

*Interim Financial Statements of*

**MBA GOLD CORP.**  
**(formerly Manele Bay Ventures Inc.)**

*October 31, 2003*

**MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)****Interim Balance Sheets**

October 31, 2003

(Unaudited - Prepared By Management)

	<u>October 31,</u> <u>2003</u>	<u>January 31,</u> <u>2003</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 278,600	\$ 8,651
Accounts receivable	53,912	7,319
Prepaid expenses	1,985	-
	<u>334,497</u>	<u>15,970</u>
DEFERRED EXPLORATION COSTS (Note 4)	801,615	38,339
DEPOSIT (Note 4)	118,674	141,012
CAPITAL ASSETS (Note 6 )	25,728	-
INVESTMENT (Note 5)	1	1
	<u>\$ 1,280,515</u>	<u>\$ 195,322</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 169,025	\$ 20,122
CONTINUING OPERATIONS (Note 1)		
<b>SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>		
Contributed surplus	6,096	6,096
Common shares (Note 7)	9,819,052	8,628,472
Common shares in treasury (Note 7)	(40,928)	(40,928)
Deficit	(8,672,730)	(8,418,440)
	<u>1,111,490</u>	<u>175,200</u>
	<u>\$ 1,280,515</u>	<u>\$ 195,322</u>

APPROVED BY THE BOARD

(Signed) Cameron White

Cameron White, Director

(Signed) Stephen G. Cheikes

Stephen G. Cheikes, Director

See accompanying notes to interim financial statements.

**MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)****Interim Statements of Loss and Deficit**

Nine months ended October 31, 2003

(Unaudited - Prepared By Management)

	3 months ended October 31,		9 months ended October 31,	
	2003	2002	2003	2002
<b>EXPENSES</b>				
Accounting and audit	\$ 7,276	\$ 250	\$ 13,305	\$ 834
Amortization	1,192	-	1,192	-
Foreign exchange loss	25,234	-	25,234	-
Investor relations	43,094	213	43,451	768
Interest income	(2,552)	(224)	(2,552)	(224)
Legal	15,203	18,050	16,140	23,683
Office	44,718	3,336	65,419	13,500
Project investigation fees	-	7,870	-	12,020
Rent	2,531	-	6,036	-
Stock option expense	-	-	-	16,461
Transfer agent and filing fees	8,285	1,050	38,965	13,522
Wages, benefits and consulting	29,000	22,500	47,100	45,500
	<b>173,981</b>	<b>53,045</b>	<b>254,290</b>	<b>126,064</b>
NET INCOME (LOSS) FROM OPERATIONS	<b>(173,981)</b>	<b>(53,045)</b>	<b>(254,290)</b>	<b>(126,064)</b>
DEFICIT, BEGINNING OF PERIOD	<b>(8,498,749)</b>	<b>(8,324,253)</b>	<b>(8,418,440)</b>	<b>(8,251,234)</b>
DEFICIT, END OF PERIOD	<b>\$ (8,672,730)</b>	<b>\$ (8,377,298)</b>	<b>\$ (8,672,730)</b>	<b>\$ (8,377,298)</b>
Basic and fully diluted income (loss) per share	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>

See accompanying notes to interim financial statements.

**MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)****Interim Statements of Cash Flows**

Nine months ended October 31, 2003

(Unaudited - Prepared By Management)

	3 months ended October 31,		9 months ended October 31,	
	2003	2002	2003	2002
<b>OPERATING ACTIVITIES</b>				
Net income (loss)	\$ (173,981)	\$ (53,045)	\$ (254,290)	\$ (126,064)
Add non-cash charges				
Amortization	1,192	-	1,192	-
Stock option expense	-	-	-	16,461
	(172,789)	(53,045)	(253,098)	(109,603)
Changes in non-cash operating assets and liabilities				
Accounts receivable	(41,939)	(1,631)	(46,593)	(3,077)
Prepaid expenses and deposits	27,353	-	20,353	-
Accounts payable and accrued liabilities	150,942	(9,507)	148,903	(43,585)
	(36,433)	(64,183)	(130,435)	(156,265)
<b>FINANCING ACTIVITIES</b>				
Issue of shares for cash	(10,700)	-	1,119,830	250,000
Exercise of warrants for cash	5,750	-	5,750	-
Loans payable	-	-	-	(5,000)
	(4,950)	-	1,125,580	245,000
<b>INVESTING ACTIVITIES</b>				
Deferred exploration costs	(424,904)	-	(698,276)	-
Capital assets	(26,920)	-	(26,920)	-
	(451,824)	-	(725,196)	-
<b>NET CASH INFLOW</b>	<b>(493,207)</b>	<b>(64,183)</b>	<b>269,949</b>	<b>88,735</b>
<b>CASH (BANK INDEBTEDNESS), BEGINNING OF PERIOD</b>	<b>771,807</b>	<b>151,141</b>	<b>8,651</b>	<b>(1,777)</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 278,600</b>	<b>\$ 86,958</b>	<b>\$ 278,600</b>	<b>\$ 86,958</b>
<b>Supplementary non-cash financing disclosures:</b>				
Shares issued for corporate finance fee	\$ -	\$ -	\$ 21,250	\$ -
Shares issued for finder's fee	\$ -	\$ -	\$ 65,000	\$ -

See accompanying notes to interim financial statements.

# **MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)**

## **Notes to the Interim Financial Statements**

October 31, 2003

(Unaudited – Prepared By Management)

---

### **1. CONTINUING OPERATIONS**

The Company has interests in mining assets at the exploration stage, the economic viability of which has not been assessed. The realization of the Company's investment in mineral properties is dependent upon various factors, including the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the properties, future profitable operations, or, alternatively, upon disposal of the investment on an advantageous basis.

These interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. Realization values of assets may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

### **2. FINANCIAL STATEMENT PRESENTATION**

These financial statements are prepared for interim reporting purposes and do not necessarily contain all the Company's financial information. Readers are advised to refer to the Company's annual audited financial statements for the year ended January 31, 2003 for additional information.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in these interim financial statements are as follows:

*(a) Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. Estimates are used for, but not limited to, accounting for doubtful accounts, income taxes, the carrying value of long-lived assets, and contingencies. Actual results may differ from those estimates.

*(b) Mining properties and deferred exploration costs*

Costs of acquiring mining properties and all exploration costs less related recoveries are capitalized.

The costs of properties, which are abandoned or impaired in value, are written down in the year of abandonment or impairment. Upon commencement of commercial production, all related deferred acquisition, exploration and development expenditures will be amortized and matched with future revenues.

The amounts capitalized represents costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular properties.

# **MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)**

## **Notes to the Interim Financial Statements**

**October 31, 2003**

**(Unaudited – Prepared By Management)**

---

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *(c) Stock options*

As of February 1, 2002, the Company adopted the standard in Section 3870, *Stock-based Compensation and Other Stock-based Payments*, of the Canadian Institute of Chartered Accountants Handbook to be applied prospectively. This section established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. Awards that a company has the ability to settle in cash are recorded as liabilities. For stock options granted to employees, the Company has adopted the disclosure-only provisions of the new standard whereby pro forma net income and pro forma earnings per share are disclosed in notes to the financial statements as if the fair value based method of accounting had been used.

#### *(d) Share issue costs*

Direct costs relating to the issuance of shares are charged directly to share capital.

#### *(e) Income (loss) per share*

Income (loss) per share is calculated using the weighted-average number of common shares outstanding during the year. The treasury stock method is used in the calculation of diluted earnings per share. Diluted earnings per share is computed using the weighted-average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares exercisable upon the exercise of stock options and are excluded from the computation if their effect is anti-dilutive.

#### *(f) Comparative figures*

Comparative figures have been reclassified, where applicable, to conform to the current period's presentation.

# MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)

## Notes to the Interim Financial Statements

October 31, 2003

(Unaudited – Prepared By Management)

---

### 4. DEFERRED EXPLORATION COSTS

On November 5, 2002, the Company entered into an agreement with Compass Minerals Ltd., a U.S. subsidiary of Compass Minerals NL, NSW, Australia (“Compass”), whereby the Company has the option to acquire up to an 60% interest in the Worldbeater Gold Project. The Worldbeater Gold Project is located in the Panamint Ranges, near Ballarat, Inyo County California. The Company can earn a 30% interest by carrying out an exploration program of at least US\$500,000 over the next 12 months. A further 30% interest can be earned by completing a pre-feasibility study on the property by March 31, 2004. Compass could retain the remaining 40% interest as a joint venture partner if Compass elects to contribute to the cost of a bankable feasibility study, otherwise Compass’s interest will be converted to a 20% carried interest and the Company will acquire the remaining 20% interest. Costs incurred to October 31, 2003 totaled \$801,615 and comprise costs relating to consulting, travel, professional fees, road construction and property payments.

The Company has agreed to issue 200,000 shares to Compass upon completion of the pre-feasibility study and a further 200,000 shares upon commencement of commercial production. During the period, 200,000 shares were issued as a finder’s fee.

As a condition to enter into the agreement with Compass, the Company posted a letter of credit in the amount of U.S.\$90,000 (Cdn \$118,674) for which a short-term investment in the same amount is held as collateral.

### 5. INVESTMENT

On April 28, 2000, the Company sold substantially all of the assets of its wholly-owned subsidiary, Theatre.com Inc., to BroadwayOnline.com, Inc. (“BOL”). As part of the total consideration received from the sale, the Company was issued 1,600 Series A convertible preferred shares of BOL. These shares were recorded at a carrying value of \$1 as the Company’s participation in the net equity of BOL is only determinable based on future events, which include future financing entered into by BOL, the financial performance of BOL and ultimately, the sale of the preferred shares.

On January 31, 2001, the Company completed the exchange of its preferred shares in BOL for common shares in Broadway Television Network, Inc. (“BTN”), a Delaware corporation and the corporate parent of BOL. In exchange for the 1,600 Series A convertible preferred shares of BOL, the Company received 469,021 common shares of BTN with a par value of \$0.001 per share.

### 6. CAPITAL ASSETS

	October 31, 2003			October 31, 2002
	Cost	Accumulate d amortization	Net book value	Net book value
Computer equipment	\$ 17,678	\$ 884	\$ 16,794	\$ Nil
Furniture and equipment	9,242	308	8,934	Nil
	\$ 26,920	\$ 1,192	\$ 25,728	\$ Nil

# MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)

## Notes to the Interim Financial Statements

October 31, 2003

(Unaudited – Prepared By Management)

---

### 7. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares with no par value.

Effective July 16, 2003, the name of the Company was changed to MBA Gold Corp. and the issued capital was subdivided (split) on a 2-for-1 basis. Accordingly, all share numbers and per share amounts have been retroactively restated to give effect to the share subdivision.

#### (b) Issued

	Common shares		Common shares in Treasury	
	Number of shares	Amount	Number of Shares	Amount
Balance, January 31, 2002	3,168,806	\$8,238,472	(6,826)	\$ (40,928)
Shares issued for cash				
Private placement	3,333,332	250,000		
Exercise of warrants	933,326	140,000	-	-
Balance, January 31, 2003	7,435,464	8,628,472	(6,826)	\$ (40,928)
Shares issued for cash				
Offering	3,000,000	1,275,000	-	-
Share issue costs	-	(176,420)	-	-
Exercise of warrants	11,500	5,750		
Shares issued for corporate finance fee	50,000	21,250	-	-
Shares issued for finder's fee	200,000	65,000	-	-
Rounding on 2-for-1 split (Note 7(a))	(214)	-	-	-
<b>Balance, October 31, 2003</b>	<b>10,696,750</b>	<b>\$9,819,052</b>	<b>(6,826)</b>	<b>\$ (40,928)</b>

On June 30, 2003, the Company completed a short form offering of 3,000,000 units for gross proceeds of \$1,275,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional share at a price of \$0.50 per share until June 24, 2004. The Company also issued 50,000 units to the Agent on the completion of the offering as a corporate finance fee.

In August 2003, the Company issued 11,500 shares for gross proceeds of \$5,750 on the exercise of warrants.

#### (c) Escrow shares

As at October 31, 2003, 25,252 (2002 – 25,252) shares are held in escrow and are subject to release determined by regulatory authorities.



# MBA GOLD CORP. (formerly Manele Bay Ventures Inc.)

## Notes to the Interim Financial Statements

October 31, 2003

(Unaudited – Prepared By Management)

---

### 7. SHARE CAPITAL (Continued)

#### (d) Stock-based compensation plans

A Summary of the status of the Company's stock option plan as of October 31, 2003 and changes during the period ending on those dates is presented below:

Options	October 31, 2003		January 31, 2003	
	Common Shares	Weighted- Average Exercise Price	Common Shares	Weighted- Average Exercise Price
Outstanding at the beginning of period	600,000	\$ 0.15	6,666	\$ 3.60
Issued	-	-	600,000	0.15
Cancelled/Expired	-	-	(6,666)	3.60
Outstanding at end of period	600,000	\$ 0.15	600,000	\$ 0.15
Exercisable at end of period	600,000	\$ 0.15	600,000	\$ 0.15

The 600,000 stock options outstanding at October 31, 2003 expire in June 2007.

#### (e) Share purchase warrants

The Company granted 2,400,000 share purchase warrants on the issue of 2,400,000 units. These 2,400,000 share purchase warrants, where one warrant entitles the holder to acquire one common share of the Company at a price of \$0.105 per share until May 22, 2004, were outstanding at October 31, 2003.

The Company granted 1,750,000 share purchase warrants on the issue of 3,000,000 units, as well as 25,000 warrants as a corporate finance fee (Note 7(b)). In August 2003 11,500 of these warrants were exercised. At October 31, 2003, 1,763,500 share purchase warrants, where one warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 per share until June 24, 2004, were outstanding.

### 8. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise disclosed include the following:

	3 months ended October 31,		9 months ended October 31,	
	2003	2002	2003	2002
Consulting fees paid to directors	<u>\$ 12,000</u>	<u>\$ 22,500</u>	<u>\$ 30,100</u>	<u>\$ 45,500</u>
Consulting fees paid to directors capitalized as deferred exploration costs	<u>\$ 47,500</u>	<u>\$ -</u>	<u>\$ 95,500</u>	<u>\$ -</u>