

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Interim Financial Statements of

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

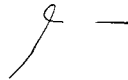
Unaudited (prepared by management)

August 15, 2004

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed the unaudited financial statements for the period ended August 15, 2004.



James Stypula
Chief Executive Officer



Eric Wiltzen
Chief Financial Officer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)
Consolidated Balance Sheet - Interim
(Unaudited – prepared by management)

As at August 15, 2004, with comparative figures for the year ended November 15, 2003

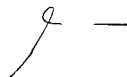
	2004	2003
Assets		
Current assets		
Cash and term deposits	\$ -	\$ 269,123
Receivables	11,201	47,870
BC mining exploration tax credits recoverable (Notes 1 and 11)	420,564	490,358
Prepaid expenses	44,680	22,958
	476,445	830,309
Reclamation Bond	25,000	25,000
Investment in Far West securities available for sale (Note 2)	2,386,680	2,114,870
Mineral properties and deferred exploration costs (Note 1)	5,746,063	5,596,185
Equipment (Note 3)	9,549	21,070
	\$ 8,643,737	\$ 8,587,434

Liabilities and Shareholders' Equity

Current liabilities		
Bank indebtedness	\$ 22	\$ -
Accounts payable and accrued liabilities	61,071	108,902
	61,093	108,902
Shareholders' equity		
Capital stock (Note 4)	28,232,165	27,738,165
Subscriptions receivable	(20,000)	(20,000)
Contributed surplus (Note 7)	324,291	-
Deficit accumulated in the exploration stage	(19,953,812)	(19,239,633)
	8,582,644	8,478,532
	\$ 8,643,737	\$ 8,587,434

Contingent liability (Note 9)

Approved on behalf of the Board:



Eric Wiltzen, Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statement of Operations and Deficit - Interim
(Unaudited – prepared by management)

Nine months ended August 15	2004	2003
Expenses		
Amortization	\$ 1,763	\$ 3,555
Contractors	25,000	-
Exploration (Note 1)	66,067	2,694
Insurance	31,202	44,417
Management fees (Note 8)	135,000	135,000
Office	37,433	47,664
Professional fees	87,994	119,959
Rent	8,947	5,928
Stock option compensation (Note 7)	324,291	-
Transfer agent and filing fees	22,650	34,900
Travel	58,978	66,873
Wages and employee benefits	78,335	254,876
Loss before other expenses	877,660	715,866
Other expenses (income)		
Deferred exploration and development costs written off (Note 1)	82,565	147,431
Interest income	(988)	(6,591)
Foreign exchange loss	12,505	21,822
Gain on disposal of equipment	(368)	-
Gain on sale of investment	(257,195)	-
	(163,481)	162,662
Loss for the period	714,179	878,528
Deficit, beginning of period	19,239,633	18,350,674
Deficit, end of period	\$19,953,812	\$ 19,229,202
Basic and diluted loss per share	\$ 0.01	\$ 0.04

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statement of Operations and Deficit - Interim
(Unaudited – prepared by management)

Three months ended August 15	2004	2003
Expenses		
Amortization	\$ 588	\$ 2,913
Contractors	25,000	-
Exploration	32,136	754
Insurance	10,508	22,050
Management fees	45,000	45,000
Office	6,201	19,549
Professional fees	12,802	22,163
Rent	1,482	741
Stock option compensation	165,324	-
Transfer agent and filing fees	3,919	3,180
Travel	17,141	13,327
Wages and employee benefits	24,211	125,045
Loss before other expenses	344,312	254,722
Other expenses (income)		
Interest income	(12)	(5,202)
Foreign exchange loss	468	12,455
Gain on sale of investment	(91,533)	-
	(91,077)	7,253
Loss for the period	253,235	261,975
Deficit, beginning of period	19,700,577	18,967,227
Deficit, end of period	\$19,953,812	\$19,229,202
Basic and diluted loss per share	\$ 0.00	\$ 0.04

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statement of Cash Flows - Interim
(Unaudited – prepared by management)

Nine months ended August 15	2004	2003
Cash provided by (used in)		
Operating		
Loss for the period	\$ (714,179)	\$ (878,528)
Amortization which does not involve cash	1,763	3,555
Gain on sale of capital assets	(368)	-
Gain on sale of investments	(257,195)	-
Stock option compensation	324,291	-
Mineral properties and deferred exploration and development costs written off (Note 1)	82,565	147,431
Change in non-cash operating working capital:		
Receivables	36,669	(65,719)
Prepaid expenses	(21,722)	-
Accounts payable and accrued liabilities	(47,831)	116,293
	(596,007)	(676,968)
Financing		
Capital stock issued	449,000	2,768,545
Investing		
Receivable from directors	-	744,438
Proceeds from sale of equipment	15,500	-
Proceeds from sale of investments	338,642	-
Purchase of investments	(358,631)	-
Mineral properties and deferred exploration and development costs	(117,649)	(1,828,785)
	(122,138)	(1,084,347)
Increase (decrease) in cash	(269,145)	1,007,230
Cash and term deposits, beginning of period	269,123	160,646
Cash and term deposits (bank indebtedness), end of period	\$ (22)	\$ 1,167,876
Supplementary Cash Flow Information		
Taxes paid	\$ -	\$ -
Interest paid	-	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Consolidated Statement of Cash Flows - Interim
(Unaudited – prepared by management)

Three months ended August 15	2004	2003
Cash provided by (used in)		
Operating		
Loss for the period	\$ (253,235)	\$ (261,975)
Amortization which does not involve cash	588	2,913
Stock option compensation	165,324	-
Gain on sale of investments	(91,533)	-
Change in non-cash operating working capital:		
Receivables	6,055	(14,967)
Prepaid expenses	(11,180)	-
Accounts payable	24,342	144,982
	(159,639)	(129,047)
Financing		
Capital stock issued	-	25,000
Investing		
Receivable from directors	-	756,780
Proceeds from sale of investments	148,459	-
Mineral properties and deferred exploration and development costs	(41,949)	(752,030)
	106,510	4,750
Decrease in cash	(53,129)	(99,297)
Cash and term deposits, beginning of period	53,107	1,267,173
Cash and term deposits (bank indebtedness), end of period	\$ (22)	\$ 1,167,876
Supplementary Cash Flow Information		
Taxes paid	\$ -	\$ -
Interest paid	-	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Summary of Significant Accounting Policies
(Unaudited – prepared by management)

August 15, 2004

Significant accounting policies

Interim financial statements

All figures as at and for the periods ended August 15, 2004 and 2003 are unaudited. The financial statements included herein, presented in accordance with generally accepted accounting principles in Canada for interim financial statements and stated in Canadian dollars, have been prepared by the company, without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information presented not misleading.

The statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for the fair presentation of the information contained herein. These interim financial statements should be read in conjunction with the financial statements for the year ended November 15, 2003 and notes thereto included in the company's Annual Report. The company follows the same accounting principles in the preparation of interim reports.

Results of operations and mineral exploration activity for interim periods may not be indicative of annual results.

Ability to continue as a going concern

Chapleau Resources Ltd. is engaged in the mining industry at the exploration stage. At the exploration stage, a resource company has not determined whether its properties contain reserves that are economically recoverable, nor has it achieved revenue from production. These conditions raise substantial doubt about the company's ability to continue as a going concern.

These financial statements are prepared on the basis of accounting principles applicable to a "going concern", which assume that the company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The company's continued existence is dependent upon raising additional financing, the discovery of economically recoverable ore reserves in its properties and the attainment of profitable operations. While the company is expending its best efforts to achieve these plans, there is no assurance that any such activity will generate funds that will be available for operations.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be required in the carrying value of assets.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Summary of Significant Accounting Policies
(Unaudited – prepared by management)

August 15, 2004

Significant accounting policies

Basis of Consolidation

These financial statements are prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the Company, and its wholly owned subsidiary, Chapleau Resources (USA) Ltd. All intercompany balances and transactions are eliminated on consolidation.

Subsidiary

Chapleau Resources (USA) Ltd is incorporated in the state of Alaska in the United States of America and holds the Company's rights to the Indian Ranch, NV group of claims.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

1. Mineral properties and deferred exploration and development costs

Properties

	Balance November 15, 2003	Option payment during the period	Expenditures during the period	Written-off during the period	Balance August 15, 2004
Cruz, BC	\$ 545,385	\$ -	\$ 2,011	\$ -	\$ 547,396
Indian Ranch, NV	3,132,153	-	(3,166)	-	3,128,987
Quartz Creek, BC	47,028	-	-	47,028	-
Bar 19, BC	833,697	-	1,478	-	835,175
Zinger, BC	627,505	55,000	23,556	-	706,061
Super Group					
Gold, BC	638,125	-	45,156	-	683,281
Cranbrook					
Gold, BC	202,212	-	1,920	-	204,132
La Pampa Copper, Argentina	-	-	24,929	-	24,929
Hoarfrost, NWT	24,997	-	11,669	-	36,666
Other	35,441	-	96	35,537	-
	\$6,086,543	\$ 55,000	\$ 107,649	\$ 82,565	6,166,627
Less BC mining exploration tax credits claimed (Note 11)					420,564
					\$ 5,746,063

Exploration costs expensed

During the period ended August 15, 2004 the company expensed \$66,067 (2003 - \$2,694) of exploration costs related to geological and geochemical work performed on mineral claims that have not been pursued.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

1. Mineral properties and deferred exploration and development costs (continued)

Detail of expenditures during the period

	La Pampa Copper, Argentina	Zinger, BC	Super Group Gold, BC	Other	2004	2003
Drilling	\$ 262	\$ 6,517	\$ 9,625	\$ 1,921	\$ 18,325	\$ 870,471
Geochemical	-	-	5,330	288	5,618	206,260
Geology	20,675	16,419	13,936	1,237	52,267	265,844
Geophysics	3,992	621	-	88	4,701	2,145
Staking	-	-	1,000	-	1,000	171,524
Tenure Payments	-	-	15,265	10,473	25,738	36,457
	\$24,929	\$ 23,557	\$ 45,156	\$ 14,007	\$ 107,649	\$ 1,552,701

New property agreements entered into during the period

Hoarfrost – North West Territories

On February 10, 2004, the company entered into an agreement with 953725 NWT Limited to increase its interest in certain mineral claims known collectively as the Hoarfrost claims.

At the date of these financial statements, the company held a 35% interest in the property, and 953725 NWT Limited held a 65% interest in the property.

The agreement transfers a 50% interest in the property to the company in return for the company's commitment to expend a total of \$2.5 million in exploration on the claims as follows:

- (a) \$400,000 on or before December 31, 2004;
- (b) an additional \$600,000 on or before December 31, 2005;
- (c) an additional \$750,000 on or before December 31, 2006;
- (d) an additional \$750,000 on or before December 1, 2007.

Upon completion of the expenditures, the company shall have earned a total interest in the claims of 85%. 953725 NWT Limited retains a 3 1/2% NSR royalty interest in the property.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

1. Mineral properties and deferred exploration and development costs (continued)

New property agreements entered into during the period (continued)

La Pampa Copper-Gold Project, Argentina

On January 22, 2004, the company entered into an agreement with BHP Billiton World Exploration Inc. (BHP) to acquire an undivided 70% interest in BHP's La Pampa Copper-Gold Project.

To exercise the option, the company must incur an aggregate of US \$1,000,000 in exploration and maintenance expenditures on the property over three years, including:

- (a) at least US \$250,000 by the first anniversary of the agreement;
- (b) at least US \$500,000 (cumulative) by the second anniversary;
- (c) at least US \$1,000,000 (cumulative) by the third anniversary.

Excess expenditures in any year will be credited toward the expenditure requirements for the subsequent year(s).

If the company completes the aforementioned expenditures, it will have exercised the option and will be vested with a 70% undivided interest in the property.

2. Investment in Far West securities

	2004		2003	
	Cost	Market Value	Cost	Market Value
Far West Mining Ltd. (2004 – 5,228,200; 2003 – 5,228,200)	\$ 2,386,680	\$ 4,966,790	\$ 2,114,870	\$ 20,128,570

The investment represents an 11% ownership of Far West's issued and outstanding common shares.

3. Equipment

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Equipment	\$ 43,549	\$ 34,000	\$ 9,549	\$ 21,070

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

4. Capital stock

Authorized

150,000,000 common shares without par value

Issued and outstanding

	Number of Shares	Amount
Balance, November 15, 2003	66,327,951	\$27,738,165
Issued during the period		
Issued for cash, exercise of stock options	25,000	6,500
Issued for cash, private placement (net of issue costs)	714,285	442,500
Issued for option payments	100,000	45,000
Balance, August 15, 2004	67,167,236	\$28,232,165

Private Placement:

On December 30, 2003, the Company completed a private placement for total gross proceeds of \$500,000. The Company issued 714,285 common shares at \$0.70 per share. The Company paid a finder's fee of \$50,000 and a financing fee of \$7,500, for net proceeds of \$442,500.

Option Payments:

On April 1, 2004, the Company issued 100,000 shares in accordance with the requirements of the Zinger Property Agreement. The fair value of the shares issued for non-monetary consideration was determined on the basis of the closing market price on that day of \$0.45 per share.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

5. Stock options

A summary of the status of the company's fixed stock option plan as of August 15, 2004 and changes during the period ending on that date is presented below:

	Options	Weighted- Average Exercise Price
Outstanding at beginning of period	12,751,098	\$ 0.48
Granted	2,550,000	0.53
Exercised	(25,000)	0.26
Forfeited	(1,462,200)	0.50
Outstanding at end of period	13,813,898	\$ 0.50

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

5. Stock options (continued)

Incentive stock options for directors, officers and Service Providers outstanding and exercisable at August 15, 2004, are as follows:

Number of Options	Exercise Price	Expiry Date
400,000	\$ 0.65	January 2006
867,500	\$ 0.30	May 2006
500,000	\$ 0.30	August 2006
200,000	\$ 0.40	September 2006
1,125,000	\$ 0.30	October 2006
200,000	\$ 0.65	May 2007
3,440,000	\$ 0.26	November 2007
100,000	\$ 0.52	December 2007
500,000	\$ 0.65	January 2008
750,000	\$ 1.00	February 2008
1,121,398	\$ 0.51	April 2009
2,000,000	\$ 0.82	May 2013
60,000	\$ 0.67	May 2013
1,250,000	\$ 0.67	January 2014
300,000	\$ 0.40	June 2014
1,000,000	\$ 0.40	July 2014
13,813,898		

6. Share purchase warrants

At August 15, 2004, there are 6,451,785 warrants outstanding and exercisable. A total of 6,451,785 common shares have been reserved for the exercise of these warrants.

Number of Warrants Outstanding	Exercise Price	Expiry Date
5,000,000	\$ 0.40 – 0.50	November 4, 2004
737,500	\$ 1.45	April 1, 2005
714,285	\$ 0.80 – 0.95	December 31, 2004
6,451,785		

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

7. Stock based compensation plan

At August 15, 2004, the company has one stock-based compensation plan, which is described below;

New Stock Option Plan

In accordance with the new policies of the TSX Venture Exchange regarding stock option plans, the Board of Directors of the company adopted a new stock option plan effective March 23, 2003. The company, as a tier 1 company will now be able to grant options without vesting provisions and hold periods, provided that the grant is made at market price.

The purpose of the new plan is to allow the company to grant options to directors, officers, employees and consultants, as additional compensation. Options will be exercisable over periods of up to ten years as determined by the board of directors and are required to have an exercise price no less than the discounted market price prevailing on the day that the option is granted.

The maximum number of common shares that may be issued pursuant to options granted is 13,413,447 or such additional amounts as may be approved by shareholders of the company.

The new plan provides that the number of common shares together with all of the company's other previously established or proposed share compensation arrangements, may not exceed 20% of the total number of issued and outstanding common shares. In addition, the number of shares that may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

7. Stock-based compensation plan (continued)

- i) On January 29, 2004, the Company granted 1,250,000 stock options to non-employees. All of these options are fully vested and have an exercise price of \$0.67 for a ten-year period. Compensation expense to non-employees is determined using the Black-Scholes option pricing model. Weighted average assumptions used in calculating compensation expense in respect of options granted to non-employees are as follows:

Risk-free rate	4.0%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's shares	7%
Weighted average expected life of the options	5.0 years

The application of the Black-Scholes option pricing model resulted in a stock option compensation of \$158,967 which has been charged to operating expense.

- ii) On June 15, 2004 and July 28, 2004, the Company granted 300,000 and 1,000,000 stock options respectively to employees of the company. All of these options are fully vested and have an exercise price of \$0.40 for a ten-year period. Compensation expense to non-employees is determined using the Black-Scholes option pricing model. Weighted average assumptions used in calculating compensation expense in respect of options granted to these non-employees are the same as described above.

The application of the Black-Scholes option pricing model resulted in a stock option compensation of \$165,324 which has been charged to operating expense.

CHAPLEAU RESOURCES LTD.

(An exploration stage company)

Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)

August 15, 2004

8. Related party transactions

During the period, management fees of \$ 135,000 (2003 - \$135,000) were paid to two directors.

9. Contingent liability

The company has been named the defendant in a lawsuit and a claim against the company has been filed in the amount of \$242,000. In the opinion of management, these matters are without substantial merit and no provision has been made for them in the accounts. However, should any loss result from the resolution of this claim, such loss would be accounted for as a current expenditure.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

11. B.C. Mining Exploration Tax Credits

The company has applied for B.C. Mining Exploration Tax Credits in the amount of \$490,358 for the years ended November 15, 2000 to November 15, 2003.

The amounts claimed for the years ended November 15, 2000 to November 15, 2002 have been assessed by Canada Revenue Agency. The assessments resulted in a net reduction to the amounts claimed for those years of \$69,794. The results of the assessments have been reflected in the financial statements. The claim for 2003 has not yet been assessed.

12. Subsequent events

- a) Subsequent to the date of these financial statements, the Company announced, subject to regulatory approval, that it had arranged a private placement in its capital stock of 3,333,333 units at \$0.30 per unit.
- b) Subsequent to the date of these financial statements, the Company announced, subject to regulatory approval, that it had granted employee incentive stock options to purchase 100,000 shares in its capital stock, exercisable at a price of \$0.40 per share on or before September 20, 2014.