

FREEWEST RESOURCES CANADA INC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2005

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at January 31, 2005 and for the three-month ended January 31, 2005 and 2004. The statements have not been audited or reviewed by the company's auditors or any other firm of chartered accountants.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS AT MARCH 25, 2005

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Freewest Resources Canada Inc. ("Freewest" or the "Corporation") for the three-month period ended January 31, 2005 should be read in conjunction with the Company's audited financial statements and the related notes. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

FORWARD LOOKING STATEMENTS

Except for historical information, this contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of Freewest with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2005 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the company.

OVERVIEW

Freewest is a Canadian exploration company that focuses on grass roots exploration mainly in Eastern Canada. Freewest has a reputation within the Industry of acquiring properties located in good geological settings, with the potential to host large ore bodies. Management is a strong believer in working with prospectors who continue to offer the Company a good selection of early stage prospects. The Company's management team has a proven track record of being involved in a number of gold and base metal discoveries over the past 36 years. Freewest's exploration strategy involves combining prospecting and geological expertise with the use of modern geophysical and geochemical techniques to search for buried ore deposits. The Company is also a strong believer in conducting exploration through joint ventures with larger mining firms to share the risks and benefits of the firm's expertise in mine development and production.

The Company's shares are listed for trading on the TSX Venture Exchange under the trading symbol FWR. Additional information Freewest can be found on Sedar (www.sedar.com) and on Freewest's web site (www.freewest.com).

MINING PROPERTIES

QUEBEC

THE BARRY-URBAN PROJECTS

The Barry – Urban gold project is comprised of four (4) properties known as:

1. Windfall
2. Barry
3. Eagle River
4. Greenshield option

This exploration play is currently generating significant interest, largely due to new recent discoveries made by the FWR-MUG JV and by Noront. The project comprises an equal joint-venture between Freewest Resources Canada Inc. and Murgor Resources Inc. The partners hold the largest prospective land position in the Barry-Urban greenstone belt, amounting to approximately 245 square kilometers. In addition to these recent new discoveries, there are three significant mineral deposits present in the Barry-Urban Greenstone Belt:

1. Barry Deposit (610,000 tonnes @ 7.0 g/t Au)
2. Nubar Deposit (564,000 tonnes @ 6.2 g/t Au)
3. Lac Roleau Deposit (544,000 tonnes @ 7.0 g/t Au)

The Windfall property is currently the major focus of exploration and comprises 214 mining claims covering an area of roughly 8,995 hectares. The southern portion of the Windfall property is situated approximately 200 meters north of recent drill discoveries made by Noront, yielding intersections of 10.25 g/t gold over 22.85 meters and 8.55 g/t gold over 13.4 meters.

On August 12, 2004, the FWR-MUG JV announced the discovery of a number of gold occurrences generated by detailed geological mapping and prospecting. The most prominent of these is the IPE occurrence that yielded a channel sample assaying 40.62 g/t gold over 5.90 metres. Since that time, systematic exploration has resulted in the discovery of 3 economically significant gold occurrences known as the F-11, F-17 and F-51 gold zones (see IP Chargeability Map with Drill Hole Locations).

The F-17 zone comprises two large high-grade, stacked horizontal lenses, associated with a northeast-trending, steeply dipping shear zone that is also gold-bearing. Significant drill intercepts from the F-17 lower zone include 9.32 g/t gold over 11.0 metres and 5.12 g/t gold over 4.70 metres, while the F-17 upper zone has returned drill intersections of 10.46 g/t gold over 11.0 metres. The drilling highlight obtained to date on the F-11 zone is hole WIN-05-30 that returned 11.91 g/t gold over 17.0 metres. All of the gold zones are open to depth and along strike and are associated with prominent IP anomalies.

An accelerated drilling program involving 2 drill rigs is currently underway at Windfall in a major effort to test the depth and on-strike extensions of all of the gold zones.

ONTARIO

LIZAR

In 2001, the property was optioned to Teck Cominco, which must incur C\$3,000,000 in exploration expenditures over a 4-year period to earn a 55% interest in the property.

In order to establish the foundation for further exploration, Teck-Cominco conducted a property-wide airborne survey (Geotem) and a geological mapping program over the last 3 years. In addition, 2004 saw Teck-Cominco complete detailed induced polarization (IP) and UTEM (deep EM) surveys to further define specific exploration targets. The strongest UTEM geophysical anomaly was tested by drill hole LIZ-01 at a 200 meter vertical depth and returned 0.54% nickel and 1.26 g/t palladium over 3.0 meters. One of the adjacent anomalies was the subject of drill hole LIZ-02 and showed that it intersected graphitic beds containing pyrrhotite and pyrite.

The IP surveys outlined well-defined zone anomalies parallel to the Bear Creek Fault Zone, to the southwest of Kirk, Kyle and 42 gold zones. Efforts to further explore these anomalies resulted in the drilling of six additional holes, but none of them returned significant gold values.

Recently, Teck-Cominco terminated their option agreement on the Lizar property. Notably, none of the Kirk, Kyle, and 42 Zones were drilled by Teck Cominco and Freewest is considering possibly

drilling these independently. Alternatively, many other companies have expressed interest in participating and funding further exploration.

SUNGOLD

The wholly-owned Sungold property consists of 311 claim units, comprising some 5,034 hectares and is located 120 kilometres west of Thunder Bay in northwestern Ontario. The property is situated about 30 kilometres to the south of the Larose property in the Shebandowan Greenstone Belt.

Over the last few years, several new gold occurrences have been made by the vending prospectors Russell Kwiatkowski and Edmund Kukkee as well as by Freewest personnel. The discoveries consist of quartz vein and stockwork as well as disseminated and replacement styles of mineralization within mafic and felsic fragmental volcanic rocks, sulphidized iron formation and in quartz-feldspar porphyry sills. The hosting rocks are highly strained suggesting that gold mineralization may be controlled by a major, northeast-trending structure known as the Knife Lake Fault.

The discovery occurrence returned gold values of up to 80.4 g/t gold in quartz veins situated at the contact between heavily pyritized felsic volcanic rocks and a quartz-feldspar porphyry sill. Subsequent prospecting completed in the fall of 2004, resulted in the discovery of 6 new gold occurrences largely hosted in sulphidized iron formation, bearing gold values of up to 15.0 g/t gold. A concurrently run induced polarization (IP) and soil geochemical survey delineated several target areas for follow-up.

A property-wide airborne geophysical survey (Geotech time domain system) was completed over Sungold early in 2004 to create a geophysical data base to help guide exploration and to discover new target areas. Several electromagnetic anomalies occur within intercalated felsic fragmental rocks and iron formation suggesting good potential for the existence of volcanic-hosted massive sulphide deposits.

SMOKE LAKE

Freewest has entered into an agreement with CanAlaska Ventures Ltd. (CW:TSX-V) whereby CanAlaska may acquire a 100% interest in Freewest's Smoke Lake property. The Smoke Lake property comprises 2,784 hectares and is located within the Hemlo-Schrieber greenstone belt, approximately 25 kilometres northwest of the Williams, Golden Giant and David Bell gold mines at Hemlo.

Initially, CanAlaska may earn an 80% interest by incurring exploration expenditures of \$450,000 by April 26, 2007 and making cash payments of \$165,000 by April 23, 2007. To increase their interest to 100%, CanAlaska must make a \$1,000,000 payment to Freewest within 90 days of the vesting date, or within 90 days from April 23, 2007, whichever is later. The property is subject to a 3% Net Smelter Return Royalty from which CanAlaska and Freewest has the right to purchase 1.5% for the sum of \$500,000 per each 0.5% increment. CanAlaska and Freewest have agreed to share this buyout in proportion to their respective interests.

CanAlaska recently completed an exploration program involving soil sampling and diamond drilling at Smoke Lake. A full report documenting results should be available to Freewest shortly.

LAROSE

Initial stripping conducted by Freewest, intermittently exposed a mineralized corridor of over 2000 meters in strike length. The corridor, known as the Main Zone, consists of a series of discrete northeast-trending shear zones containing multi-ounce gold grades spanning the 2000 meter strike length. The Main Zone is further divided into five areas and yielded Larose (64.87), J&R (8.80), P (371.94), Snoopy (10.15), Porphyry (3.87), and Northwest View (62.93) g/t gold in grab samples respectively.

A geophysical survey resulted in the discovery of a strong induced polarization (IP) anomaly coincident with the entire 2000 meter length of the Main Zone. In addition to the Main Zone, several other anomalies were also defined by the geophysical survey, suggestive of the presence of other parallel mineralized zones occurring on the property. Subsequent exploration efforts in 2004, resulted in the discovery of two new occurrences (Sweet Spot & T trench) that effectively extended the strike length of the Main Zone to over 4 kilometers. Selected grab samples from these new occurrences yielded grades as high as 170 g/t gold.

To test the Main Zone, 30 drill holes have been completed to date. The best results include 2.27 g/t gold over 5.00 metres, 8.74 g/t gold over 2.00 metres and 7.31 g/t gold over 1.80 metres. Notably, all of the occurrences comprising the Main Zone have all been drilled to shallow depth and all remain open along strike and to depth.

In late 2003, Teck-Cominco Ltd. entered into a strategic and financial agreement with Freewest on the Larose Property. The terms of the agreement call for Teck-Cominco Ltd. to provide financing via a private placement totaling C\$550,000 and offer technical assistance in the project for a minimum of one year. In return, Freewest must spend \$350,000 on the Larose project before December 31, 2004 and must grant Teck-Cominco Ltd. a first right of refusal on any interest in the project it wishes to divest itself of, plus a right of refusal for one-year regarding any third-party offer for the entire property.

As a result of corporate strategy, efforts are currently being made to option the Larose property to a third party mining major.

McFAULDS

On the McFaulds property, Freewest has entered into 2 separate option agreements involving third parties.

The first agreement grants Noront Resources Ltd. a 50% interest in a 10 square kilometer block. In return, Noront must make a cash payment of \$25,000, issue 100,000 treasury shares, and incur C\$1,000,000 in exploration expenses over a 4-year period. In addition, Noront may earn an incremental 10% interest, by delivering a feasibility study to put the property into commercial production, at no expense to Freewest.

The second agreement grants the Spider-KWG-JV a 50% interest in the remaining 12.7 square kilometers, by incurring C\$3,000,000 in exploration costs over a 4-year period. In addition, the partners may earn an incremental 10% by providing a bankable feasibility study. A further 5% interest can be earned by arranging project financing to put the property into production.

The option agreement carries with it a treasury share requirement, under which Spider and KWG must issue 150,000 shares, respectively. Finally, under this agreement, Freewest must receive a \$50,000 cash payment from the Spider-KWG-JV partnership.

The winter of 2005 will see the Spider-KWG-JV conduct a diamond drilling program on the McFaulds property.

NEW BRUNSWICK

CLARENCE STREAM

Drilling is currently underway at Clarence Stream in a concerted effort to increase the mineral resource, in order to advance the property towards potential commercial production. Many of the other gold zones have seen minimal diamond drilling both along strike and to depth. Among the targets to be tested by drilling, are the high-grade gold-antimony zone in the AD Zone locale and Anomaly B.

An earlier drill hole completed on the AD Zone (AD03-53) intersected high-grade gold-antimony mineralization yielding 16.39 g/t gold and 11.67% antimony over 15.25 metres (includes 32.29 g/t gold and 23.10% antimony over 7.25 metres). Detailed in-fill drilling will be completed at this site to help delineate this zone.

Anomaly B consists of a large strong gold-arsenic-antimony soil anomaly, coincident with an IP anomaly. The raw numbers for gold in the soils at Anomaly B are the highest obtained to date from anywhere on the Clarence Stream property. All of the nine gold zones discovered to date in the Clarence Stream gold district are associated with strong gold soil anomalies. Accordingly, the potential for discovery of additional gold zones is felt to be excellent. In addition to Anomaly B, there are several other gold-in-soil anomalies that remain to be tested by diamond drilling.

RESULTS OF OPERATIONS

Three-month period ended January 31, 2005 compared with three-month period ended January 31, 2004

For the three month ended January 31, 2005, the Corporation reported a net income of \$242,678 or \$0.0027 per share, compared to an income of \$516,391 or \$0.0068 per share in the same period of 2004.

Revenue totaled \$30,854 at January 31, 2005 as compared to \$10,956 at January 31, 2004. While interest income decreased by \$565, as a result of the less funds on deposit and lower interest rates, they were offset by a gain of \$23,795 on the disposal of marketable securities. Other income totaled \$Nil at January 31, 2005 compared to \$3,332 at January 31, 2004 which consisted of the tax credit refund of certain Quebec exploration expenditures not renounced to private equity investors.

The net income for the three-month period included a write-off due to abandonment of properties of \$70,285 (\$197,632 – January 31, 2004). Expenses excluding the write-off due to abandonment of properties totaled \$161,145 compared to \$187,725 for the three-month period ended January 31, 2004. Professional fees totaled \$87,110 for the three-month period ended January 31, 2005 compared to \$51,765 for the three-month period ended January 31, 2004 and was related to an increase in professional services provided during the period and estimated year-end accruals. Filing costs and shareholders' information increased by \$9,474 to \$28,221 compared \$18,747 at January 31, 2004 and was due to increased advertising, promotion, and public relation costs due to increased corporate activity. Stock option compensation expenses as described in the Critical Accounting Policies section totaled \$Nil for the three-month period ended January 31, 2005 compared to \$75,000 for the three-month period ended January 31, 2004.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for nine of the most recently completed financial quarters:

	2005	2004				2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$		\$
Revenue	30,854	4,086	10,245	18,650	10,956	7,683	61,201	8,387	4,920
Net income (loss)	242,678	692,343	(270,111)	(333,049)	516,391	(1,739,662)	(901,715)	(287,285)	(151,633)
Net income (loss) per share – basic & diluted	0.0027	0.0081	(0.0032)	(0.0040)	0.0068	(0.0256)	(0.0136)	(0.0044)	(0.0024)

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

LIQUIDITY

Three-month period ended January 31, 2005 compared with three-month period ended January 31, 2004

As at January 31, 2005, the Company maintained a cash and equivalent position of \$1,982,083 (\$3,434,523 as at January 31, 2004) and working capital of \$1,980,118 as compared to a working capital of \$3,484,227 as at January 31, 2004. The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Freewest raised a total \$1,499,555 through two (2) private placements (\$1,343,194 flow-through amount and \$156,361 in common shares amount) compared to \$2,395,000 through five (5) private placements (\$1,741,400 flow-through amount and \$653,600 in common shares amount) for the three-month period ended January 31, 2004. Issue costs related to the financings totaled \$109,600 at January 31, 2005 as compared to \$192,043 at January 31, 2004. A total of \$14,000 was raised through the exercise of warrants for common shares as compared to \$313,763 through the exercise of warrants for flow-through shares as at January 31, 2004.

MINING PROPERTIES AND DEFERRED COSTS

	October 31, 2004	Expenditures	Proceeds from option agreements	(Write-off)	January 31, 2005
	\$	\$	\$	\$	\$
Quebec					
Benoit					
Acquisition	400,858	563	-	-	401,421
Exploration	95,692	-	-	-	95,692
Barry					
Acquisition	145,642	-	-	-	145,642
Exploration	473,252	550	-	-	473,802
Verneuil					
Acquisition	208,956	34	-	-	208,990
Exploration	33,476	-	-	-	33,476
Windfall					
Acquisition	106,818	11,835	-	-	118,653
Exploration	631,351	212,127	-	-	843,478
Others					
Acquisition	52,798	52	-	-	52,850
Exploration	234,740	71,767	-	(7,625)	298,882
	2,383,583	296,928	-	(7,625)	2,672,886
Ontario					
Larose					
Acquisition	44,263	-	-	-	44,263
Exploration	728,091	167,174	-	-	895,265
Lizar					
Acquisition	70,422	10,667	-	-	81,089
Exploration	301,961	624	-	-	302,585
McFaulds					
Acquisition	(39,622)	-	-	-	(39,622)
Exploration	144,756	-	-	-	144,756
Sungold					
Acquisition	99,527	-	-	-	99,527
Exploration	256,260	35,555	-	-	291,815
Other					
Acquisition	297,513	32,403	-	-	329,916
Exploration	819,766	48,844	-	(48,517)	820,093
	2,722,937	295,267	-	(48,517)	2,969,687

MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	October 31, 2004	Expenditures	Proceeds from option agreements	(Write-off)	January 31, 2005
	\$	\$	\$	\$	\$
New Brunswick					
Golden Ridge					
Acquisition	140,740	-	-	-	140,740
Exploration	760,544	-	-	-	760,544
Clarence Stream					
Acquisition	401,835	-	-	-	401,835
Exploration	4,311,991	42,090	-	-	4,354,081
Oak Bay II					
Acquisition	-	14,821	-	-	14,821
Exploration	-	118,644	-	-	118,644
Others					
Acquisition	41,864	300	-	-	42,164
Exploration	90,265	14,150	-	(14,143)	90,272
	5,747,239	190,005	-	(14,143)	5,923,101
Canadian Properties	10,853,759	782,200	-	(70,285)	11,565,674
Foreign Property					
U.S.A.					
Acquisition	-	-	-	-	-
Exploration	-	-	-	-	-
	-	-	-	-	-
Stock Option Compensation	81,725	47,500	-	-	129,225
	10,935,484	829,700	-	(70,285)	11,694,899

For the three-month period ended January 31, 2005, the Corporation incurred exploration expenditures totaling \$711,523 of which \$284,442 was incurred in Quebec; \$252,197 in Ontario and \$174,884 in New Brunswick. The exploration expenditures incurred in Canada were funded through the amount raised from Freewest's private placement equity financings.

RELATED PARTY TRANSACTIONS

All related party transactions are in normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties.

- (i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects. For the period ended January 31, 2005, the total amount of such services was \$12,600.

- (ii) Prepaid expenses included an amount of \$15,074 representing advances to a related company and a director for carrying out work on exploration projects and \$5,000 representing an advance to an officer for upcoming office expenses.
- (iii) The related corporations charged an aggregate amount of \$188,939 (2004 - \$60,219) for mining properties and exploration expenditures.
- (iv) The Corporation charged related corporation an aggregate amount of \$19,940 (2004 - \$3,751) for administrative costs and services, shared office expenses and mining properties costs.
- (v) Due to (from) related corporations significantly represent the net amount of charges for shared office and related expenses, as well as joint venture exploration expenditures between Freewest Resources Canada Inc. and Murgor Resources Inc..
- (vi) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.
Certain directors and shareholders of the Corporation are also directors, officers and shareholders of the related corporations.

CRITICAL ACCOUNTING POLICIES

The Company prepares its financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) in Canada. The Company details its significant accounting policies in Note 2 to its audited October 31, 2004 financial statements, of which the Freewest has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The cost of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The sale of an interest in claims or a grant received is credited directly to expenditures until such time as all related expenditures are recovered. Direct costs incurred to maintain claims are capitalized.

The Corporation has two stock option plans as described in note 8 to the audited October 31, 2004 financial statements. Effective November 1, 2002, the Corporation adopted prospectively the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, *Stock-based Compensation and Other Stock-based Payments* and began expensing prospectively its stock based compensation in 2003. Under these new standards, all stock-based payments made to non-employees must be systematically accounted for in the Corporation’s financial statements. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and should be recognized over the related service period. The cost of the stock option Compensation Plan is recognized in Deferred Exploration Expenses and Administration Expenses with a corresponding credit to Contributed Surplus using the fair value based method of Accounting of Awards.

Basic per share amounts are calculated using the weighted number of shares outstanding for the period. The dilutive loss per share, which is calculated using the treasury method, is equal to the basic loss per share due to the anti-dilutive effect of the total share options and warrants outstanding.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 statement and the reported amounts of income and expenses during the reporting period. Significant

areas requiring the use of management estimates relate to impairment of mineral properties. Actual results could differ from those estimates.

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, 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 enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

The Corporation has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Corporation, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

Adoption of New Accounting Policy

Effective as of the audited October 31, 2004 financial statements, the Corporation prospectively adopted the recommendation of the Emerging Issues Committee (“EIC”) of the Canadian Institute of Chartered Accountants (“CICA”). EIC 146 requires the recognition of the foregone tax benefit at the time of the renouncement provided there is reasonable assurance that the expenditures will be incurred.

Financial Instruments

The Corporation’s financial instruments consist of cash, cash held for exploration work, marketable securities, accounts receivable, accounts payable and accrued liabilities, and related party payables. It is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Due to their short term nature, the fair value of these financial instruments approximates their carrying value.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the financial statements and other financial information relating to the Corporation included in this interim report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgements of management. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

(Signed: Mackenzie I. Watson, P.Eng)
President & CEO

(Signed: Ronald Kay)
Director

**FREEWEST RESOURCES CANADA INC.
BALANCE SHEETS
AS AT**

	January 31 2005 (Unaudited)	October 31 2004 (Audited)
	\$	\$
ASSETS		
CURRENT		
Cash	797,745	464,393
Cash Held for Exploration Work	1,184,338	909,612
Marketable Securities (note 4)	408,299	430,110
Accounts Receivable	98,919	45,998
Prepaid Expenses	56,043	35,675
	<u>2,545,344</u>	<u>1,885,788</u>
PROPERTY, PLANT AND EQUIPMENT	41,935	44,877
MINING PROPERTIES AND DEFERRED COSTS	<u>11,694,899</u>	<u>10,935,484</u>
	<u><u>14,282,178</u></u>	<u><u>12,866,149</u></u>
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	295,343	292,249
Due to Related Parties (note 6)	269,883	107,827
	<u>565,226</u>	<u>400,076</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5 a)	30,523,301	29,453,000
STOCK OPTIONS	350,550	303,050
WARRANTS	39,000	39,000
DEFICIT	<u>(17,195,899)</u>	<u>(17,328,977)</u>
	<u>13,716,952</u>	<u>12,466,073</u>
	<u><u>14,282,178</u></u>	<u><u>12,866,149</u></u>

Approved on Behalf of the Board:

(Signed: Mackenzie I. Watson) Director
(Signed: Ronald Kay) Director

See accompanying notes
to financial statements.

**FREEWEST RESOURCES CANADA INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED)**

	Three-month period ended January 31	
	2005	2004
	\$	\$
REVENUE		
Interest	7,059	7,624
Gain on Disposal of Assets	23,795	-
Other Income	-	3,332
	<u>30,854</u>	<u>10,956</u>
EXPENSES		
Professional Fees	87,110	51,765
Filing Costs and Shareholders' Information	28,221	18,747
Administrative Expenses and Others	44,348	41,095
Amortization	655	818
Write-off Due to Abandonment of Properties	70,285	197,632
Loss on Adjustment of Value of Marketable Securities	811	-
Stock Option Compensation	-	75,300
	<u>231,430</u>	<u>385,357</u>
LOSS BEFORE RECOVERY OF INCOME TAXES	(200,576)	(374,401)
RECOVERY OF INCOME TAXES	<u>443,254</u>	<u>890,792</u>
NET INCOME	242,678	516,391
DEFICIT - BEGINNING OF PERIOD	(17,328,977)	(16,809,596)
ISSUE COSTS	<u>(109,600)</u>	<u>(192,043)</u>
DEFICIT - END OF PERIOD	<u>(17,195,899)</u>	<u>(16,485,248)</u>
BASIC AND FULLY DILUTED NET LOSS PER SHARE	<u>0.0027</u>	<u>0.0068</u>
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	<u>89,867,854</u>	<u>75,810,165</u>

See accompanying notes
to financial statements.

**FREEWEST RESOURCES CANADA INC.
INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)**

	Three-month period ended January 31	
	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	242,678	516,391
Adjustments for:		
Adjustment of Value of Marketable Securities	811	-
Write-off Due to Abandonment of Properties	70,285	197,632
Amortization	655	818
Stock Option Compensation	-	75,300
Recovery of Income Taxes - Future	(443,254)	(890,792)
	<u>(128,825)</u>	<u>(100,651)</u>
Changes in non-cash working capital components		
Marketable securities	21,000	-
Accounts Receivable	(52,921)	(30,856)
Prepaid Expenses	(20,368)	4,625
Accounts Payable and Accrued Liabilities	3,094	(508)
Due to Related Parties	162,056	77,212
	<u>112,861</u>	<u>50,473</u>
Cash Flows Used In Operating Activities	<u>(15,964)</u>	<u>(50,178)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Shares	170,360	1,461,860
Issuance of Flow-Through Shares	1,343,195	2,055,163
Issue Costs	(109,600)	(89,043)
	<u>1,403,955</u>	<u>3,427,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mining Properties Acquisition Expenditures	(70,677)	(5,575)
Mining Properties Exploration Expenditures	(711,523)	(503,527)
Mining Properties Acquired by the Issuance of Shares	-	36,850
Amortization	2,287	1,504
	<u>(779,913)</u>	<u>(470,748)</u>
Cash Flows Used In Investing Activities	<u>(779,913)</u>	<u>(470,748)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	608,078	2,907,054
Cash and cash equivalents - beginning of period	<u>1,374,005</u>	<u>527,469</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>1,982,083</u>	<u>3,434,523</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	797,745	1,308,075
Cash Held for Exploration Work	1,184,338	2,126,448
	<u>1,982,083</u>	<u>3,434,523</u>

See accompanying notes
to financial statements.

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2005
(UNAUDITED)

1. NATURE OF OPERATIONS

The Corporation, directly and through joint ventures, is in the process of exploring its mining properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mining properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mining claims, the ability of the Corporation to obtain the necessary financing to complete the development, and future profitable production or proceeds

2. BASIS OF PRESENTATION

The unaudited interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods used in the preparation of the company's most recent audited annual financial statements. All disclosure required for audited annual financial statements have not been included in these unaudited interim financial statements. These unaudited interim financial statements should be read in conjunction with the company's most recent audited annual financial statements.

In the opinion of management, the unaudited interim financial statements reflect all adjustments, which consist of normal and recurring adjustments, necessary to present fairly the financial position at January 31, 2005 and the results of operations and cash flows for the three-month period ended January 31, 2005 and 2004.

3. USE OF ESTIMATES

The preparation of the unaudited interim financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the unaudited interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the unaudited interim financial statements are reasonable and prudent; however, actual results could differ from these estimates.

4. MARKETABLE SECURITIES

Marketable securities are carried at the lower of cost and market. As at January 31, 2005, cost was \$422,285 (October 31, 2004 - \$443,285). Market value at January 31, 2005 was \$408,299 (October 31, 2004 - \$430,110).

5. CAPITAL STOCK

a) The authorized and issued capital stock of the Corporation consists of the following:

Authorized:

An unlimited number of no par value common shares.

	Number of Shares	Amount
	#	\$
Issued:		
Balance at beginning, October 31, 2004 (audited)	87,127,311	29,453,000
Issuance of shares under flow-through agreements	6,426,768	1,343,194
Issuance of shares for cash	713,966	156,361
Issuance of shares on the exercise of warrants	40,000	14,000
Issued and fully paid	94,308,045	30,966,555
Tax benefits renounced on flow-through shares	-	(443,254)
	94,308,045	30,523,301
Balance at end, January 31, 2005 (unaudited)		

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2005
(UNAUDITED)

5. CAPITAL STOCK (Cont'd)

b) Stock option plan

	<u>Number of Options</u> #	<u>Weighted Average Exercise Price</u> \$
Balance at beginning October 31, 2004 (audited)	6,480,000	0.33
Granted	<u>250,000</u>	<u>0.24</u>
Balance at end, January 31, 2005 (unaudited)	<u><u>6,730,000</u></u>	<u><u>0.33</u></u>

Accounting for the stock-based compensation plan

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	2.43%
Expected volatility	123.0%
Dividend yield	Nil
Weighted average expected life	4.2 years

The expenses related to the 250,000 stock options granted to employees on November 12, 2004 were classified under the "Deferred exploration expenses" (\$47,500).

c) Warrants

	<u>Number of Warrants</u> #	<u>Weighted Average Exercise Price</u> \$
Balance at beginning October 31, 2004 (audited)	12,854,092	0.34
Granted	<u>3,570,369</u>	<u>0.28</u>
Balance at end, January 31, 2005 (unaudited)	<u><u>16,424,461</u></u>	<u><u>0.33</u></u>

6. RELATED PARTY TRANSACTIONS

All related party transactions are in normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties.

(i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects. For the period ended January 31, 2005, the total amount of such services was \$12,600.

(ii) Prepaid expenses include an amount of \$15,074 representing advances to a related company and a director for carrying work on exploration projects and \$5,000 representing an advance to an officer for upcoming office expenses.

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
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6. RELATED PARTY TRANSACTIONS (Cont'd)

(iii) The related corporation charged an aggregate amount of \$188,939 (2004 - \$60,219) for mining properties and exploration expenditures.

(iv) The Corporation charged related corporation an aggregate amount of \$19,940 (2004 - \$3,751) for administrative costs and services, shared office expenses and mining properties costs.

(v) Due to (from) related corporations significantly represent the net amount of charges for shared office and related expenses, as well as joint venture exploration expenditures between Freewest Resources Canada Inc. and Murgor Resources Inc..

(vi) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.

Certain directors and shareholders of the Corporation are also directors, officers and shareholders of the related corporations.

7. COMPARATIVE FIGURES

Certain items in the comparative unaudited interim financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 unaudited interim financial statements.