

GOLD CANYON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Prepared by Management)

NINE MONTH PERIOD ENDED
AUGUST 31, 2005

UNAUDITED INTERIM CONSOLIDATED 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 August 31, 2005.

GOLD CANYON RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	August 31, 2005	November 30, 2004 (Audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 1,176,048	\$ 1,697,110
Receivables	34,413	49,306
Prepaid expenses	<u>40,193</u>	<u>78,801</u>
	1,250,654	1,825,217
Mineral properties and deferred exploration costs (Note 3)	<u>11,234,540</u>	<u>8,347,055</u>
	<u>\$ 12,485,194</u>	<u>\$ 10,172,272</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 199,260	\$ 54,072
Due to related parties (Note 4)	<u>10,639</u>	<u>39,426</u>
	<u>209,899</u>	<u>93,498</u>
Shareholders' equity		
Capital stock (Note 5)	17,991,584	15,403,641
Subscriptions received in advance (Note 5)	61,135	-
Contributed surplus (Note 5)	1,754,844	1,628,517
Deficit	<u>(7,532,268)</u>	<u>(6,953,384)</u>
	<u>12,275,295</u>	<u>10,078,774</u>
	<u>\$ 12,485,194</u>	<u>\$ 10,172,272</u>

Nature and continuance of operations (Note 2)

On behalf of the Board:

“Akiko Levinson”

Director

“Ron Schmitz”

Director

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended August 31, 2005	Three Month Period Ended August 31, 2004	Nine Month Period Ended August 31, 2005	Nine Month Period Ended August 31, 2004
ADMINISTRATION EXPENSES				
Amortization	\$ -	\$ 114	\$ -	\$ 341
Consulting	11,171	972	30,675	7,902
Insurance	-	-	8,680	-
Interest	-	456	-	1,845
Investor relations	58,593	21,119	158,373	48,719
Management fees	7,475	7,500	22,475	22,500
Office and miscellaneous	8,320	4,006	20,480	10,906
Printing	195	606	4,503	688
Professional fees	58,323	37,670	165,971	113,563
Regulatory fees	5,624	5,899	17,527	18,176
Stock-based compensation	-	334,797	88,709	889,501
Tax expense (recovery)	(188)	-	24,808	-
Telephone	1,831	3,034	8,761	4,986
Transfer agent fees	2,281	1,733	9,361	8,608
Travel and promotion	10,117	12,502	44,628	28,012
	<u>(163,742)</u>	<u>(430,408)</u>	<u>(604,951)</u>	<u>(1,155,747)</u>
OTHER ITEMS				
Interest income	9,287	2,222	19,175	3,943
Miscellaneous income	-	-	6,892	-
	<u>9,287</u>	<u>2,222</u>	<u>26,067</u>	<u>3,943</u>
Loss for the period	(154,455)	(428,186)	(578,884)	(1,151,804)
Deficit, beginning of period	<u>(7,377,813)</u>	<u>(6,462,038)</u>	<u>(6,953,384)</u>	<u>(5,738,420)</u>
Deficit, end of period	\$ (7,532,268)	\$ (6,890,224)	\$ (7,532,268)	\$ (6,890,224)
Loss per share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.06)
Weighted average number of common shares outstanding	27,208,001	21,856,908	25,877,278	19,481,448

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended August 31, 2005	Three Month Period Ended August 31, 2004	Nine Month Period Ended August 31, 2005	Nine Month Period Ended August 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (154,455)	\$ (428,186)	\$ (578,884)	\$ (1,151,804)
Items not affecting cash:				
Amortization	-	114	-	341
Stock-based compensation	-	334,797	88,709	889,501
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	97,686	15,599	14,893	(17,051)
(Increase) decrease in prepaid expenses	(19,746)	12,816	38,608	(7,184)
Increase (decrease) in accounts payable	(617,759)	(971)	145,188	(19,920)
Decrease in due to related parties	<u>(21,909)</u>	<u>(18,333)</u>	<u>(28,787)</u>	<u>(81,024)</u>
Net cash (used in) provided by operating activities	<u>(716,183)</u>	<u>(84,164)</u>	<u>(320,273)</u>	<u>(387,141)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued	1,746,494	2,966,300	2,857,494	3,701,780
Subscriptions received in advance	61,135	(50,000)	61,135	-
Share issue costs	<u>(184,051)</u>	<u>(219,663)</u>	<u>(274,233)</u>	<u>(249,663)</u>
Net cash provided by financing activities	<u>1,623,578</u>	<u>2,696,637</u>	<u>2,644,396</u>	<u>3,452,117</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Restricted cash received	-	(1,825,188)	-	(1,821,728)
Mineral properties and deferred exploration costs	<u>(673,043)</u>	<u>(263,820)</u>	<u>(2,845,185)</u>	<u>(658,910)</u>
Net cash (used in) provided by investing activities	<u>(673,043)</u>	<u>(2,089,008)</u>	<u>(2,845,185)</u>	<u>(2,480,638)</u>
Change in cash position for the period	234,352	523,465	(521,062)	584,338
Cash position, beginning of period	<u>941,696</u>	<u>63,167</u>	<u>1,697,110</u>	<u>2,294</u>
Cash position, end of period	\$ 1,176,048	\$ 586,632	\$ 1,176,048	\$ 586,632

Supplemental disclosure for non-cash operating, financing and investing activities (Note 9).

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

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
AUGUST 31, 2005

1. BASIS OF PRESENTATION

The consolidated financial statements contained herein include the accounts of Gold Canyon Resources Inc. and its wholly owned subsidiary, Gold Canyon Resources USA Inc. (the "Company").

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 November 30, 2004. 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.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company is considered to be in the exploration stage with respect to its interests in mineral properties. Based on the information available to date, the Company has not yet determined whether the mineral properties contain economically recoverable ore reserves.

The recoverability of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These 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. Its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financings, or generating profitable operations in the future.

	August 31, 2005	November 30, 2004
Working capital	\$ 1,040,755	\$ 1,731,719
Deficit	(7,532,268)	(6,953,384)

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
AUGUST 31, 2005

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	Springpole Project, Ontario	Favourable Lake, Ontario	Cordero Property, Nevada	Caley Property, Nevada	August 31, 2005 Total	November 30, 2004 Total
Acquisition costs	\$ 2,619,392	\$ 70,760	\$ 11,893	\$ 33,273	\$ 2,735,318	\$ 2,607,488
Deferred exploration						
Opening balance	4,907,778	-	798,019	33,770	5,739,567	4,444,318
Assays	153,361	281	442	-	154,084	53,764
Camp costs	16,770	-	-	-	16,770	5,701
Drilling	1,291,662	-	-	-	1,291,662	568,045
Equipment rental	24,262	-	-	-	24,262	5,740
Field crew labour	174,579	-	-	-	174,579	116,789
Field surveying	-	-	5,105	-	5,105	-
Geological consulting	385,117	-	1,104	-	386,221	139,396
Geophysics and airborne surveying	36,986	-	-	-	36,986	71,744
Land royalty payments	73,860	-	12,457	7,540	93,857	94,248
Material and supplies	45,573	-	-	-	45,573	38,600
Meals and lodging	24,468	-	-	-	24,468	6,242
Metallurgy	-	-	192,584	-	192,584	24,348
Reproduction and copying	1,830	-	-	-	1,830	356
Sample storage	750	-	-	-	750	-
Staking and maintenance fees	3,182	6,220	16,560	-	25,962	43,218
Telephone and communications	21,791	-	-	-	21,791	40,762
Travel, transport and shipping	263,171	-	-	-	263,171	86,296
	2,517,362	6,501	228,252	7,540	2,759,655	1,295,249
	7,425,140	6,501	1,026,271	41,310	8,499,222	5,739,567
	\$ 10,044,532	\$ 77,261	\$ 1,038,164	\$ 74,583	\$ 11,234,540	\$ 8,347,055

GOLD CANYON RESOURCES INC.
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3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Springpole Project

The Company controls a 100% interest, in certain properties, as well as an option to earn a 100% interest in other properties, in the Springpole Project located in the Red Lake Mining Division of Ontario. The properties are subject to certain underlying agreements with the following obligations:

- a) Minimum annual advance royalty payments totalling approximately US\$123,500. These payments will vary from year to year due to escalation clauses and changes in gold prices.
- b) Net smelter returns royalty (“NSR”) payments varying from 1-5% on each of the underlying agreements upon production.

The Company has the option to purchase portions of these mining claims for approximately US\$2,000,000.

In an option agreement dated May 9, 2005, with 1544230 Ontario Inc. the Company acquired seven new mineral claims covering 63 units bordering the Springpole Lake Project. Total consideration consist cash payments totaling \$136,000 and the issuance of 120,000 common shares, payable as follows:

	<u>Cash</u>		<u>Shares</u>	
On Exchange Approval	\$ 16,000	(Paid)	30,000	(Issued)
On 1 st anniversary	20,000		30,000	
On 2 nd anniversary	25,000		30,000	
On 3 rd anniversary	35,000		30,000	
On 4 th anniversary	45,000		-	

In fiscal 2001, the Company and ECI entered into an option agreement in which ECI was granted the exclusive right (“Exclusive Right”) to explore and mine for diamonds in the Company's 100% controlled claims in the Springpole Project.

To exercise and maintain this option, ECI must:

- a) deliver shares of ECI to the Company resulting in the Company having a 10% ownership in ECI; and
- b) spend \$250,000 on the exploration for diamonds over the three year term of the agreement.

The Company will retain a 3% NSR upon any diamond production. ECI will have the option to purchase up to 2% of the NSR from the Company for a one time payment of \$1,000,000 per percentage point to the Company. ECI retains a right of first refusal for 2 years after the agreement term of 3 years.

On May 10, 2002, the Company, ECI and Jilbey entered into an agreement in which the Company consented to the assignment of ECI's Exclusive Right to Jilbey to explore and mine for diamonds in the Company's 100% controlled claims in the Springpole Project. As consideration, the Company received 40,000 common shares of Jilbey during the year ended November 30, 2003. In accordance with the terms of the option agreement between the Company and ECI, Jilbey is obligated to spend \$250,000 on the exploration for diamonds. In addition, there is no longer a requirement to deliver shares of ECI. Instead, as part of the assignment agreement with Jilbey, the Company maintains an option to acquire a 10% interest in ECI. Effective January 1, 2005, Jilbey's right to explore and mine for diamonds on the Springpole Project expired. In an agreement dated July 18, 2005, Jilbey, assigned all right, title and interest in and to certain unpatented mining claims situated within an Area of Interest, to the Company, pursuant to the terms of an agreement between the Company and Jilbey. Jilbey requested, and the Company granted Jilbey a two percent (2%) overriding NSR interest on certain claims which straddle the exterior boundary of Area of Interest.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Favourable Lake Property

In August 2005, the Company acquired the Favourable Lake silver – gold – base metal property from a prospector in Northwestern Ontario. The property consists of more than 32 claim units. The Company paid \$15,000 cash, and issued 40,000 shares of at a deemed value of \$0.57 per share, together with the grant of a 2% Net Smelter Returns Royalty (NSR), 1% of which may be repurchased by the Company prior to production. The Company has staked an additional 236 claim units surrounding the Favourable Lake claims. Pursuant to an agreement with the prospector, the Company has granted a 2% NSR on these surrounding claims

Cordero Property

On June 22, 2001, the Company entered into an Assignment Agreement with Tech Industries Ltd. (“Tech”) in which the Company acquired all of Tech's interest with respect to all minerals, except gold and silver, on the Cordero Property, located in Humboldt County, Nevada.

The initial term of the Assignment Agreement is fifteen years and may be renewed for up to fifteen additional years thereafter. Pursuant to the agreement, the Company must:

- a) pay Tech US\$5,000 upon execution of the agreement (paid);
- b) grant Tech a NSR of 3%;
- c) assume a 1% NSR payable to Cordero Mine Inc.; and
- d) advance minimum royalties totalling US\$4,000 (paid) on the first anniversary of the agreement, US\$4,500 (paid) on the second anniversary, and US\$6,000 per year throughout the remaining term of the Assignment Agreement which will be credited against future NSR's payable, if any.

Caley Property

On June 26, 2001, the Company entered into a Lease Agreement with Tech. Similar to the arrangements related to the Cordero Property, the Company has acquired all of Tech's interest with respect to all minerals, except for gold and silver, on the Caley Property located in Humboldt County, Nevada.

The initial term of the agreement is fifteen years with three additional five year renewal terms thereafter. Pursuant to the terms of the agreement, the Company must:

- a) pay Tech US\$2,500 on or before July 31, 2001 (paid);
- b) grant Tech a NSR of 3%;
- c) assume a 1% NSR payable to Cordero Mine Inc.; and
- d) advance minimum royalties totalling US\$4,000 (paid) on the first anniversary of the agreement, US\$4,500 (paid) on the second anniversary, and US\$6,000 per year throughout the remaining term of the agreement which will be credited against future NSR's payable, if any.

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3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Caley Property (cont'd...)

The Company also shall make the following expenditures:

<u>Anniversary of Agreement</u>	<u>Work Commitment</u>
On or before the 1 st anniversary	US \$ 50,000
On or before the 2 nd anniversary	100,000
On or before the 3 rd anniversary	150,000
On or before the 4 th anniversary	250,000
In each year thereafter	500,000

All expenditures are cumulative and excess expenditures in one or more years will be credited against future expenditure requirements. All expenditures in respect of mining operations on the Cordero property shall be included in the calculation of above expenditures.

4. DUE TO RELATED PARTIES

The amounts due to related parties are due to directors and companies controlled by directors, are unsecured, non-interest bearing, and have no specific terms of repayment.

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
As at November 30, 2004	23,780,453	\$ 15,403,641	\$ 1,628,517
For cash			
Exercise of warrants	1,045,000	543,400	-
Exercise of stock options	20,000	7,600	-
Private placements	3,502,222	2,306,494	-
Shares for mineral claims	70,000	42,300	
Broker warrants issued	-	-	37,618
Stock based compensation	-	-	88,709
Issue costs	-	(311,851)	-
As at August 31, 2005	28,417,675	\$ 17,991,584	\$ 1,754,844

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

On December 22, 2004, the Company completed a brokered flow-through private placement of 622,222 units at \$0.90 per unit for gross proceeds of \$560,000. Each unit consists of one flow-through common share and one half of one non-flow through share purchase warrant, each whole warrant entitling the holder to purchase an additional common share (311,111 warrants) of the Company at \$1.00 expiring June 22, 2006. The Company paid a commission of 8% (or \$44,800), and a corporate finance fee of \$15,000 plus GST to the agent. The Company also issued an aggregate of 93,333 brokers' warrants exercisable at \$0.95 per share expiring June 22, 2006. These broker warrants have been recorded at a fair value of \$16,658 and are included in contributed surplus.

All securities are subject to a four month hold period in accordance with applicable Canadian securities law and the policies of the TSX-V.

On June 21, 2005, the Company completed a flow through brokered private placement of 1,250,000 common shares at \$0.60 per share for gross proceeds of \$750,000. The Company paid an aggregate commission of 8% of the gross proceeds being \$60,000 and legal costs associated with the private placement. The Company also issued an aggregate of 125,000 non-transferable broker warrants, each warrant entitling the agent to purchase one common share on or before December 21, 2006 at \$0.65 per share. These broker warrants have been recorded at a fair value of \$20,960 and are included in contributed surplus.

On July 20, 2005, the closed the private placement of 1,630,000 common share units (the "Units") at a subscription price of (US)\$0.50 per Unit for gross proceeds of (US)\$815,000.00 originally announced on July 18, 2005. Each Unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of (US)\$0.60 per share until January 20, 2007. A finders' fee equal to 8% of the gross proceeds of the private placement is payable in cash to Shields & Co. of New York, New York.

During the period, the Company received \$61,135 (US\$50,000) for a private placement of 100,000 common share units at a subscription price of (US)\$0.50 per unit. This private placement was completed subsequent to the period on September 20, 2005 (See Note 11).

During the period, the Company issued 1,045,000 common shares for gross proceeds of \$543,400 pursuant to the exercise of warrants. The Company also issued 20,000 common shares for gross proceeds of \$7,600 pursuant to the exercise of stock options.

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

GOLD CANYON RESOURCES INC.
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5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options (cont'd...)

Stock options outstanding at August 31, 2005 are as follows:

Number of Shares	Exercise Price	Expiry Date
375,000	\$ 0.43	September 8, 2005 (subsequently expired)
275,000	0.36	December 8, 2005
269,000	0.43	January 16, 2006
305,000	1.00	March 25, 2006
120,000	0.60	May 28, 2006
744,000	0.65	June 14, 2006
160,000	0.75	September 15, 2006
295,000	0.55	May 4, 2007

Warrants

Warrants outstanding at August 31, 2005 are as follows:

Number of Shares	Exercise Price	Expiry Date
173,250	\$ 0.63	February 25, 2006
682,831	0.75	February 25, 2006
435,000	0.85	June 11, 2006
93,333	0.95	June 22, 2006
311,111	1.00	June 22, 2006
125,000	0.65	December 18, 2006
815,000	(US)0.60	January 20, 2007

6. STOCK-BASED COMPENSATION

During the nine month period ended August 31, 2005, the Company granted 295,000 stock options to employees, directors, officers and consultants. The estimated fair value of these options is recorded as \$88,709. 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 weighted average assumptions were used for the Black-Scholes valuation of stock options and warrants granted during the period:

Risk-free interest rate	3.01 - 3.06%
Expected life of options	1.0 - 2.0 years
Annualized volatility	70.04 – 123.01%
Dividend rate	0.00%

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7. SEGMENTED INFORMATION

The Company conducts all of its operations in North America in one business segment, being the exploration and development of mineral properties. Geographic information is as follows:

	Mineral Properties and Deferred Exploration Costs
August 31, 2005	
Canada	\$ 10,121,793
United States	<u>1,112,747</u>
	<u>\$ 11,234,540</u>
November 30, 2004	
Canada	\$ 7,470,100
United States	<u>876,955</u>
	<u>\$ 8,347,055</u>

8. RELATED PARTY TRANSACTIONS

During the period, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees of \$22,475 (2004 - \$22,500) to a director of the Company.
- b) Paid or accrued \$102,687 (2004 - \$61,855) for accounting, secretarial, rent and administrative services to a company of which a director is president.
- c) Paid or accrued \$95,357 (2004 - \$47,473) for geological consulting fees, which are included in deferred exploration costs, to a director of the Company.
- d) Paid or accrued \$14,600 (2004 - \$18,347) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.
- e) Paid or accrued consulting fees of \$30,675 (2004- \$6,131) to a director of the Company.
- f) The Company granted 285,000 (2004 – 1,570,000) stock options to employees, directors and officers, which were recorded as stock-based compensation of \$85,700 (2004- \$816,663).

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the nine month period ended August 31, 2005 included:

- a) The issuance of 30,000 common shares at a deemed value of \$0.65 per shares to acquire additional mineral claims contiguous to the Springpole property.
- b) The issuance of 40,000 common shares at a deemed value of \$0.57 per share to acquire the Favourable Lake claims.

There were no non-cash transactions for the nine month period ended August 31, 2004.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The fair value of amounts due to related parties is not determinable as they have no specific repayment terms.

11. SUBSEQUENT EVENTS

Subsequent to August 31, 2005, the Company:

- a) Closed a private placement of 100,000 common share units (the "Units") at a subscription price of (US)\$0.50 per Unit for gross proceeds of (US)\$50,000 originally announced on September 19, 2005. Each Unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of (US)\$0.60 per share until March 20, 2007. A finders' fee equal to 8% of the gross proceeds of the private placement is payable in cash to Shields & Co. of New York, New York.
- b) The Company granted 670,000 stock options to certain directors, senior officers and consultants exercisable at \$0.50 per share until October 3, 2007. These are subject to regulatory approval.