

**ALDERSHOT RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

**SIX MONTH PERIOD ENDED**  
**JULY 31, 2005**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended July 31, 2005.

**ALDRESHOT RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited – Prepared by Management)

	July 31, 2005	January 31, 2005 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 223,099	\$ 205,433
Short-term investments	975,910	-
Receivables	12,106	20,290
Prepaid expenses	<u>23,797</u>	<u>3,977</u>
	1,234,912	229,700
<b>Equipment</b> (Note 2)	11,013	3,990
<b>Resource properties</b> (Note 3)	<u>388,616</u>	<u>135,632</u>
	<u>\$ 1,634,541</u>	<u>\$ 369,322</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 22,658	\$ 58,638
Due to related parties (Note 6)	<u>3,817</u>	<u>54,875</u>
	<u>26,475</u>	<u>113,513</u>
<b>Shareholders' equity</b>		
Capital stock (Note 4)		
Authorized		
10,000,000 Series "A" cumulative, redeemable, convertible preferred shares with a par value of \$1.00		
Issued : 505,162 (January 31, 2005 – 744,932)	505,740	744,932
500,000,000 common shares without par value		
Issued : 26,811,872 (January 31, 2005 – 16,985,897)	5,721,013	3,419,663
Share subscriptions receivable (Note 4)	(62,000)	-
Contributed surplus (Note 4)	576,165	291,034
Deficit	<u>(5,132,852)</u>	<u>(4,199,820)</u>
	<u>1,608,066</u>	<u>255,809</u>
	<u>\$ 1,634,541</u>	<u>\$ 369,322</u>

**Nature and continuance of operations** (Note 1)

**On behalf of the Board:**

\_\_\_\_\_  
*"Jeremy Caddy"* Director      \_\_\_\_\_  
*"Ian Adam"* Director

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

**ALDERSHOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

	Three Month Period Ended July 31, 2005	Three Month Period Ended July 31, 2004	Six Month Period Ended July 31, 2005	Six Month Period Ended July 31, 2004
<b>EXPENSES</b>				
Exploration costs (Note 3)	\$ 64,480	\$ 154,036	\$ 82,805	\$ 300,233
Administration and secretarial	20,887	-	30,938	-
Amortization	934	340	1,200	435
Bank charges	738	98	1,127	397
Consulting	6,178	7,054	40,652	18,059
Foreign exchange (gain) loss	37,196	3,485	22,823	13,918
Investor relations	42,074	27,720	69,066	32,586
Management fees	20,000	24,167	40,000	33,667
Professional fees	27,611	28,430	59,687	43,305
Property investigation	45,997	-	55,891	-
Regulatory, and trust company fees	9,895	6,507	26,048	16,306
Office and rent	17,270	8,097	24,841	16,510
Shareholder costs	1,574	2,658	2,912	2,658
Stock-based compensation	-	-	309,382	248,833
Travel and related	37,016	3,576	67,693	11,560
Website design and maintenance	(956)	5,529	3,100	5,780
<b>Loss before other items</b>	<b>(340,945)</b>	<b>(271,697)</b>	<b>(838,165)</b>	<b>(744,247)</b>
<b>OTHER ITEM</b>				
Interest income	150	1,648	150	2,221
Write-down of mineral properties (Note 3)	-	-	(95,017)	-
	150	1,648	(94,867)	2,221
<b>Net loss for the period</b>	<b>(340,795)</b>	<b>(270,049)</b>	<b>(933,032)</b>	<b>(742,026)</b>
<b>Deficit, beginning of period</b>	<b>(4,792,057)</b>	<b>(3,363,096)</b>	<b>(4,199,820)</b>	<b>(2,891,119)</b>
<b>Deficit, end of period</b>	<b>\$ (5,132,852)</b>	<b>\$ (3,633,145)</b>	<b>\$ (5,132,852)</b>	<b>\$ (3,633,096)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>	<b>\$ (0.06)</b>
<b>Weighted average number of shares outstanding</b>	<b>25,582,314</b>	<b>12,369,897</b>	<b>22,493,945</b>	<b>12,141,435</b>

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

**ALDRESHOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three Month Period Ended July 31, 2005	Three Month Period Ended July 31, 2004	Six Month Period Ended July 31, 2005	Six Month Period Ended July 31, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (340,795)	\$ (270,049)	\$ (933,032)	\$ (742,026)
Items not affecting cash:				
Amortization	934	340	1,200	435
Stock-based compensation	-	-	309,382	248,833
Write-down of mineral property	-	-	95,017	-
Changes in non-cash working capital items:				
Receivables	(790)	9,320	8,184	26,868
Prepaid expense	(15,671)	5,979	(19,820)	3,296
Accounts payable and accrued liabilities	<u>(60,048)</u>	<u>14,601</u>	<u>(35,979)</u>	<u>17,897</u>
Cash used in operating activities	<u>(416,370)</u>	<u>(239,809)</u>	<u>(575,048)</u>	<u>(444,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Due to related party	-	74,679	(51,058)	105,002
Share subscriptions (receivable) received	26,800	-	(62,000)	340,000
Proceeds from issuance of capital stock	220,300	-	1,886,670	72,250
Issue costs	<u>(7,672)</u>	<u>-</u>	<u>(58,765)</u>	<u>-</u>
Cash provided by financing activities	<u>239,428</u>	<u>74,679</u>	<u>1,694,847</u>	<u>517,252</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of equipment	(4,217)	-	(8,223)	(3,264)
Resource property acquisition costs	(102,000)	-	(118,000)	-
Short-term investments (acquisition) redemption	<u>(375,910)</u>	<u>150,000</u>	<u>(975,910)</u>	<u>250,000</u>
Cash provided by (used in) investing activities	<u>(482,127)</u>	<u>150,000</u>	<u>(1,102,133)</u>	<u>246,736</u>
<b>Increase (decrease) in cash position during period</b>	<b>(659,069)</b>	<b>(15,130)</b>	<b>17,666</b>	<b>319,291</b>
<b>Cash position, beginning of period</b>	<b><u>882,168</u></b>	<b><u>443,809</u></b>	<b><u>205,433</u></b>	<b><u>109,388</u></b>
<b>Cash position, end of period</b>	<b>\$ 223,099</b>	<b>\$ 428,679</b>	<b>\$ 223,099</b>	<b>\$ 428,679</b>
Cash paid during the period for interest	\$ -	\$ -	\$ -	\$ -
Cash paid during the period for income taxes	-	-	-	-

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

**ALDERSHOT RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JULY 31, 2005  
(Unaudited – Prepared by Management)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Aldershot Resources Ltd. (“the Company”), which was incorporated on September 8, 1987 under the name of Quattro Resources Ltd, commenced operations on October 4, 1996, is engaged in the acquisition, exploration and development of precious gem and metal properties. These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business.

These interim consolidated financial statements include the financial statements of the Company, which is the accounting subsidiary and its accounting parent, Can-Dore Diamond Mining Corporation (“Can-Dore”). Significant inter-company transactions have been eliminated on consolidation.

These interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period consolidated statements should be read together with the Company’s audited consolidated financial statements and the accompanying notes for the year ended January 31, 2005. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	July 31, 2005	January 31, 2005
Working capital	\$ 1,208,437	\$ 116,187
Deficit	(5,132,852)	(4,199,820)

**2. EQUIPMENT**

	July 31, 2005			January 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 5,993	\$ 4,763	\$ 1,230	\$ 5,994	\$ 4,626	\$ 1,368
Computer equipment	13,349	3,566	9,783	5,124	2,502	2,622
	\$ 19,342	\$ 8,329	\$ 11,013	\$ 11,118	\$ 7,128	\$ 3,990

**ALDERSHOT RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2005**  
(Unaudited – Prepared by Management)

**3. RESOURCE PROPERTIES**

The Company entered into agreements to acquire interests in resource properties as follows:

	July 31, 2005	January 31, 2005
Terre de Oro Mining Property, Chile	\$ -	\$ 33,479
Hornitos Group of Claims, Chile	32,000	16,000
Ripplesea Joint Venture, Western Australia	24,616	86,153
Fields Find Gold Property, Western Australia	-	-
Yuinmery Uranium Project, Western Australia	-	-
Turee Creek Uranium Project, Western Australia	-	-
Northern Territory Uranium Project, Western Australia	-	-
Zambia Uranium Project, Zambia, Africa	-	-
Quebec Uranium Claims, Canada	52,000	-
British Columbia Uranium Claims, Canada	280,000	-
	<u>\$ 388,616</u>	<u>\$ 135,632</u>

**Terre de Oro Mining Property - Chile**

(a) Las Lomitas Project

During the six month period ended July 31, 2005, the Company decided that it would not be continuing with this project. As a result, it wrote-off all costs associated with the project. This amounted \$33,479 being written off.

(b) San Joint Venture – Chile

The Company entered into a Letter of Intent with International PBX dated June 18, 2004, to create a new Joint Venture project to be known as the “San Joint Venture” involving three concessions in which the two parties each hold a 50% contributing and participating interest. No funds have been spent or committed at July 31, 2005.

**Hornitos Group of Claims – Chile**

On August 20, 2004, the Company entered into an option agreement with International PBX Ventures Ltd (“PBX”) to explore PBX’s Hornitos property in Region III, Northern Chile. The Hornitos claims cover an area of 3,200 hectares. Pursuant to the terms of the agreement, the Company can earn a 65% interest in the claims by paying PBX a total of \$370,000 over a four year period (\$32,000 paid in cash to date) and spending \$1,300,000 in an exploration work program over the same period, as set out in the table below:

	Cash reimbursements	Exploration expenditures
February 20, 2005	\$ 16,000	\$ 130,000 best efforts
August 20, 2005	30,000	130,000
August 20, 2006	60,000	130,000
August 20, 2007	100,000	390,000
August 20, 2007	148,000	520,000

**3. RESOURCE PROPERTIES (cont'd...)**

**Ripplesea Joint Venture - Western Australia**

On December 6, 2002, the Company entered into a letter of intent with Ripplesea Pty Ltd of Perth, Western Australia, in respect of seven exploration licences in the East Kimberley region of Western Australia (E80/2924-2930). The tenements covered approximately 900 square kilometres and the Company acquired a 50% interest in the seven exploration licences in consideration for AUD\$100,000 (Cdn\$86,153). The Company also has the right to earn an additional 25% interest, for a total 75%, if the Company funds all exploration, as per the requirements of the Western Australian Mining Act, and undertakes all exploration, reporting and related requirements, up to and including the completion of a bankable feasibility study. During the year ended January 31, 2005, the Company determined that no further work will be done on the JV's tenements at Black Duck and Ruby Plains. As a result, the tenements have been dropped. This resulted in a write-down of \$61,538 on the five exploration licences. The remaining two exploration licences cover an area of 175 square kilometers and exploration activities are continuing. Ripplesea Pty Ltd. is at arm's length to the Company.

**Fields Find Gold Property - Western Australia**

The Company entered into The Fields Find Farm-in and Joint Venture Heads of Agreement on December 24, 2003 with Thundelarra Exploration Ltd. ("Thundelarra") covering 11 prospecting licences, 8 exploration licences, one mining lease and 4 mining lease applications covering 488.56 square km located 420 kilometres north of Perth. Subsequently to this, Thundelarra entered into a deed of assignment with United Gold Ltd ("United") of Perth Western Australia. Consequently, the Company's assignment agreement is now with United.

Under the terms of the Letter of Agreement, the Company will be entitled to earn up to 60% in the tenements wholly owned by United by the expenditure of AUD\$600,000 by December 24, 2006. As reimbursement for Thundelarra's previous expenditures on the said tenements 1,000,000 common shares in the capital of the Company at a deemed price of \$0.15 were issued to Thundelarra during the year ended January 31, 2005.

Thundelarra is a related party with the Company by virtue of common directors. The Fields Find transaction is a "related party transaction" as defined in the policies of the TSX Venture Exchange and "minority shareholder approval" for its execution was required. Minority Shareholder Approval is defined by the policies of the Exchange as being approval by a majority of shareholders that are independent of the transaction for which approval is sought. A resolution was approved by the shareholders of the Company at a Special General Meeting held on July 16, 2004.

**Yuinmery Uranium Project – Western Australia**

The Company applied for exploration licence ELA57/593 on December 1, 2004, with an area of approximately 75 square kilometres covering a highly prospective uranium indicated mineral resource, the Yuinmery Uranium Project. The exploration licence is located in the East Murchison mining field near the town of Yuinmery 480 kilometres north east of Perth, Western Australia.

**Turee Creek Uranium Project – Western Australia**

On May 14, 2004, the Company obtained a 100% interest in Exploration License E52/1763, a tenement that covers approximately 50 square kilometres of prospective terrain located about 110km west of the Newman township in the Pilbarra Region of Western Australia.

**3. RESOURCE PROPERTIES (cont'd...)**

**Northern Territory Uranium Project - Australia**

Up until May 25, 2005, the Company has applied for a total of 11 exploration licences in the Northern Territory of Australia (ELA 24563, ELA 24550, ELA 24571, ELA 24561, ELA 24574, 24575 and 24576, ELA 24555, ELA 24556, ELA 24557 and ELA 24558). These licences are located throughout the Northern Territory.

**Zambia Uranium Project – Zambia, Africa**

On April 12, 2005, the Company has applied for two Prospecting Licences in Zambia, Africa. The Kariba Prospecting Licence is located in the Southern Province of Zambia and along the northern shores of Lake Kariba. It covers an area of approximately 1,673 square kilometers. The Chisasa-Kawanga Prospecting Licence is located in the North Western Province. It covers an area of approximately 1,202 square kilometers.

**Quebec Uranium Claims, Canada**

The Company has entered into option agreements on May 25, 2005 for the right to acquire a 100% interest in three groups of mineral claims in the Province of Quebec in Canada. The first group, known as the Pool Group, comprise of 42 claims located in Huddersfield and Clapham Townships. The second group, known as the Halliwell Group, comprise of 17 claims located in Huddersfield, Clapham and Pontefract Townships. The third group, known as the Hupon Group, comprise of 6 claims located in Huddersfield Township. In addition, the Company has staked 185 contiguous claims in order to square off its holding in the Province of Quebec.

a) Pool Group

Pursuant to the terms of the agreement, the Company may earn its 100% interest by paying \$140,000, issuing 750,000 common shares and incur exploration expenditures of \$500,000 over a five year period. The Company is paid the vendor \$15,000 upon receiving regulatory approval and is obligated to carry out exploration expenditures of \$50,000 during the first year.

b) Halliwell Group

Pursuant to the terms of the agreement, the Company may earn its 100% interest by paying \$100,000, issuing 500,000 common shares and incur exploration expenditures of \$400,000 over a five year period. The Company paid the vendor \$10,000 upon receiving regulatory approval and is obligated to carry out exploration expenditures of \$40,000 during the first year.

c) Hupon Group

Pursuant to the terms of an agreement dated June 28, 2005, the Company may earn its 100% interest by paying \$36,000, issuing 175,000 common shares over a four year period and incurring exploration expenditures of \$100,000 over a five year period. The Company is obligated to pay the vendor \$3,000 and issue 35,000 common shares upon receiving regulatory approval and to carry out exploration expenditures of \$10,000 during the first year.

**British Columbia Uranium Claims, Canada**

The Company has entered into an option agreement dated June 28, 2005 to acquire a 100% interest in five groups of mineral claims located in the province of British Columbia in Canada. Pursuant to the agreement, the Company issued 1,000,000 and paid \$50,000. A 2% net smelter return royalty is also payable with advance royalties of \$10,000 per property group is payable annually on the anniversary date of the acquisition so long as the Company retains an interest in the property. The five prospective uranium properties cover 115 claim blocks totaling approximately 34,000 hectares.

**ALDERSHOT RESOURCES LTD.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2005

(Unaudited – Prepared by Management)

**3. RESOURCE PROPERTIES (cont'd...)**

The following is a summary of exploration and development costs incurred by the Company related to its mineral property interests, and charged to operations.

<b>2005</b>	Las Lomas Project	Hornitos Group of Claims	Ripplesea Joint Venture	Fields Find Gold Property	Yuinmery Uranium Project	Northern Territory Project	Quebec Uranium Claims	British Columbia Uranium Claims	Total
Geological consulting	\$ -	\$ -	\$ 1,996	\$ 16,538	\$ -	\$ 19,299	\$ 3,588	\$ -	\$ 41,421
Maintenance and licence fees	-	4,982	964	19,021	6,908	13,277	-	500	45,652
Maps and reproduction	-	-	-	-	-	8,141	-	-	8,141
Mineral resource database	-	567	-	-	-	-	-	-	567
Recovery of costs	(6,488)	(6,488)	-	-	-	-	-	-	(12,976)
<b>Total exploration costs for the period</b>	<b>\$ (6,488)</b>	<b>\$ (939)</b>	<b>\$ 2,960</b>	<b>\$ 35,560</b>	<b>\$ 6,908</b>	<b>\$ 40,717</b>	<b>\$ 3,588</b>	<b>\$ 500</b>	<b>\$ 82,805</b>

**ALDERSHOT RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2005**  
(Unaudited – Prepared by Management)

**4. CAPITAL STOCK**

**Common Shares**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
500,000,000 common shares without par value			
Issued			
Balance as at January 31, 2005	16,985,897	\$ 3,419,663	\$ 291,034
Private placements	5,000,307	1,440,095	-
Finder's fees	22,400	6,944	-
Exercise of stock options	100,000	25,000	-
Exercise of share purchase warrants	2,746,500	401,575	-
Preferred shares converted to common shares	956,768	239,192	-
Shares issued pursuant to property agreement	1,000,000	230,000	-
Contributed surplus on the exercise of stock options		24,253	(24,253)
Share issue costs	-	(65,709)	-
Stock based compensation	-	-	309,382
Balance as at July 31, 2005	26,811,872	\$ 5,721,013	\$ 576,163

During the six month period ended July 31, 2005, the Company completed a 4,000,307 unit private placement at \$0.31 per unit for gross proceeds of \$1,240,095. Each unit is comprised of one common share and a non-transferable share purchase warrant. Two warrants entitle the holder to acquire one common share for \$0.41 per share until April 18, 2007. The Company paid a 7% cash finder's fee of \$45,787 to three separate parties (\$38,843 in cash and \$6,944 as 22,400 units with the same terms as the private placement). An amount of \$62,000 has been recorded as share subscriptions receivable from the private placement which represents a portion of the private placement funds which had not been received at July 31, 2005 (see subsequent events Note 9(f)).

During the six month period ended July 31, 2005, the Company issued 2,746,500 common shares for gross proceeds of \$401,575 pursuant to the exercise of share purchase warrants.

On February 25, 2005, the Company issued 1,000,000 common shares at \$0.20 per unit for gross proceeds of \$200,000 pursuant to a non-brokered private placement. Each unit consists of one common share and one warrant exercisable at \$0.25 until February 25, 2006 and \$0.30 until February 25, 2007.

During the six month period ended July 31, 2005, the Company issued 956,768 common shares at a deemed price of \$0.25 per share pursuant to the conversion of 239,192 preferred shares.

During the period six month period July 31, 2005, the Company issued 1,000,000 common shares at a deemed price of \$0.23 per shares pursuant to a property option agreement related to the mineral claims in British Columbia (See Note 3).

**ALDERSHOT RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2005**  
(Unaudited – Prepared by Management)

**4. CAPITAL STOCK (cont'd...)**

**Preferred shares**

The Company has authorized Series “A” Cumulative, Redeemable, Convertible Preferred share capital of 10,000,000 shares of \$1.00 par value each. As of July 31, 2005 the Company had 505,162 (January 31, 2005 – 744,932) preferred shares issued and outstanding. These shares carry a 10% dividend, are convertible to common shares at the ratio of one preferred share for four common shares. They are not convertible for the first 12 months and thereafter 25% may be converted every 12 months. The Company can, at any time, redeem all, but not less than all, of the preferred shares at a price of \$1.00 per share. The Company will also issue shares in payment of all outstanding dividends, declared and undeclared. If none of the holders of the preferred shares convert them into common shares by October 21, 2006, then all the preferred shares will be automatically converted into 2,979,728 common shares at a deemed price of \$0.25 per share.

At July 31, 2005, cumulative undeclared dividends of \$184,895 (January 31, 2005- \$148,986) were due to the holders of these shares.

**Stock options**

The Company, in accordance with the policies of the TSX-V, may grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant less a discount in accordance with TSX-V policies. The options can be granted for a maximum term of 5 years.

A summary of the stock options outstanding at July 31, 2005:

Number Outstanding January 31, 2005	Granted	Exercised	Cancelled	Expired	Number Outstanding July 31, 2005	Exercise Price Per Share	Expiry Date
1,200,000	-	100,000	-	-	1,100,000	\$ 0.25	April 1, 2009
350,000	-	-	-	-	350,000	\$ 0.25	November 9, 2009
-	925,000	-	-	-	925,000	\$ 0.28	April 21, 2010
1,550,000	925,000	100,000	-	-	2,375,000		

**ALDERSHOT RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2005**  
(Unaudited – Prepared by Management)

**4. CAPITAL STOCK (cont'd...)**

**Warrants**

A summary of the share purchase warrants outstanding at July 31, 2005:

Number Outstanding January 31, 2005	Granted	Exercised	Cancelled	Expired	Number Outstanding July 31, 2005	Exercise Price Per Share	Expiry Date
2,124,000	-	2,106,500	-	17,500	-	\$ 0.15	May 27, 2005
1,200,000	-	40,000	-	-	1,160,000	\$ 0.19	January 22, 2006
1,000,000	-	-	-	-	1,000,000	\$ 0.19	February 20, 2005 or February 20, 2006
-	1,000,000	-	-	-	1,000,000	\$ 0.25	February 25, 2006 or February 25, 2007
-	2,000,154	-	-	-	2,000,154	\$ 0.41	April 18, 2007
-	11,200	-	-	-	11,200	\$ 0.41	April 18, 2007
4,324,000	3,011,354	2,146,500	-	17,500	5,171,354		

**5. STOCK-BASED COMPENSATION**

During the six month period ended July 31, 2005, the Company granted 925,000 stock options to employees, directors and officers. The estimated fair value of these options is recorded as \$309,382 at a weighted average fair value of \$0.33 per option. This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following assumptions were used for Black-Scholes valuation of the stock options granted during the period:

Risk-free interest rate	3.47%
Expected life of options	5 years
Annualized volatility	132.87%
Dividend rate	0.00%

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JULY 31, 2005**  
(Unaudited – Prepared by Management)

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

		2005	2004
Director	(a) \$	40,000	\$ 31,667
Director	(b)	5,251	6,505
Director	(c)	15,538	5,178
Former officer	(d)	9,735	11,652
Director and former officer	(e)	115,821	66,369

- a) Paid or accrued management fees of \$40,000 (2004 - \$31,667) to a director of the Company.
- b) Paid or accrued consulting fees of \$5,251 (2004 - \$6,505) to a company controlled by a director of the Company.
- c) Paid or accrued geological consulting fees (part of exploration costs) of \$15,538 (2004 - \$5,178) to a director of the Company.
- d) Paid or accrued legal fees of \$9,735 (part of professional fees) (2004 - \$11,652) to a legal firm which a former officer of the Company is a partner.
- e) Undeclared dividends on preferred shares of \$115,821 (2004 - \$66,369) are due to a director and officer of the Company.

The following amounts due to related parties are non-interest bearing and have no specific terms of repayment:

	July 31, 2005	January 31, 2005
Thundelarra Explorations Ltd.	\$ 817	\$ 51,875
Director	<u>3,000</u>	<u>3,000</u>
	\$ 3,817	\$ 54,875

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

**ALDERSHOT RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Unaudited – Prepared by Management)

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**7. SEGMENTED INFORMATION**

All of the Company's operations are in the mineral resource exploration industry with its principal business activity in the acquisition and development of mineral resource properties. The Company has mineral resource properties located in Chile, Australia, Africa and Canada.

At July 31, 2005, the total amount of assets attributable to Chile is \$32,900 (January 31, 2005 - \$50,379), the total amount attributable to Australia is \$496,055 (January 31, 2005 - \$243,317), the total amount attributable to Africa is \$87 (January 31, 2005 - \$Nil) and the total amount attributable to Canada is \$1,105,499 (January 31, 2005 - \$75,626). Exploration costs (recoveries) incurred during the current period in Chile was \$(7,427), Australia was \$86,145 and Canada was \$4,088.

**8. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

**9. SUBSEQUENT EVENTS**

Subsequent to July 31, 2005, the Company:

- a) Issued 600,000 common shares for gross proceeds of \$126,000 pursuant to the exercise of warrants.
- b) On August 2, 2005 issued 250,000 common shares pursuant to a mineral property agreement.
- c) On September 7, 2005, issued 35,000 common shares pursuant to the Hupon mineral property agreement.
- d) Granted 325,000 stock options to directors, officers, employees and consultants of the Company exercisable at \$0.24 per share expiring August 4, 2010.
- e) Received \$31,000 in share subscriptions receivable and cancelled 100,000 units at \$0.31 per unit related to a private placement completed on April 18, 2005. The balance in subscriptions receivable is \$Nil (See note 4).