

NOTICE TO SHAREHOLDERS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005

SIMBERI GOLD CORPORATION

Responsibility for consolidated financial statements

The accompanying consolidated financial statements for Simberi Gold Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2004 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Simberi Gold Corporation have not performed a review of the unaudited consolidated financial statements for the three and six months ended June 30, 2005 and June 30, 2004.

SIMBERI GOLD CORPORATION

Consolidated Balance Sheets

	June 30, 2005 (Unaudited)	December 31, 2004 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 3,604,933	\$ 267,066
Accounts receivable	26,714	21,368
Due from related parties (Note 5)	470,324	428,857
	4,101,971	717,291
Mining interests (Note 2)	1,019,771	3,500,547
	\$ 5,121,742	\$ 4,217,838
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 81,166	\$ 167,392
Net liabilities assumed from related party (Note 5)	29,880	29,880
	111,046	197,272
Shareholders' equity		
Share capital		
Authorized		
Unlimited common shares		
Issued		
Common shares (Note 3)	5,961,052	5,961,052
Contributed Surplus (Note 4(c))	547,363	314,742
Deficit	(1,497,719)	(2,255,228)
	5,010,696	4,020,566
	\$ 5,121,742	\$ 4,217,838

SIMBERI GOLD CORPORATION

Consolidated Statements of Operations and Deficit

	Three months ended June 30, (Unaudited)		Six months ended June 30, (Unaudited)	
	2005	2004	2005	2004
Sale of property (Note 6)	\$ -	\$ -	\$ 4,000,000	\$ -
Cost of sale				
Property allocation	-	-	2,571,274	-
Other direct costs	1,602	-	163,581	-
	1,602	-	2,734,855	-
	(1,602)	-	1,265,145	-
Operating expenses	156,834	199,416	288,034	414,958
Interest income	(13,019)	-	(13,019)	-
Stock option compensation	77,540	-	232,621	-
	221,355	199,416	507,636	414,958
Net income (loss) for the period	\$ (222,957)	\$ (199,416)	\$ 757,509	\$ (414,958)
Deficit, beginning of period (2)	\$ (1,274,762)	\$ (857,642)	\$ (2,255,228)	\$ (383,841)
Net income (loss) for the period	(222,957)	(199,416)	757,509	(414,958)
Reorganization costs	-	(17,769)	-	(276,028)
DEFICIT, end of period	\$ (1,497,719)	\$ (1,074,827)	\$ (1,497,719)	\$ (1,074,827)
Income/loss per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00
Weighted average number of shares	94,381,831	87,089,648	94,381,831	87,089,648

(2) Refer to the December 31, 2004 audited consolidated financial statements for details.

SIMBERI GOLD CORPORATION

Consolidated Statements of Cash Flows

	Three months ended June 30, (Unaudited)		Six months ended June 30, (Unaudited)	
	2005	2004	2005	2004
Cash provided by (used in)				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (222,957)	\$ (199,416)	\$ 757,509	\$ (414,958)
Stock option compensation	77,540	-	232,621	-
Changes in non-cash working capital items	3,735,251	(296,381)	2,438,235	(281,232)
	3,589,834	(495,797)	3,428,365	(696,190)
INVESTING ACTIVITIES				
Mining interests	(61,670)	(252,998)	(90,498)	(564,988)
FINANCING ACTIVITIES				
Cash held in escrow	-	-	-	3,203,865
Prepaid finance costs	-	12,744	-	12,744
Reorganization costs	-	(17,769)	-	(33,315)
Cash acquired from Novaking Pty Ltd. acquisition	-	-	-	102,823
Advance to Novaking Pty Ltd.	-	-	-	(106,609)
Due to PGM Ventures Corporation	-	(697,258)	-	(686,070)
Cost of issue - cash outlay	-	(69,565)	-	(87,130)
	-	(771,848)	-	2,406,308
Change in cash and cash equivalents	3,528,164	(1,520,643)	3,337,867	1,145,130
Cash and cash equivalents, beginning of period	76,769	3,198,007	267,066	532,234
Cash and cash equivalents, end of period	\$ 3,604,933	\$ 1,677,364	\$ 3,604,933	\$ 1,677,364

SIMBERI GOLD CORPORATION

Notes to Consolidated Financial Statements

Six Months Ended June 30, 2005

(Unaudited)

1. NATURE OF BUSINESS AND ACCOUNTING POLICIES

Simberi Gold Corporation (the "Company" or "Simberi") was incorporated on October 28, 2003 under the Ontario Business Corporations Act. The Company is in the process of exploring and developing mineral properties in Papua, New Guinea and Mongolia.

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2005 may not be necessarily indicative of the results that may be expected for the year ending December 31, 2005.

The balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2004. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended December 31, 2004.

2. MINING INTERESTS

As of June 30, 2005, accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

	Opening Balance January 1, 2005	Additions (Reductions)	Ending Balance June 30, 2005	Ending Balance December 31, 2004
Simberi Mining Joint Venture (1) (Note 6)	\$ 3,428,366	\$ (2,571,274)	\$ 857,092	\$ 3,428,366
Novaking properties (1)(2)	72,181	33,469	105,650	72,181
Mongolia Project (3)	-	57,029	57,029	-
	<u>\$ 3,500,547</u>	<u>\$ (2,480,776)</u>	<u>\$ 1,019,771</u>	<u>\$ 3,500,547</u>

(1) Refer to Note 5 of the audited December 31, 2004 consolidated financial statements for details of the properties.

(2) The Company's wholly owned Australian subsidiary Renaissance Corporation PTY LTD ("Renaissance") has completed a joint venture arrangement with Korab Resources Limited ("Korab") on its Novaking properties (re: Mt Elephant gold prospect in Western Australia). Korab can earn a 70% interest in the Mt Elephant properties by expending a minimum of \$40,000 Australian in the next 12 months and a total of \$500,000 Australian in exploration over a three year period. Korab will be the Manager of the Joint Venture and undertake and manage the exploration programs in cooperation with Simberi's subsidiary Renaissance.

(3) Simberi has completed a Letter of Intent ("LOI") with Mongal Gazar Resources Limited ("MGH") of Mongolia to acquire an initial 22% interest in its Olon Ovoot gold project in the South Gobi district of Mongolia. MGH will form a new company Mongolian Gold Mines Company ("MGMC") that will hold all the Olon Ovoot assets. Simberi will be the Manager of the Joint Venture and MGH will be the on-site operator however the exploration programs will be conducted through joint cooperation of the two parties.

SIMBERI GOLD CORPORATION

Notes to Consolidated Financial Statements

Six Months Ended June 30, 2005

(Unaudited)

2. MINING INTERESTS (Continued)

(3) (Continued) Simberi will invest US\$ 0.5 million in MGMC and pay MGH US\$1.85 million and 9.3 million shares for its interest. Simberi will also pay a finders fee of 700,000 shares to The Balloch Group of Beijing. Simberi will have an option to purchase up to a 100% interest in the Olon Ovoot project from MGH with the purchase price being a discounted value based on the resources delineated at the time of the purchase.

3. SHARE CAPITAL

	Shares	Amount
Balance, December 31, 2004 (audited) and June 30, 2005 (unaudited)	94,381,831	\$ 5,961,052

4. STOCK OPTIONS, WARRANTS AND CONTRIBUTED SURPLUS

(a) Stock Options

The following summarizes the stock option activity for the period:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2004 (audited) and June 30, 2005 (unaudited)	10,000,000	0.15

As at June 30, 2005, the Company had the following stock options outstanding:

BLACK-SCHOLES VALUE (\$)	NUMBER OF EXERCISABLE OPTIONS	NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
9,162	3,055,000	3,055,000	\$0.15	June 30, 2008
538,201	5,787,500	6,945,000	0.15	May 13, 2009
547,363	8,842,500	10,000,000		

(b) Warrants

As at June 30, 2005, the Company had the following warrants outstanding:

	NUMBER OF WARRANTS	EXERCISE PRICE (\$)	EXPIRY DATE
	20,000,000	0.40	December 8, 2005
	2,000,000	0.25	December 8, 2005

(c) Contributed Surplus

Included in contributed surplus are the following items:

	VALUE (\$)
Stock options	547,363

SIMBERI GOLD CORPORATION

Notes to Consolidated Financial Statements

Six Months Ended June 30, 2005

(Unaudited)

5. RELATED PARTY TRANSACTIONS

Director fees aggregating \$9,000 (2004 - \$nil) were paid during the period. Also, a bonus aggregating \$80,000 (2004 - \$nil) was paid to a former director (\$40,000) and a current director (\$40,000) of the Company. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Consulting fees totaling \$40,000 (2004 - \$237,000) were paid to officers of the Company. This officers were also reimbursed for out-of-pocket expenses. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Balances to/from related parties at June 30 are summarized as follows:

	Six months ended June 30, (Unaudited)	Year Ended December 31, (audited)
	2005	2004
Due from PGM Ventures Corporation	\$ 393,800	\$ 393,800
Due from director of Novaking Pty Ltd.	<u>76,524</u>	<u>35,057</u>
Due from related parties	<u>\$ 470,324</u>	<u>\$ 428,857</u>
Net liabilities assumed from related party	<u>\$ 29,880</u>	<u>\$ 29,880</u>
Due to related parties	<u>\$ 29,880</u>	<u>\$ 29,880</u>

6. SALE OF PROPERTY

The Company sold 75% of its 50% interest, (37.5% while maintaining a 12.5% free carried interest), in Simberi Mining Joint Venture ("SMJV") and its 1% interest in the Tabar Exploration Joint Venture ("TEJV") located on Simberi Island, Tabar Island and Tatau Island, Papua New Guinea to Allied Gold Limited ("Allied"). As consideration for the sale the Company received \$4,000,000 cash plus a 14% interest in the Young Shannon Mine ("YSM"). The 14% interest in YSM is presently owned by Nord Pacific Limited which is a wholly owned subsidiary of Allied.

The 12.5% free carried direct equity interest will be sold to Allied on the earlier of the 15 days after Allied gives a conversion notice to the Company because Allied has decided to mine the SMJV tenements; and December 31, 2009. Allied will pay for the 12.5% interest by issuing fully paid shares of itself to the Company after it is quoted on the Australian Stock Exchange. The number of shares will be calculated by dividing the value of the 12.5% interest (which is the Net Present Value from the bankable feasibility of Simberi Oxide Project agreed to by the parties or an independent valuation) by the greater of :

- (i) \$0.50 (50 Australian cents) per share;
- (ii) the average weighted trading price of the shares over the 28 days trading days prior to the Conversion Date; and
- (iii) the last price at which Allied raised working capital by the issue of shares.

SIMBERI GOLD CORPORATION

Notes to Consolidated Financial Statements

Six Months Ended June 30, 2005

(Unaudited)

7. INCOME TAXES

The estimated taxable income for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

8. OTHER INFORMATION

Michael Newbury (the "Purchaser") announced that he has entered into an agreement to acquire from PGM Ventures Inc. ("PGM") through a private transaction 10,000,000 common shares (the "Purchased Shares") in the capital of Simberi representing 10.6% of the issued and outstanding common shares of Simberi. The Purchaser agreed to acquire the common shares at a price of \$0.04 per Purchased Share or an aggregate purchase price of \$400,000. The Purchaser is acquiring the Purchased Shares on behalf of himself and five other persons (the "Joint Participants"). The closing date for the acquisition has not occurred.

PGM has also agreed to sell to Porphyry Inc. ("Porphyry"), a private Ontario corporation controlled by the Purchaser, and Porphyry has agreed to purchase from PGM, at any time during the next 12 months an additional 30,000,000 common shares (the "Additional Shares") of Simberi at a price, in the case of 12,000,000 of the Additional Shares, of \$0.045 per share or an aggregate purchase price of \$540,000 and, in the case of the other 18,000,000 Additional Shares, of \$0.04916 per share or an aggregate purchase price of \$885,000. The Additional Shares represent 31.8% of the issued and outstanding common shares of Simberi. Until the purchase of the Additional Shares is completed, PGM has agreed to enter into a voting trust granting Porphyry the right to exercise all voting rights attaching to the Additional Shares.

Upon completion of the acquisition of the Purchased Shares, Porphyry, together with those persons who may be considered to be acting jointly or in concert with the Purchaser, will own or control an aggregate of 10,000,000 common shares of Simberi representing 10.6% of the outstanding common shares of Simberi. Upon completion of the acquisition of the Additional Shares, Porphyry, together with those persons who may be considered to be acting jointly or in concert with Porphyry, will own or control an aggregate of 40,000,000 common shares of Simberi representing 42.4% of the outstanding common shares of Simberi.

The Purchaser and the Joint Participants have acquired the Purchased Shares and Porphyry has acquired the Option for investment purposes. The Purchaser, the Joint Participants and/or Porphyry may purchase additional shares of Simberi in the open market, by private agreement or otherwise subject to their availability at attractive prices, market conditions, applicable laws and other relevant factors.

Supplement I to Consolidated Financial Statements

Six Months Ended June 30, 2005

(Unaudited)

As at August 9, 2005, the following securities were outstanding:

Share Capital

94,381,831 common shares

Warrants and stock options

See Note 4