

FREEWEST RESOURCES CANADA INC.
INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED APRIL 30, 2005

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at April 30, 2005 and for the three-month and six-month periods ended April 30, 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 JUNE 23, 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 and six-month periods ended April 30, 2005 and 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 Canadian generally accepted accounting principles ("GAAP").

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 properties known as:

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

This exploration project is generating significant interest due to new recent discoveries made by the FWR-MUG joint-venture (50% each). The partners hold the largest prospective land position in the Barry-Urban greenstone belt, totaling some 245 square kilometres.

The Windfall property is the major focus of exploration and comprises 214 mining claims comprising 8995 hectares. In August of last year, the FWR-MUG JV announced the discovery of a number of new gold discoveries. The most prominent is the IPE discovery that returned 40.62 g/t gold over 5.90 metres in a channel sample. Since then, diamond drilling has resulted in the discovery of 3 significant gold occurrences known as the F-11, F-17 and F-51 zones.

The northeast-trending F-17 Zone has been intersected in diamond drilling over a strike length of 300 metres and over widths of up to 50 metres. Mineralization consists of a minimum of 3 auriferous sub-horizontal vein systems associated with a sub-vertical shear zone that is also gold-bearing. New results generated from the last drilling program include 8.84 g/t gold over 11.0 metres, 3.40 g/t gold over 25.0 metres and 1.68 g/t gold over 21.0 metres in holes WIN-04-48, WIN-05-52 and WIN-05-54, respectively. A preliminary scoping study is being completed on the F-17 zone to determine minimum requirements to bring the zone into commercial production.

The F-11 Zone strikes northeast and is steeply dipping. It is associated with a 500 metre-long Induced Polarization anomaly. It comprises auriferous, pyrite-magnetite mineralization associated with quartz veining in chloritized rhyolite flows. Recent drill results obtained from this zone include 8.18 g/t gold over 3.0 metres and 3.35 g/t gold across 3.0 metres from holes WIN-05-34 and WIN-05-40, respectively.

The last zone, the F-51 Zone, has to date been drill tested over a strike length and depth extent of about 100 metres. Mineralization consists of a northeast-trending shear zone containing quartz-tourmaline veins and disseminated pyrite. Some of the better latest drill results include 8.61 g/t gold over 2.0 metres (WIN-05-44) and 4.49 g/t gold across 2.0 metres (WIN-05-37).

Additional drilling is warranted at all of the above 3 zones following a summer exploration program of geological mapping, trenching and ground geophysics. This will allow a better understanding of the controls on gold mineralization. It is anticipated that the budget to carry out the said program and follow-up diamond drilling is projected at C\$500,000.

An initial exploration program commenced in May, on the Eagle River gold-copper-zinc property. The objective of the program is to evaluate the base metal potential of a number of airborne electromagnetic anomalies outlined in a helicopter-borne survey completed in 2004. An additional objective is to verify the gold potential of NE and NW-trending shear zones hosted within felsic volcanic rocks. Additional ground geophysics and initial diamond drilling will be contingent upon the results of the initial exploration program.

The Greenshield Option consists of a 49 claim block of ground contiguous with the northern boundary of the Barry property. The property is currently under option from Greenshield Exploration in which Murgor and Freewest have the right to acquire up to a 75% interest in the property from them. Meanwhile Murgor, operator of the project, have completed a historical review of all data pertaining to it. A 50 kilometre line cutting program is planned for the summer followed by a deep-penetrating Induced Polarization survey.

ONTARIO

SUNGOLD

Freewest recently announced a new discovery of high-grade volcanic-hosted massive sulphide mineralization (VHMS) on its 100%-owned Sungold property. The property comprises 93.6 square kilometers and is located 120 kilometres west of Thunder Bay in the Shebandowan greenstone belt of northwestern Ontario.

Highlighting recent sampling of the new discovery are assays of 12.49% copper and 10.01% zinc in one sample and 0.25% copper and 32.80% zinc in another. These samples of massive sulphide were uncovered at the northeast extremity of an 800-metre long trend of base metal mineralization discovered during the course of a Beep Mat survey under 1 metre of snow and up to 1 metre of overburden. Stringer, heavily disseminated and semi-massive sulphide mineralization was

encountered in other sample pits located along stratigraphic trend, an additional 800 metres to the southwest. Mineralization remains completely open-ended along strike. Limited exposure at the mineralized locale, indicate that the host rocks comprise heavily oxidized rhyolitic flows and fragmentals, characterized by chloritic and silicic alteration.

A one (1) kilometer-long airborne electromagnetic anomaly (Geotech VTEM) is coincident with the mineralization. The multi-channel lense-shaped anomaly attains maximum width of about 100 metres along its trend.

Following spring break-up, priority was given to the completion of ground geophysical surveys covering the immediate locale of massive, semi-massive and stringer zone copper-zinc mineralization. To facilitate this, Freewest completed 25 kilometres of horizontal-loop electromagnetic surveys (HLEM), an induced polarization survey (IP), as well as total field magnetic surveys on the Wye Lake discovery located on the Sungold property.

Collectively, the ground geophysical surveys have assisted in defining the mineralized horizon intimately associated with volcanic-hosted copper-zinc mineralization over a strike length of one kilometre. The geophysical surveys in combination with preliminary geological mapping, indicate that the one kilometre-long trend is broken into three distinct segments. The northeast segment is 150 metres long and contains massive sulphide mineralization at its northeastern extremity (up to 12.49% copper and 32.80% zinc). The central segment of the geophysical anomaly is the strongest and most continuous of all and consists of coincident, strong IP, HLEM and magnetic anomalies over a 550 metre strike length. This segment is coincident with mineralized pits yielding assays of up to 3.04% copper and 9.60% zinc obtained from stringer and massive sulphide mineralization. The southwestern segment is 100 metres long and is open along trend to the southwest

In other developments at the Sungold discovery, the Company has received results of a recently completed VTEM airborne geophysical survey flown by Geotech Ltd. The airborne survey was completed to provide a data base over additional ground acquired by Freewest to the southwest of its original discovery. Highlighting the results of the new survey is the definition of one high priority target known as the Island Lake anomaly. This anomaly is comparable to the Wye Lake anomaly (copper-zinc discovery) in terms of its areal extent and apparent conductivity. The Island Lake anomaly is thought to occur at the same stratigraphic level within the volcanic pile as the Wye Lake anomaly and is located four kilometres to the southwest of the latter.

Separately, the Pats Lake anomaly, located 2.4 kilometres to the northeast of the Wye Lake anomaly is also a very prospective target for base metal mineralization.

An extensive integrated exploration program is planned for the Sungold property this field season. It will involve geological mapping, prospecting, trenching as well as diamond drilling. The anticipated cost of this field seasons exploration program is C\$500,000. In 2001, the property was optioned to Teck Cominco, which must incur C\$3,000,000 in exploration

LIZAR

The wholly-owned Lizar property is located within the Kabinakagami greenstone belt in northwestern Ontario. It comprises 79.8 kilometers and is host to a number of new and historic gold and base-metal occurrences. This belt is located about 90 kilometers east of the Hemlo gold mining operations. Prior exploration on the property has been limited due to poor accessibility and the extensive overburden that covers large portions of it. Fortunately, over the last five years, forestry operations in the area have resulted in greatly improved access and were instrumental in the discovery of several new gold occurrences, made by Freewest and the original vendors.

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.

It is estimated that the cost of drilling the gold occurrences is C\$200,000.

LAROSE

The 100%-owned Larose property consisting of 3,546 acres, is located in the Shebandowan greenstone belt, 120 km west of Thunder Bay in northwestern Ontario. Following the discovery of a number of high-grade gold occurrences in 2003, Freewest acquired the property. Under the acquisition agreement, Freewest must incur exploration expenditures of C\$500,000 over a period of four years and the vendors would be entitled to a 3% Net Smelter Return, with the Company retaining the right to purchase 50 % of it.

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.

To test the Main Zone, 30 drill holes were completed in 2003 and 2004. 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.

As a result of corporate strategy, efforts are currently being made to option the Larose property to interested parties.

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.

It is anticipated that diamond drilling programs will be completed by both parties on both properties this field season.

SMOKE LAKE

In August of 2004, Freewest entered into an agreement with CanAlaska Ventures Ltd., whereby CanAlaska was to earn a 100% interest in Freewest's Smoke Lake property.

Initially, CanAlaska may earn an 80% interest by incurring exploration expenditures of \$450,000 by April 26, 2007 and making cash payments of \$165,1000 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 completed programs involving soil sampling in the fall of 2004 and a diamond drilling program in the winter of 2005. The drilling returned only anomalous gold values over relatively narrow widths. Subsequently, CanAlaska terminated their option agreement with Freewest on the property. Freewest in turn, terminated its option agreement with the vending prospectors and returned the property to them.

NEW BRUNSWICK

CLARENCE STREAM

Diamond drilling continued on the Clarence Stream property during early to mid 2005. The wholly-owned property comprises 81 square kilometres and is located close to infrastructure, 70 kilometres south of Fredericton in southwestern New Brunswick.

The highlight of the latest drilling programs at Clarence Stream is the discovery of the A Zone. The A Zone is situated 100 metres to the east of the Central Zone and may represent an extension of it. The Central Zone is a mineral exploration target¹ comprising some 450,000 to 460,000 tonnes grading between 8.0 and 9.0 g/t gold (137,000 ounces of gold).

Drilling has defined the A Zone over a 250 metre strike length and to a vertical depth of 100 metres. The most significant of the A Zone results are 32.24 g/t gold over 5.0 metres (CS05-135), 5.15 g/t gold over 6.5 metres (CS05-136), 6.85 g/t gold across 7.5 metres (CS05-142) and 7.27 g/t gold over 5.0 metres in hole CS05-144). The A Zone is open down-plunge to the west; additional diamond drilling will be completed this summer to in an effort to build a mineral resource on the A Zone.

Among other targets to be drilled this summer are Anomaly B and a high-grade gold-antimony zone in the AD 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 this anomaly are the highest obtained to date from anywhere on the Clarence Stream property.

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. Detailed in-fill drilling will be completed at this site to help delineate this zone. It is anticipated that the exploration budget to complete the drilling this field season is approximately \$300,000.

¹The Central Zone is a mineral exploration target whose quantity and grade are conceptual in nature due to insufficient exploration data. It is uncertain if further exploration will result in the definition of a mineral resource. The tonnage and grade for the mineral exploration target were calculated using the contour method (Roscoe et al. 1991), using a cut-off grade of 3.0 g/t gold, no minimum mining width and a specific gravity of 2.8.

OAK BAY II

The Oak Bay II project comprises 278 hectares and is located 90 kilometres southwest of Fredericton and 15 kilometres west of Freewest's Clarence Stream property, in southwestern New Brunswick.

Detailed geophysical (IP) and soil geochemical surveys as well as diamond drilling were completed in early 2005 on a newly discovered, sheared and altered gabbroic sill, exposed by trenching over a 100-metre strike length. The sill contains appreciable to heavy pyrite, arsenopyrite and pyrrhotite within silicified gabbro over widths ranging from 6 to 20 metres. The average assay of 10 grab samples collected across the mineralized zone is 4.31 g/t gold with assays ranging from 0.18 to 16.57 g/t gold. The new zone known as the Horn Zone had not been previously tested by diamond drilling.

In all, 7 drill holes comprising 436 metres tested the Horn Zone over a strike length of 120 metres and to shallow depth (less than 50 metres). The best result was obtained in hole OB05-07 yielding 5.29 g/t gold over 2.50 metres. The Horn Zone remains open along strike and to depth.

Soil sampling was recently completed at Oak Bay in an effort to trace the strike extensions to the Horn Zone and to discover parallel zones. Results for the soil survey have yet to be received. Further work will be contingent on the soil results but it is anticipated that a total budget of \$50,000 will be sufficient to trench new showings.

GOLDEN RIDGE

This wholly-owned property consisting of 168 claims totaling 6,720 acres, is located in York County, New Brunswick, approximately 80 kilometers west of Fredericton. During the period of 1997 to 1999, Freewest discovered economically significant gold, antimony, and base mineralization hosted within extensive phyllic alteration zones, contained within a large volcanic center approximately 5 kilometres in length and 2 kilometres in width.

Subsequent trenching and drilling of 10 holes by Freewest, resulted in the identification of multiple northwest-trending gold bearing structures, that contain classic low sulphidation, epithermal styles of mineralization. The best drill result of 4.4 g/t gold over 6.0 meters, comprised part of a broader 13.5 meter-wide zone, averaging 2.5 g/t gold. In addition, a number of high-grade antimony-quartz boulders assaying up to 26% antimony were also discovered within a large antimony-in-soil anomaly. The antimony mineralization may be indicative of a classical zoning pattern, typical of epithermal systems located peripheral to a gold-bearing core.

Boulders of fine-grained, banded massive sulphide, were also discovered on the property approximately 2 km north of the identified gold zones. These boulders returned high-grade assays of 20.9% zinc, 15.6% lead, 224 g/t silver and 8.4 g/t gold. Similar grade boulders have also been discovered within the Poplar Mountain Volcanic Complex (PMVC) in Maine. These discoveries strongly suggest the existence of a local source for the massive volcanogenic sulphide style mineralization.

In late 2002, Freewest optioned the property to First Narrows Resources Corp. This option agreement requires First Narrows to spend C\$1,100,000 on exploration over five years in order to earn a 50% interest in the Golden Ridge property.

A significant drill program was conducted by First Narrows to further define the mineralization discovered by Freewest's earlier exploration effort. This recent drilling by First Narrows has resulted in some of the best results to date. These results include: 1.47 g/t gold over 48.9 meters in hole GR-04-11 and 1.23 g/t over 33.2 meters in GR-04-14.

It is anticipated that First Narrows will be completing an exploration program at Golden Ridge this field season. Projected costs at this point are unknown.

RESULTS OF OPERATIONS

Three-month period ended April 30, 2005 compared with three-month period ended April 30, 2004

For the three month ended April 30, 2005, the Corporation reported a net loss of \$1,226,774 or \$0.0133 per share, compared to a net loss of \$333,049 or \$0.0040 per share in the same period of 2004. Revenue totaled \$9,660 at April 30, 2005 as compared to \$18,650 at April 30, 2004. Interest income decreased by \$5,390, as a result of less funds on deposit and lower interest rates. No marketable securities were disposed of during the three-month period ended April 30, 2005 compared to a gain of \$3,600 for the three-month period ended April 30, 2004.

The net income for the three-month period included a write-off due to abandonment of properties of \$775,303 (\$117,818 – April 30, 2004). 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 write-off due to abandonment of properties of \$775,303 included \$533,335 and \$79,862 for the return of the Smoke Lake and the Central Canada projects to the respective vendors and the dropping of the Boucher Brook property (\$64,905).

Expenses excluding the write-off due to abandonment of properties totaled \$461,131 compared to \$233,881 for the three-month period ended April 30, 2004. Professional fees totaled \$53,274 for the three-month period ended April 30, 2005 compared to \$78,934 for the three-month period ended April 30, 2004 and was related to the amount of professional services provided during the period and estimated year-end accruals. Filing costs and shareholders' information decreased by \$24,613 to \$59,719 compared \$84,332 at April 30, 2004 and was due to a decrease in and timing of advertising, promotion, and public relation costs. Administrative expenses and others totaled \$42,756 for the three-month period ended April 30, 2005 as compared to \$60,874 for the three-month period ended April 30, 2004 and related to lower office and associated costs. The cost of Marketable securities was \$422,285 at April 30, 2005 (\$410,385 – April 30, 2004) while their market value was \$313,571 and \$406,094 respectively. The corresponding loss on adjustment of value of Marketable securities was \$94,728 and \$4,291 for the for the three-month period ended April 30, 2005 and 2004 respectively. Stock option compensation expenses as described in the Critical Accounting Policies section totaled \$210,000 for the three-month period ended April 30, 2005 compared to \$Nil for the three-month period ended April 30, 2004. Interest expenses were \$Nil for the three-month period ended April 30, 2005 compared to \$4,631 for the three-month period ended April 30, 2004.

Six-month period ended April 30, 2005 compared with six-month period ended April 30, 2004

For the six- month ended April 30, 2005, the Corporation reported a net loss of \$984,096 or \$0.0107 per share, compared to a net loss of \$707,450 or \$0.0085 per share in the same period of 2004.

Revenue totaled \$40,514 at April 30, 2005 as compared to \$29,606 at April 30, 2004. Interest income decreased by \$5,955, as a result of less funds on deposit and lower interest rates. The gain on the disposal of assets, comprised mainly of marketable securities totaled \$23,795 at April 30, 2005 as compared to \$3,600 (April 30, 2004).

The net loss for the six-month period included a write-off due to abandonment of properties of \$845,588 (\$315,450 – April 30, 2004). The write-off due to abandonment of properties of \$845,588 included \$533,335 and \$79,862 for the return of the Smoke Lake and the Central Canada projects to the respective vendors and the dropping of the Boucher Brook property (\$64,905).

Expenses excluding the write-off due to abandonment of properties totaled \$622,276 compared to \$421,606 for the six-month period ended April 30, 2004. Professional fees totaled \$140,384 for the six-month period ended April 30, 2005 compared to \$130,699 for the six-month period ended April 30, 2004 and was related to an increase in professional services provided during the period and estimated

year-end accruals. Filing costs and shareholders' information decreased by \$15,139 to \$87,940 compared \$103,079 at April 30, 2004 and was due to a decrease in and timing of advertising, promotion, and public relation costs. Administrative expenses and others totaled \$87,104 for the six-month period ended April 30, 2005 as compared to \$101,969 for the six-month period ended April 30, 2004 and related to lower office and associated costs. The cost of Marketable securities was \$422,285 at April 30, 2005 (\$410,385 – April 30, 2004) while their market value was \$313,571 and \$406,094 respectively. The corresponding loss on adjustment of value of Marketable securities was \$95,539 and \$4,291 for the for the six-month period ended April 30, 2005 and 2004 respectively. Stock option compensation expenses as described in the Critical Accounting Policies section totaled \$210,000 for the six-month period ended April 30, 2005 compared to \$75,300 for the six-month period ended April 30, 2004. Interest expenses were \$Nil for the six-month period ended April 30, 2005 compared to \$4,631 for the six-month period ended April 30, 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		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	9,660	30,854	4,086	10,245	18,650	10,956	7,683	61,201	8,387
Net income (loss)	(1,226,774)	242,678	692,343	(270,111)	(333,049)	516,391	(1,739,662)	(901,715)	(287,285)
Net income (loss) per share – basic & diluted	(0.0133)	0.0027	0.0081	(0.0032)	(0.0040)	0.0068	(0.0256)	(0.0136)	(0.0044)

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

Six-month period ended April 30, 2005 compared with six-month period ended April 30, 2004

As at April 30, 2005, the Company maintained a cash and equivalent position of \$1,136,465 (\$2,558,190 as at April 30, 2004) and working capital of \$1,283,416 as compared to a working capital of \$2,819,094 as at April 30, 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 (\$1,343,195 flow-through amount and \$156,360 in common shares amount) compared to \$2,940,000 through five (5) private placements (\$2,055,163 flow-through amount and \$884,837 in common shares amount) for the six-month period ended April 30, 2004. Issue costs related to the financings totaled \$113,027 at April 30, 2005 as compared to \$194,668 at April 30, 2004. A total of \$94,700 was raised through the exercise of options for common shares for the six-month period ended April 30, 2005 as compared to \$14,250 for the six-month period ended April 30, 2004. The Company raised \$537,636 through the exercise of warrants for common shares for the six-month period ended April 30, 2005 as compared to \$562,773 for the six-month period ended April 30, 2004.

MINING PROPERTIES AND DEFERRED COSTS

	October 31, 2004	Expenditures	Proceeds from option agreements	(Write-off)	April 30, 2005
	\$	\$	\$	\$	\$
Quebec					
Benoit					
Acquisition	400,858	1,012	-	-	401,870
Exploration	95,692	-	-	-	95,692
Barry					
Acquisition	145,642	-	-	-	145,642
Exploration	473,252	804	-	-	474,056
Verneuil					
Acquisition	208,956	35	-	-	208,991
Exploration	33,476	-	-	-	33,476
Windfall					
Acquisition	106,818	12,698	-	-	119,516
Exploration	631,351	506,656	-	-	1,138,007
Eagle River					
Acquisition	7,945	52	-	-	7,997
Exploration	122,400	120,726	-	-	243,126
La Treve					
Acquisition	33,501	-	-	-	33,501
Exploration	102,792	(5,371)	-	-	97,421
Others					
Acquisition	18,700	-	-	-	18,700
Exploration	2,200	23,015	-	(23,015)	2,200
	2,383,583	659,627	-	(23,015)	3,020,195
Ontario					
Larose					
Acquisition	44,263	-	-	-	44,263
Exploration	728,091	186,296	-	-	914,387
Lizar					
Acquisition	70,422	10,667	-	-	81,089
Exploration	301,961	624	-	-	302,585
McFaulds					
Acquisition	(39,622)	-	-	-	(39,622)
Exploration	144,756	3,810	-	-	148,566
Sungold					
Acquisition	99,527	15,750	-	-	115,277
Exploration	256,260	240,862	-	-	497,122
Folson Lake					
Acquisition	(8,300)	-	-	-	(8,300)
Exploration	236,022	324	-	-	236,346
Nameigos					
Acquisition	59,566	10,666	-	-	70,232
Exploration	81,228	-	-	-	81,228

MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	October 31, 2004	Expenditures	Proceeds from option agreements	(Write-off)	April 30, 2005
	\$	\$	\$	\$	\$
Ontario (Cont'd)					
New Property					
Acquisition	92,744	10,667	-	-	103,411
Exploration	38,094	-	-	-	38,094
Smoke Lake					
Acquisition	87,902	-	-	(87,902)	-
Exploration	445,433	-	-	(445,433)	-
Central Canada					
Acquisition	23,000	-	-	(23,000)	-
Exploration	56,862	-	-	(56,862)	-
Others					
Acquisition	2,750	31,070	-	-	33,820
Exploration	1,980	119,132	-	(119,132)	1,980
	2,722,939	629,868	-	(732,329)	2,620,478
New Brunswick					
Golden Ridge					
Acquisition	140,740	-	-	-	140,740
Exploration	760,544	-	-	-	760,544
Clarence Stream					
Acquisition	401,835	15,000	-	-	416,835
Exploration	4,311,991	390,415	-	-	4,702,406
Oak Bay II					
Acquisition	21,350	14,844	-	-	36,194
Exploration	18,831	119,882	-	-	138,713
Boucher Brook					
Acquisition	21,980	-	-	(21,980)	-
Exploration	42,925	-	-	(42,925)	-
Others					
Acquisition	(5,902)	300	-	-	(5,602)
Exploration	32,941	25,347	-	(25,339)	32,949
	5,747,235	565,788	-	(90,244)	6,222,779
Stock Option Compensation	81,725	89,500	-	-	171,225
	10,935,482	1,944,783	-	(845,588)	12,034,677

For the six-month period ended April 30, 2005, the Corporation incurred exploration expenditures totaling \$1,732,520 of which \$645,831 was incurred in Quebec; \$551,050 in Ontario and \$535,639 in New Brunswick. The exploration expenditures incurred in Canada were funded through the amount raised from Freewest's private placement equity financings.

ADMINISTRATIVE EXPENSES AND OTHERS

The table below details the amounts included in Administrative Expenses and Others of \$87,104 for the six-month period ended April 30, 2005 (\$101,969 – April 30, 2004):

	April 30, 2005	April 30, 2004
	\$	\$
Office Expenses		
Dues and Subscriptions	2,078	4,365
Postage and Courier	2,020	2,378
Telephone	2,156	1,865
Insurance	11,912	10,340
Office Supplies and Other	21,018	15,993
Recovery	(8,000)	(6,000)
Salaries	43,215	53,198
Rent	11,220	11,144
Interest and Bank Charges	499	505
Foreign Exchange	986	243
Moving Expenses	-	502
Tax on Capital	-	7,436
	87,104	101,969

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	1,343,195
Issuance of shares for cash	713,966	156,360
Issuance of shares on the exercise of warrants	1,765,454	537,636
Issuance of shares on the exercise of stock options	385,000	94,700
Issued and fully paid	96,418,499	31,584,891
Tax benefits renounced on flow-through shares	-	(443,254)
	<u>96,418,499</u>	<u>31,141,637</u>
Balance at end, April 30, 2005 (unaudited)	<u>96,418,499</u>	<u>31,141,637</u>

b) Stock option plan

	Number of Options	Weighted Average Exercise Price
	#	\$
Balance at beginning October 31, 2004 (audited)	6,480,000	0.33
Granted	2,050,000	0.24
Exercised	(385,000)	0.25
Expired	(75,000)	0.31
Balance at end, April 30, 2005 (unaudited)	<u>8,070,000</u>	<u>0.31</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).

The fair value of 1,800,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.70%
Expected volatility	177.0%
Dividend yield	Nil
Weighted average expected life	5.0 years

The expenses related to the 1,800,000 stock options granted to employees on March 11, 2005 were classified under the "Deferred exploration expenses" (\$42,000) and under "Administration" (\$210,000).

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
	#	\$
Balance at beginning October 31, 2004 (audited)	12,854,092	0.34
Granted	3,570,369	0.28
Exercised/Expired	(1,045,454)	0.30
Balance at end, April 30, 2005 (unaudited)	<u>15,379,007</u>	<u>0.33</u>

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 April 30, 2005, the total amount of such services was \$37,800 (2004 - \$37,800).
- (ii) Prepaid expenses included an amount of \$3,275 representing an advance to an officer for upcoming office expenses.
- (iii) The related corporations charged an aggregate amount of \$626,895 (2004 - \$230,715) for mining properties and exploration expenditures.
- (iv) The Corporation charged related corporation an aggregate amount of \$24,077 (2004 - \$6,673) 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 Canadian generally accepted accounting principles (“GAAP”) 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**

	April 30 2005 (Unaudited)	October 31 2004 (Audited)
	\$	\$
ASSETS		
CURRENT		
Cash	769,839	464,393
Cash Held for Exploration Work	366,626	909,612
Marketable Securities (note 4)	313,571	430,110
Accounts Receivable	149,046	45,998
Prepaid Expenses	106,732	35,675
	<u>1,705,814</u>	<u>1,885,788</u>
PROPERTY, PLANT AND EQUIPMENT	38,994	44,877
MINING PROPERTIES AND DEFERRED COSTS	<u>12,034,677</u>	<u>10,935,484</u>
	<u><u>13,779,485</u></u>	<u><u>12,866,149</u></u>
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	275,354	292,249
Due to Related Parties (note 6)	147,044	107,827
	<u>422,398</u>	<u>400,076</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5 a)	31,141,637	29,453,000
STOCK OPTIONS	602,550	303,050
WARRANTS	39,000	39,000
DEFICIT	<u>(18,426,100)</u>	<u>(17,328,977)</u>
	<u>13,357,087</u>	<u>12,466,073</u>
	<u><u>13,779,485</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		Six-month period ended	
	April 30		April 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
REVENUE				
Interest	9,660	15,050	16,719	22,674
Gain on Disposal of Assets	0	3,600	23,795	3,600
Other Income	0	0	0	3,332
	<u>9,660</u>	<u>18,650</u>	<u>40,514</u>	<u>29,606</u>
EXPENSES				
Professional Fees	53,274	78,934	140,384	130,699
Filing Costs and Shareholders' Information	59,719	84,332	87,940	103,079
Administrative Expenses and Others	42,756	60,874	87,104	101,969
Amortization	654	819	1,309	1,637
Interest	0	4,631	0	4,631
Write-off Due to Abandonment of Properties	775,303	117,818	845,588	315,450
Loss on Adjustment of Value of Marketable Securities	94,728	4,291	95,539	4,291
Stock Option Compensation	210,000	0	210,000	75,300
	<u>1,236,434</u>	<u>351,699</u>	<u>1,467,864</u>	<u>737,056</u>
LOSS BEFORE RECOVERY OF INCOME TAXES	(1,226,774)	(333,049)	(1,427,350)	(707,450)
RECOVERY OF INCOME TAXES	<u>0</u>	<u>0</u>	<u>443,254</u>	<u>0</u>
NET LOSS	(1,226,774)	(333,049)	(984,096)	(707,450)
DEFICIT - BEGINNING OF PERIOD	(17,195,899)	(17,376,040)	(17,328,977)	(16,809,596)
ISSUE COSTS	<u>(3,427)</u>	<u>(2,625)</u>	<u>(113,027)</u>	<u>(194,668)</u>
DEFICIT - END OF PERIOD	<u>(18,426,100)</u>	<u>(17,711,714)</u>	<u>(18,426,100)</u>	<u>(17,711,714)</u>
BASIC AND FULLY DILUTED NET LOSS PER SHARE	<u>(0.0133)</u>	<u>(0.0040)</u>	<u>(0.0107)</u>	<u>(0.0085)</u>
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	<u>92,370,023</u>	<u>83,272,234</u>	<u>92,370,023</u>	<u>83,272,234</u>

See accompanying notes
to financial statements.

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

	Three-month period ended		Six-month period ended	
	April 30		April 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Loss	(1,226,774)	(333,049)	(984,096)	(707,450)
Adjustments for:				
Adjustment of Value of Marketable Securities	94,728	4,291	95,539	4,291
Write-off Due to Abandonment of Properties	775,303	117,818	845,588	315,450
Amortization	654	819	1,309	1,637
Stock Option Compensation	210,000	-	210,000	75,300
Recovery of Income Taxes - Future	-	-	(443,254)	-
	<u>(146,089)</u>	<u>(210,121)</u>	<u>(274,914)</u>	<u>(310,772)</u>
Changes in non-cash working capital components				
Marketable securities	-	(114,000)	21,000	(114,000)
Accounts Receivable	(50,127)	(52,188)	(103,048)	(83,044)
Prepaid Expenses	(50,689)	(24,545)	(71,057)	(19,920)
Accounts Payable and Accrued Liabilities	(19,989)	(37,653)	(16,895)	(38,161)
Due to Related Parties	(122,839)	12,895	39,217	90,107
	<u>(243,644)</u>	<u>(215,491)</u>	<u>(130,783)</u>	<u>(165,018)</u>
Cash Flows Used In Operating Activities	<u>(389,733)</u>	<u>(425,612)</u>	<u>(405,697)</u>	<u>(475,790)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of Shares	618,336	-	788,696	1,461,860
Issuance of Flow-Through Shares	-	-	1,343,195	2,055,163
Issue Costs	(3,427)	(2,625)	(113,027)	(91,668)
Cash Flows From Financing Activities	<u>614,909</u>	<u>(2,625)</u>	<u>2,018,864</u>	<u>3,425,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, Plant and Equipment	-	(20,812)	-	(20,812)
Proceeds from Option Agreements	-	25,000	-	25,000
Government Grants	-	7,000	-	7,000
Mining Properties Acquisition Expenditures	(52,085)	(2,861)	(122,762)	(8,436)
Mining Properties Exploration Expenditures	(1,020,996)	(459,487)	(1,732,519)	(963,014)
Mining Properties Acquired by the Issuance of Shares	-	-	-	36,850
Amortization	2,287	3,064	4,574	4,568
Cash Flows Used In Investing Activities	<u>(1,070,794)</u>	<u>(448,096)</u>	<u>(1,850,707)</u>	<u>(918,844)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(845,618)	(876,333)	(237,540)	2,030,721
Cash and cash equivalents - beginning of period	1,982,083	3,434,523	1,374,005	527,469
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>1,136,465</u>	<u>2,558,190</u>	<u>1,136,465</u>	<u>2,558,190</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:				
Cash	769,839	776,847	769,839	776,847
Cash Held for Exploration Work	366,626	1,781,343	366,626	1,781,343
	<u>1,136,465</u>	<u>2,558,190</u>	<u>1,136,465</u>	<u>2,558,190</u>

See accompanying notes
to financial statements.

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
APRIL 30, 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 from the disposition of the properties.

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 April 30, 2005 and the results of operations and cash flows for the three-month and six-month periods ended April 30, 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 April 30, 2005, cost was \$422,285 (October 31, 2004 - \$443,285). Market value at April 30, 2005 was \$313,571 (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	1,343,195
Issuance of shares for cash	713,966	156,360
Issuance of shares on the exercise of warrants	1,765,454	537,636
Issuance of shares on the exercise of stock options	385,000	94,700
Issued and fully paid	96,418,499	31,584,891
Tax benefits renounced on flow-through shares	-	(443,254)
	96,418,499	31,141,637
Balance at end, April 30, 2005 (unaudited)	96,418,499	31,141,637

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
APRIL 30, 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	2,050,000	0.24
Exercised	(385,000)	0.25
Expired	(75,000)	0.31
	<u>8,070,000</u>	<u>0.31</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).

The fair value of 1,800,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.70%
Expected volatility	177.0%
Dividend yield	Nil
Weighted average expected life	5.0 years

The expenses related to the 1,800,000 stock options granted to employees on March 11, 2005 were classified under the "Deferred exploration expenses" (\$42,000) and under "Administration" (\$210,000).

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	3,570,369	0.28
Exercised/Expired	(1,045,454)	0.30
	<u>15,379,007</u>	<u>0.33</u>

FREEWEST RESOURCES CANADA INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
APRIL 30, 2005
(UNAUDITED)

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 April 30, 2005, the total amount of such services was \$37,800 (2004 - \$37,800).

(ii) Prepaid expenses include an amount of \$3,275 representing an advance to an officer for upcoming office expenses.

(iii) The related corporation charged an aggregate amount of \$626,895 (2004 - \$230,715) for mining properties and exploration expenditures.

(iv) The Corporation charged related corporation an aggregate amount of \$24,077 (2004 - \$6,673) 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. SUBSEQUENT EVENTS

During May 2005, the Corporation completed a private placement in the amount of \$1,120,000 for the issuance of 3,500,000 flow-through shares.

8. 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.