inc. as at June 30, 2004 and 2003 and the consolidated statements of loss 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
November 10, 2004

"AMISANO HANSON"
Chartered Accountants

750 WEST PENDER STREET, SUITE 604
VANCOUVER CANADA
V6C 2T7

TELEPHONE: 604-689-0188
FACSIMILE: 604-689-9773
E-MAIL: amishan@telus.net

ERIN VENTURES INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2004 and 2003

ASSETS		2004		2003
Current				
Cash	$	335,398	$	275,327
Mining tax credit receivable		3,700		21,371
GST receivable		1,308		2,685
Prepaid expenses		745		-
		341,151		299,383
Capital assets – Note 3		3,711		3,679
Advances receivable – Note 4		-		25,000
Investment – Note 5		1		1
Resource properties – Notes 6 and 10		254,329		244,612
	$	599,192	$	572,675
LIABILITIES				
Current				
Accounts payable – Notes 10 and 12	$	232,176	$	845,097
Advance payable – Note 7		-		67,500
Note payable – Note 8		511,903		694,474
		744,079		1,607,071
SHAREHOLDERS' DEFICIENCY				
Share capital – Notes 9 and 12		8,190,920		6,533,208
Shares subscribed – Note 9		28,000		216,930
Deficit		(8,363,807)		(7,784,534)
		(144,887)		(1,034,396)
	$	599,192	$	572,675

Nature and Continuance of Operations – Note 1
Commitments – Notes 6, 8, 9, and 12
Subsequent Event – Notes 9 and 12

APPROVED BY THE DIRECTORS:

"Tim Daniels" Director *"James Wallis"* Director

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

for the years ended June 30, 2004 and 2003

	2004	2003
Administrative expenses		
Accounting and audit fees	$ 26,813	$ 21,367
Amortization	1,070	1,319
Consulting fees – Note 10	27,936	4,195
Filing fees	13,033	11,200
Interest	81,119	229,939
Investor relations	70,283	86,267
Legal fees	12,000	5,200
Management fees – Note 10	60,000	60,000
Office and miscellaneous	56,859	17,403
Rent	17,156	30,601
Telephone	16,751	8,519
Transfer agent fees	7,221	7,696
Travel and promotion – Note 10	28,105	15,549
Web site	753	1,098
Loss before other items:	(419,099)	(500,353)
Other items:		
Interest income	404	12
Development plan – Piskanja property – Notes 6 and 10	(94,392)	(93,022)
Foreign exchange gain (loss)	(8,786)	127,520
Gain on settlement of accounts payable	6,779	479,086
Write-off of advances receivable – Note 10	(64,179)	(63,820)
Write-down of resource property costs – Notes 6 and 10	-	(5,000)
Net loss for the year	(579,273)	(55,577)
Deficit, beginning of the year	(7,784,534)	(7,728,957)
Deficit, end of the year	$ (8,363,807)	$ (7,784,534)
Basic and diluted loss per share	$ (0.02)	$ (0.00)

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2004 and 2003

	2004	2003
Operating Activities		
Net loss for the year	$ (579,273)	$ (55,577)
Charges to income not affecting cash:		
Amortization	1,070	1,319
Foreign exchange gain (loss)	8,786	(127,520)
Gain on settlement of accounts payable	(6,779)	(479,086)
Write-off of advances receivable	64,179	63,820
Write-down of resource property	-	5,000
Accrued interest payable	67,314	75,576
	(444,703)	(516,468)
Changes in non-cash working capital accounts related to operations:		
Mining tax credit receivable	7,954	(1,700)
GST receivable	1,377	(822)
Prepaid expenses	(745)	-
Accounts payable	(61,813)	130,591
	(497,930)	(388,399)
Financing Activities		
Issuance of common shares	821,282	613,750
Shares subscribed	28,000	166,930
Repayment of note payable	(251,000)	(20,096)
Increase in advances receivable	(39,179)	(88,820)
	559,103	671,764
Investing Activities		
Increase in resource properties	-	(13,458)
Purchase of capital assets	(1,102)	(1,240)
	(1,102)	(14,698)
Increase in cash during the year	60,071	268,667
Cash, beginning of the year	275,327	6,660
Cash, end of the year	$ 335,398	$ 275,327
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	$ -	$ 411
Income taxes	$ -	$ -

Non-cash Transactions – Note 13

SEE ACCOMPANYING NOTES

Note 1 Nature and Continuance of Operations

The Company is a development stage public company whose shares trade on the TSX Venture Exchange. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration and development expenditures are dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying resource property claims, the Company's ability to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared on a going concern basis. The Company has a working capital deficiency of $402,928 as at June 30, 2004, has yet to achieve profitable operations and has accumulated losses of $8,363,807 since inception. The Company's ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. The Company historically satisfies its capital needs primarily by issuing equity securities. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

Note 2 Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Principles of Consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiaries 766072 Alberta Inc. and Balkan Gold Corp. Balkan Gold Corp. was incorporated in Serbia during the year ended June 30, 2004 for the purposes of complying with Serbian regulatory requirements related to the Piskanja property (Note 6) and has no other assets or operations. All inter-company transactions and balances have been eliminated.

Note 2 Summary of Significant Accounting Policies – (cont'd)

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided for using the declining balance method at the following annual rates:

Office equipment	20% Declining balance
Computer equipment	30% Declining balance

Additions during the year are amortized at one half annual rates.

(c) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

(d) Government Assistance

Refundable mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to receive the credits. These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

(e) Foreign Currency Translation

Monetary assets and liabilities expressed in foreign currencies are translated at rates of exchange in effect at the end of the year. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the rates in effect at the dates on which such items are recognized during the year. Exchange gains and losses arising from translation are included in income during the year.

Note 2 Summary of Significant Accounting Policies - (cont'd)

(f) Basic and Diluted

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

(g) Financial Instruments

The Company's financial instruments consist of cash, accounts payable, advance payable and note payable. The fair value of the financial instruments is considered to be equal to the carrying value due to the short-term maturities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(h) Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 9, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company applied the "settlement method" of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Effective for awards granted after July 1, 2002 all stock based payments to non-employees and direct awards of stock to employees are accounted for using a fair value based method of accounting. No compensation expense is recorded on stock options granted to employees and directors provided that additional pro forma information is disclosed. Effective for fiscal years beginning on or after January 1, 2004 pro forma disclosure only will no longer be permitted and the fair value of all stock options granted must be accounted for. The Company will adopt the new policy effective July 1, 2004 which will be applied retroactively to July 1, 2002.

Note 2 Summary of Significant Accounting Policies – (cont'd)

(i) Long-term Investment

The Company follows the cost method of accounting for investments where the Company's interest is less than 20%. The carrying cost will be written down where a permanent impairment, as determined by management, has occurred.

Note 3 Capital Assets

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Office equipment	$ 5,511	$ 3,369	$ 2,142	$ 1,438
Computer equipment	14,964	13,395	1,569	2,241
	$ 20,475	$ 16,764	$ 3,711	$ 3,679

Note 4 Advances Receivable

Advances receivable are unsecured, non-interest bearing and have no specific terms for repayment. During the year ended June 30, 2004 $25,000 was allowed for as uncollectable.

Note 5 Investment

The Company owns 4,686,000 common shares of Genoray Advanced Technologies Ltd. During the year ended June 30, 2002 the Company adjusted the carrying value of the investment to its estimated net realizable value of $1.

Note 6 Resource Properties – Note 10

Resource properties consist of:	2004	2003
i) Piskanja Borate Property, Republic of Serbia		
Acquisition costs – cash	$ 14,000	$ 14,000
– common shares	920,000	920,000
	934,000	934,000
Deferred exploration and development expenditures		
Consulting fees – Note 10	247,134	237,222
Development plan retainer fee	83,384	28,395
Drilling and testing	2,502,162	2,502,162
General and administration	808,101	793,610
Geological consulting	345,913	330,913
Legal fees	21,840	21,840
Travel and accommodation	286,549	286,549
	4,295,083	4,200,691
	5,229,083	5,134,691
Less: accumulated write-down of resource property costs	(5,229,082)	(5,134,690)
	1	1
ii) Stope Baby mineral claims, British Columbia		
Acquisition costs – cash	75,000	75,000
– common shares	10,000	10,000
	85,000	85,000
Deferred exploration and development expenditures		
Camp supplies	3,648	3,648
Claim staking	6,360	6,360
Drilling	18,233	18,233
Equipment rental	11,050	11,050
General and administration	1,486	1,486
Geological consulting fees – Note 10	82,358	82,358
Geophysical analysis	19,694	19,694
Line clearing	26,900	26,900
Travel and accommodation	6,253	6,253
	175,982	175,982

Note 6 Resource Properties – Note 10 – (cont'd)

ii) Stope Baby mineral claims, British Columbia – (cont'd)	2004	2003
Reclamation bond	5,000	5,000
Less: mining tax credit	(11,654)	(21,371)
	254,328	244,611
Total	$ 254,329	$ 244,612

Piskanja Borate Property

The Piskanja borate property is located in the Ibar region of the Republic of Serbia ("Serbia"). The Company entered into a joint venture agreement dated October 4, 1996 whereby the Company can earn a 50% interest in the property through direct exploration expenditures (drilling and testing) totalling $2,670,000 to conduct a research and reserves study leading to the preparation of a feasibility study. Upon determination that the feasibility study would be undertaken, the Company and its joint venture partner would each own 50% of the joint venture and each contribute 50% to all further expenditures. As at June 30, 2004, the cumulative total of direct exploration expenditures of $2,670,000 has not been completed.

Effective with the year ended June 30, 2001 all costs with respect to the property are being written-off pending obtaining acceptable agreements for mining concessions from the Serbian government.

The Company submitted a formal application for a mining concession covering the Jarandol basin region in Serbia, for the exploration and exploitation rights to boron. This concession application was intended to replace the original joint venture agreement that was signed in 1997. This new proposal was submitted by the Company only after extensive consultation with the appropriate Serbian government authorities, and is in accordance with the recently enacted Serbian concession law as it pertains to mining, the environment, foreign ownership, and other laws and considerations.

The Company entered into an agreement dated April 18, 2003 and amended May 26, 2003 to execute a development plan for the exploration and exploitation of boron deposits in the Jarandol Basin in the Republic of Serbia. A retainer fee is payable to a maximum of US $60,000 (paid) or until the successful grant of concession rights. The retainer fee paid is an advance against US $100,000 to be paid upon the successful grant of concession rights.

Note 6 Resource Properties – Note 10 – (cont'd)

Piskanja Borate Property – (cont'd)

The Company is required to make the following payments upon achieving certain milestones:

Grant of Concession Rights	US $	100,000
Development of deposit		23,770
Exploration of deposit		47,250
Feasibility study		22,050
Development of mine		72,850
Plant relocation		6,300
	US $	272,220

Stope Baby Mineral Claims

The Stope Baby mineral claims are comprised of 36 mineral claims located in the Cariboo Mining District of British Columbia. Pursuant to an option agreement dated February 28, 2000 and amended January 21, 2001 and March 12, 2002, the Company earned a 25% interest in the claims for consideration paid of $75,000 cash and the issue of 30,303 common shares of the Company.

In order to acquire the remaining 75% interest in the property, the Company was required to make total exploration expenditures on the property as follows:

Date	Expenditures Required	Additional Interest Earned
March 31, 2003	$ 40,000 (incurred)	5%
March 31, 2004	100,000	10%
March 31, 2005	200,000	20%
March 31, 2006	410,000	40%
	$ 750,000	75%

As at June 30, 2004, the Company had earned a 30% interest in the claims. The Company is in default of the terms of the agreement in respect of the option to acquire the remaining 70% interest.

Note 7 Advance Payable

The advance payable was unsecured, non-interest bearing and had no specific terms for repayment.

Note 8 Note Payable

	2004	2003
Note payable bearing interest at 12% per annum, compounded semi-annually on June 30 and December 31, unsecured and payable on demand. The interest rate increases to 18% per annum 15 days after notice of demand.	$ 511,903	$ 694,474

Note 9 Share Capital – Note 12

i) Authorized:
Unlimited voting common shares without nominal or par value
Unlimited preferred shares without nominal or par value

ii) Issued common shares:

		Number	$
Balance, June 30, 2002		25,564,763	5,760,488
For cash			
- Pursuant to private placements	– at $0.25	2,500,000	625,000
Less: issue costs		-	(11,250)
Pursuant to a debt settlement agreements	– at $0.49	225,000	110,250
	– at $0.348	140,000	48,720
Balance, June 30, 2003		28,429,763	6,533,208
For cash			
- Pursuant to private placements	– at $0.25	3,160,000	790,000
	– at $0.30	550,000	165,000
Less: issue costs		-	(59,288)
Pursuant to the exercise of share purchase warrants			
	– at $0.35	600,000	210,000
Pursuant to a debt settlement agreement	– at $0.24	2,300,000	552,000
Balance, June 30, 2004		35,039,763	8,190,920

Note 9 Share Capital – Note 12 – (cont'd)

iii) Commitments:

Stock-based Compensation Plan

The Company has granted directors and employees common share purchase options. These options are granted with an exercise price equal to the market price of the Company's shares on the date of the grant.

A summary of the status of the stock option plan is presented below:

	June 30, 2004		June 30, 2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	960,000	$0.45	1,510,000	$0.37
Expired	(660,000)	$0.53	(550,000)	$0.25
Options outstanding and exercisable at end of year	300,000	$0.25	960,000	$0.45

At June 30, 2004 the Company has 300,000 share purchase options outstanding entitling the holder thereof the right to purchase one common share for each option held for $0.25 per share until January 18, 2006.

Shares Subscribed

As at June 30, 2004, $28,000 had been received in respect to the exercise of share purchase warrants for 80,000 shares at $0.35 per share. As at June 30, 2003, $216,930 had been received in respect to private placements of 867,720 shares at $0.25 per share.

Share Purchase Warrants

At June 30, 2004 the Company has 1,980,000 common share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number	Exercise Price	Expiry Date
130,000	$0.50	July 22, 2004
1,300,000	$0.35	March 1, 2005
550,000	$0.75	March 26, 2005
1,980,000		

Note 9 Share Capital – Note 12 – (cont'd)

Share Purchase Warrants – (cont'd)

During the year ended June 30, 2004 2,120,000 common share purchase warrants, previously outstanding and exercisable at $0.35 per share, expired unexercised. Subsequent to June 30, 2004 130,000 share purchase warrants exercisable at $0.50 expired unexercised.

Note 10 Related Party Transactions

The Company incurred the following fees and expenses charged by directors and companies with directors in common with the Company:

	2004	2003
Deferred exploration and development expenditures – consulting fees	$ -	$ 5,000
Development plan – Piskanja property	21,500	16,625
Consulting fees	8,500	-
Management fees	60,000	60,000
Travel and promotion	3,000	3,000
Write-off of advances receivable	39,180	63,820
	$ 132,180	$ 148,570

The charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Accounts payable as at June 30, 2004 includes $26,217 (2003: $18,950) due to directors of the Company.

Note 11 Corporation Income Tax Losses

The significant components of the Company's future income tax assets are as follows:

	Year ended June 30, 2004	Year ended June 30, 2003
Resource deductions	$ 2,200,000	$ 2,300,000
Non-capital losses	860,000	780,000
Less: valuation allowance	(3,060,000)	(3,080,000)
	$ -	$ -

Note 11 Corporation Income Tax Losses – (cont'd)

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized in the future to utilize all future tax assets.

At June 30, 2004, the Company has accumulated non-capital losses totalling $2,194,523 which are available to reduce taxable income in future taxation years. These losses expire as follows:

2005	$ 479,086
2007	80,197
2008	306,085
2009	445,199
2010	371,502
2011	512,454
	$ 2,194,523

The Company also has accumulated Canadian and foreign exploration and development expenditures totalling $5,572,088. These expenses can be used to offset certain taxable income of future years at various rates per year and are available indefinitely.

Note 12 Subsequent Event

Subsequent to June 30, 2004 the Company completed a private placement of 812,000 units at $0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.35 per share until September 9, 2005.

Note 13 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows as follows:

During the year ended June 30, 2004:

– the Company issued 2,300,000 common shares to settle accounts payable totalling $552,000.

– the Company issued 270,000 common shares pursuant to a private placement with respect to an advance payable totalling $67,500 received during the year ended June 30, 2002.

During the year ended June 30, 2003:

– the Company issued 365,000 common shares to settle accounts payable totalling $158,970.

Note 14 Comparative Figures

Certain of the comparative figures for the year ended June 30, 2003 have been reclassified to conform to the current year's presentation.