
Financial Statements

Plato Gold Corp.

Six Months Ended June 30, 2005

Unaudited

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The accompanying unaudited interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Plato Gold Corp.

Balance Sheets

	June 30, 2005 (unaudited)	December 31, 2004
Assets		
Current Assets		
Cash and cash equivalents	\$ 971,677	\$ 3,756
Other receivables	22,463	-
Prepaid expenses	<u>19,647</u>	<u>14,842</u>
	1,013,787	18,598
Mineral Properties and Deferred Exploration Costs (note 4)	604,151	522,440
Property, Plant and Equipment	<u>7,190</u>	<u>1,512</u>
	<u>\$ 1,625,128</u>	<u>\$ 542,550</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 151,473	\$ 73,388
Due to related parties (note 5)	<u>102,537</u>	<u>72,771</u>
	<u>254,010</u>	<u>146,159</u>
Shareholders' Equity		
Share Capital (note 6)	2,131,658	662,578
Warrants (note 7)	84,920	-
Stock Options (note 8)	59,052	-
Contributed Surplus (note 9)	31,647	13,628
Deficit	<u>(936,159)</u>	<u>(279,815)</u>
	<u>1,371,118</u>	<u>396,391</u>
	<u>\$ 1,625,128</u>	<u>\$ 542,550</u>

Approved on behalf of the Board

_____, Director
"Anthony J. Cohen"

_____, Director
"Robert Van Tassell"

Plato Gold Corp.

Statements of Operations and Deficit
Six Months Ended June 30, 2005 and 2004
Unaudited

	Six Months Ended		Three Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenue				
Interest income	\$ 1,406	\$ -	\$ 1,406	\$ -
Expenses				
Amortization	678	133	372	67
Consulting fees	2,000	-	2,000	-
Insurance	5,632	-	5,632	-
Interest and financing costs	3,319	112	3,267	29
Office and general	4,291	13,551	1,850	5,520
Professional fees	37,550	30,650	30,800	25,150
Public and investor relations	4,829	6,368	-	2,998
Rent	7,643	5,000	5,143	2,500
Salaries and benefits	13,386	-	13,386	-
Transfer and filing fees	5,539	-	5,539	-
	<u>84,867</u>	<u>55,814</u>	<u>67,989</u>	<u>36,264</u>
Loss Before the Undernoted Item	(83,461)	(55,814)	(66,583)	(36,264)
Reverse Takeover Transaction Costs (note 1)	<u>(257,207)</u>	<u>-</u>	<u>(257,207)</u>	<u>-</u>
Loss for the Period	(340,668)	(55,814)	(323,790)	(36,264)
Deficit - Beginning of Period	(279,815)	(174,951)	(296,693)	(194,501)
Share Issuance Costs (note 6(c))	<u>(315,676)</u>	<u>-</u>	<u>(315,676)</u>	<u>-</u>
Deficit - End of Period	<u>\$ (936,159)</u>	<u>\$ (230,765)</u>	<u>\$ (936,159)</u>	<u>\$ (230,765)</u>
Loss per Share				
Basic	\$ (0.02)	\$ -	\$ (0.02)	\$ -
Fully diluted	(0.02)	-	(0.02)	-
Weighted Average Number of Common Shares Outstanding				
Basic	15,566,586	13,824,414	17,115,956	13,824,414
Fully diluted	15,331,730	13,824,414	16,648,826	13,824,414

Plato Gold Corp.

Cash Flow Statements

Six Months Ended June 30, 2005 and 2004

Unaudited

	Six Months Ended		Three Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Cash Flows from Operating Activities				
Cash paid to suppliers and employees	\$ (138,128)	\$ (25,159)	\$ (128,653)	\$ (13,890)
Interest received	1,406	-	1,406	-
	<u>(136,722)</u>	<u>(25,159)</u>	<u>(127,247)</u>	<u>(13,890)</u>
Cash Flows from Financing Activities				
Due to related parties	26,167	33,703	5,541	11,865
Cash received from reverse takeover	137,323	-	137,323	-
Reverse takeover transaction costs	(324,715)	-	(324,715)	-
Share capital	1,469,080	-	1,469,080	-
Warrants	84,920	-	84,920	-
Share issuance costs	(230,924)	-	(230,924)	-
	<u>1,161,851</u>	<u>33,703</u>	<u>1,141,225</u>	<u>11,865</u>
Cash Flows from Investing Activities				
Mineral properties and deferred exploration costs	(50,852)	(1,538)	(44,397)	(264)
Property, plant and equipment	(6,356)	(1,779)	-	-
	<u>(57,208)</u>	<u>(3,317)</u>	<u>(44,397)</u>	<u>(264)</u>
Change in cash and cash equivalents	967,921	5,227	969,581	(2,289)
Cash and cash equivalents - beginning of period	<u>3,756</u>	<u>339</u>	<u>2,096</u>	<u>7,855</u>
Cash and cash equivalents - end of period	<u>\$ 971,677</u>	<u>\$ 5,566</u>	<u>\$ 971,677</u>	<u>\$ 5,566</u>
Non-cash financing and investing activities				
Assets and liabilities acquired pursuant to reverse takeover				
Prepaid share issuance costs	\$ 25,700	\$ -	\$ 25,700	\$ -
Accounts payable and accrued liabilities	\$ (416,631)	\$ -	\$ (416,631)	\$ -
Due to related parties	\$ (3,599)	\$ -	\$ (3,599)	\$ -
Stock options granted to agent	\$ 59,052	\$ -	\$ 59,052	\$ -
Mineral properties and deferred development costs contributed by shareholder	\$ 30,859	\$ -	\$ -	\$ -
Reverse takeover transaction costs incurred and included in accounts payable and accrued liabilities at end of period	\$ 81,916	\$ -	\$ 81,916	\$ -

Plato Gold Corp.

Notes to the Financial Statements

Six Months Ended June 30, 2005

Unaudited

Plato Gold Corp. (the “Company”) is an Ontario corporation formed by amalgamation on May 30, 2005 as described below.

A predecessor corporation (Plato Gold Corp.) commenced operations in November 1996 when it entered into an agreement to acquire an interest in mining properties in the Timmins area of Northern Ontario. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves. Consequently, the Company considers itself to be an exploration stage company.

The other predecessor corporation (Shatheena Capital Corp.) was classified as a Capital Pool Company as defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4.

1. Acquisition and Amalgamation

Shatheena Capital Corp. (“Shatheena”) entered into a letter agreement dated September 1, 2004 (the “Letter Agreement”), as amended January 1, 2005, under which the Shatheena issued an offer to the shareholders of Plato Gold Corp. (“Plato Gold”) to acquire all the issued and outstanding common shares of Plato Gold in exchange for common shares of Shatheena.

On May 30, 2005, pursuant to the Letter Agreement with Plato Gold, Shatheena issued to the shareholders of Plato Gold, in aggregate, 14,000,000 newly issued common shares of Shatheena, at a deemed price of \$0.25 per share for aggregate consideration of \$3,500,000 in exchange for all of the issued and outstanding shares of Plato Gold. Completion of the transaction constituted Shatheena’s qualifying transaction (“Qualifying Transaction”). The shareholders of Plato Gold held the majority of the outstanding shares of Shatheena following the transaction, and accordingly, the transaction has been accounted for as a reverse take-over. For accounting purposes, Plato Gold was the deemed acquirer and Shatheena the deemed acquired company. Since Shatheena’s operations do not constitute an economic unit, this transaction has been accounted for as a capital transaction. The comparative figures presented in these financial statements are the historical results of Plato Gold.

The transaction has been accounted for as follows:

Assets acquired:	
Cash	\$ 137,323
Prepaid share issuance costs	<u>25,700</u>
	<u>163,023</u>
Liabilities assumed:	
Accounts payable and accrued liabilities	\$ (416,631)
Due to related parties	<u>(3,599)</u>
	<u>(420,230)</u>
Excess of liabilities over assets acquired and expensed in the current period	<u>\$ (257,207)</u>

Plato Gold Corp.

Notes to the Financial Statements
Six Months Ended June 30, 2005
Unaudited

1. Acquisition and Amalgamation (continued)

The transaction was a non-arm's length transaction as Shatheena and Plato Gold have an officer in common. This officer was also a shareholder and director of both corporations.

A prospectus dated April 25, 2005 was issued to offer for sale at least 3,000,000 equity units ("Units"), consisting of one common share and one-half common share purchase warrant, and 3,000,000 flow-through common shares ("Flow-Through Shares") at \$0.25 per Flow-Through Share or Unit. On May 30, 2005, 3,088,000 Units and 3,128,000 Flow-Through Shares were issued.

Subsequent to the share exchange and financing, Shatheena and Plato Gold amalgamated to continue as Plato Gold Corp.

2. Interim Financial Statements

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. These financial statements are based on accounting principles and practices consistent with those used in the preparation of the Company's annual financial statements. Certain information and note disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim financial statements should be read together with the audited financial statements and the accompanying notes included in the prospectus of Shatheena Capital Corp. dated April 25, 2005. These interim financial statements have not been reviewed by the Company's auditors

3. Basis of Presentation

These interim financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced recurring losses and has experienced negative cash flows from operations over a number of years. The application of the going concern concept is dependent on the Company's ability to generate future profitable operations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become payable.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the balance sheet classifications used.

Plato Gold Corp.

Notes to the Financial Statements
Six Months Ended June 30, 2005
Unaudited

4. Mineral Properties and Deferred Exploration Costs

The Company holds an option on a project comprised of four properties along the prolific Destor - Porcupine Fault Zone. The properties are subject to a 2% net smelter returns royalty.

	Acquisition Costs	Exploration Expenditures	Total
Balance - December 31, 2004	\$ 252,508	\$ 269,932	\$ 522,440
Expenditures capitalized during the period	-	50,852	50,852
Expenditures contributed by a shareholder (note 10(b))	-	30,859	30,859
	<u>-\$ 252,508</u>	<u>\$ 351,643</u>	<u>\$ 604,151</u>
Balance - June 30, 2005	<u>\$ 252,508</u>	<u>\$ 351,643</u>	<u>\$ 604,151</u>

Each year, the Company is committed to spend approximately \$40,000 to maintain its lease agreements on mineral properties in good standing.

5. Due to Related Parties

	June 30, 2005	December 31, 2004
Related company	\$ 25,858	\$ 21,400
Director	76,679	51,371
	<u>\$ 102,537</u>	<u>\$ 72,771</u>

Amounts due to related parties are non-interest bearing, unsecured and due on demand. At each of June 30, 2005 and December 31, 2004, the related company and the director have agreed not to demand repayment within the next twelve months for cash or other assets.

The Company and the related company have a director in common. This director is also a shareholder and officer of both companies.

6. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

Plato Gold Corp.

Notes to the Financial Statements
Six Months Ended June 30, 2005
Unaudited

6. Share Capital (continued)

b) Issued and Outstanding:

	<u>Number</u>	<u>Amount</u>
Balance - December 31, 2004	7,973,279	\$ 662,578
Cancelled pursuant to reverse takeover	(7,973,279)	-
Received pursuant to reverse takeover	14,000,000	-
Exchanged pursuant to reverse takeover	2,645,000	-
Issue for cash	<u>6,216,000</u>	<u>1,469,080</u>
Balance - June 30, 2005	<u>22,861,000</u>	<u>\$ 2,131,658</u>

c) Prospectus Offering

As described in note (1), the Company issued 3,088,000 Units and 3,128,000 Flow-Through Shares at \$0.25 per Flow-Through Share or Unit. The Units consist of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at \$0.35 per share until November 30, 2006.

The estimated fair value of the warrants was \$84,920 and this amount has been allocated to the warrant component of the Units.

In connection with the prospectus offering, the Company paid a cash commission of \$132,610 plus 312,800 common share options and 308,800 options to purchase Units. Each option of common shares entitles the agent to purchase one common share at a price of \$0.25 per share until May 30, 2007, and each option of Units entitles the agent to purchase one Unit at a price of \$0.25 per Unit until May 30, 2007. The fair value of these options was estimated at \$29,716 and \$29,336 respectively.

In addition, the Company also incurred other share issuance costs of \$256,624. Share issuance costs totalling \$315,676 (including the fair value of options granted to the agent) has been charged to retained earnings.

The fair values of warrants and options were estimated on the grant date using the Black-Scholes pricing model, with the following weighted average assumptions: risk-free interest rate of 2.95%, dividend yield of 0%, a volatility factor of the expected market price of the Company's shares of 66.10%; and an expected life of 2.0 years.

Option/warrant pricing model requires the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore, the existing model does not necessarily provide a reliable measure of the fair value of the Company's warrants and options.

Plato Gold Corp.

Notes to the Financial Statements
For the Six Months Ended June 30, 2005
Unaudited

7. Warrants

	<u>Number</u>	<u>Amount</u>
Balance - December 31, 2004	-	\$ -
Issued: for cash (note 6(c))	<u>1,544,000</u>	<u>84,920</u>
Balance - June 30, 2005	<u>1,544,000</u>	<u>\$ 84,920</u>

8. Options

	<u>Number</u>	<u>Amount</u>
Balance - December 31, 2004	200,000	\$ -
Cancelled pursuant to reverse takeover	(200,000)	
Exchange pursuant to reverse takeover	237,000	-
Granted pursuant to Prospectus Offering:		
- options to purchase common shares (note 6(c))	312,800	29,716
- options to purchase Units (note 6(c))	<u>308,800</u>	<u>29,336</u>
Balance - June 30, 2005	<u>858,600</u>	<u>\$ 59,052</u>

9. Contributed Surplus

Balance - December 31, 2004	\$ 13,628
Exploration expenditures contributed (note 10(b))	<u>18,019</u>
Balance - June 30, 2005	<u>\$ 31,647</u>

10. Related Party Transactions

During the six months ended June 30, 2005 the Company:

- a) incurred rent of \$7,643 (June 30, 2004 - \$5,000) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies.
- b) capitalized exploration expenditures of \$30,859 (June 30, 2004 - Nil) were paid by a shareholder on behalf of the Company. Of this amount, \$12,840 was a deposit made during 2004 and \$18,019 was paid during the six months ended June 30, 2005. The Company has recognized the shareholder's current period contributions of \$18,019 as contributed surplus.
- c) incurred consulting fees of \$2,000 (June 30, 2004 - Nil) with the Company's officers.

One additional related party transaction is described separately in note 1.