LINCOLN GOLD CORP
Form 10QSB
November 21, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

x Quarterly Report Pursuant To Section 13 Or 15(D) Of The Securities Exchange Act Of 1934

For the quarterly period ended **September 30, 2005**

¨ Transition Report Under Section 13 Or 15(D) Of The Securities Exchange Act Of 1934

For the transition period from _____ to _____

COMMISSION FILE NUMBER 0-25827

LINCOLN GOLD CORPORATION
(Name of small business issuer in its charter)

NEVADA	**88-0419475**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite 1410, 800 West Pender Street, Vancouver, BC	**V6C 2V6**
(Address of principal executive offices)	(Zip Code)

604-689-1659
Issuer's telephone number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes x No ¨**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **41,865,000 shares of Common Stock as of September 30, 2005**

Transitional Small Business Disclosure Format (check one): **Yes ¨ No x**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes ¨ No x**

PART I

ITEM 1. FINANCIAL STATEMENTS

Our unaudited financial statements for the nine months ended September 30, 2005, as set forth below, are included with this Quarterly Report on Form 10-QSB:

Lincoln Gold Corporation
(An Exploration Stage Company)
Balance Sheet
(Expressed in U.S. dollars)
(Unaudited)

	September 30, 2005 $
ASSETS	
Current Assets	
Cash	238,613
Prepaid expenses	8,579
Total Current Assets	247,192
Property and Equipment (Note 4)	8,050
Total Assets	255,242
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	46,761
Accured liabilities	3,500
Due to related parties (Note 7)	1,672
Note payable (Note 8)	100,000
Total Liabilities	151,933
Commitments and Contingencies (Note 1 and 5)	
Stockholders' Equity	
Common Stock (Note 9), 100,000,000 shares authorized, $0.001 par value	
41,865,000 shares issued and outstanding	41,865
Additional Paid-in Capital	3,092,488
Deficit Accumulated During the Exploration Stage	(3,031,044)
Total Stockholders' Equity	103,109
Total Liabilities and Stockholders' Equity	255,242

(The accompanying notes are an integral part of these financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Statements of Operations
(Expressed in U.S. dollars)
(Unaudited)

	From September 25, 2003 (Date of Inception) September 30, 2005 $	For the nine Months Ended September 30, 2005 $	For the nine Months Ended September 30, 2004 $	For the three Months Ended September 30, 005 $	For the three Months Ended September 30, 2004 $
Revenue	-	-	-	-	-
Expenses					
Advertising and investor relations	598,327	315,449	268,055	18,364	11,280
Amortization	1,256	1,256	-	784	-
Filing and transfer fees	14,200	10,649	1,849	1,568	505
Foreign exchange	1,838	163	1,198	(291)	1,861
General and administrative	71,967	56,894	5,821	18,624	5,005
Management fees	80,347	75,847	2,500	27,832	1,500
Mineral property acquisition and exploration expenditures	809,525	534,890	223,182	207,665	185,037
Professional fees	109,353	59,148	32,689	17,582	6,899
Stock-based compensation	1,145,663	108,000	-	108,000	-
Travel	41,484	23,041	6,357	4,704	5,143
Total expenses	2,873,960	1,188,975	541,651	408,470	217,230
Net Loss Before Other Items	(2,877,598)	(1,185,337)	(541,651)	(404,832)	(217,230)
Other Income (Expense)					
Interest income	2,431	2,431	-	-	-
Interest expense	(38,163)	(19,116)	(14,904)	(5,490)	(5,900)
Net Loss For the Period	(2,909,692)	(1,202,022)	(556,555)	(410,322)	(223,130)
Net Loss Per Share - Basic and Diluted		(0.03)	(0.02)	(0.01)	(0.01)
Weighted Average Shares Outstanding		40,814,000	28,194,000	40,814,000	36,100,000

(The accompanying notes are an integral part of these financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in U.S. dollars)
(Unaudited)

	From September 25, 2003 (Date of Inception) to September 30, 2005 $	For the nine Months Ended September 30, 2005 $	For the nine Months Ended September 30, 2004 $
Cash Flows Used In Operating Activities			
Net loss for the period	(2,909.692)	(1,202,022)	(556,555)
Adjustments to reconcile net loss to cash used in operating activities:			
Amortization	1,256	1,256	-
Stock-based compensation	1,145,663	108,000	-
Changes in operating assets and liabilities:			
Prepaids	(8,579)	(8,579)	-
Account payable and accrued liabilities	(52,109)	(63,004)	(57)
Due to related parties	(418)	(8,717)	-
Net Cash Used in Operating Activities	(1,823,879)	(1,173,066)	(556,612)
Cash Flows Used in Investing Activities			
Purchase of property and equipment	(9,306)	(9,306)	-
Net Cash Flows Used in Investing Activities	(9,306)	(9,306)	-
Cash Flows From Financing Activities			
Cash aquired on acquisition of subsidiary	68	-	68
Proceeds from loans payable	50,180	-	-
Repayment of loan payable	(48,090)	(48,090)	-
Issuance of note payable	100,000	(100,000)	200,000
Proceeds from share subscriptions receivable	-	528,000	-
Proceeds from issuance of common stock	1,969,640	913,290	350,000
Net Cash Flows From Financing Activities	2,071,798	1,293,200	550,068
Increase (Decrease) in Cash	238,613	110,828	(6,544)
Cash - Beginning of Period	-	127,785	15,405
Cash - End of Period	238,613	238,613	8,861
Non-cash Investing and Financing Activities			
Shares issued to creditors for services	108,000	108,000	-
Supplemental Disclosures			
Interest paid	35,000	35,000	-
Income tax paid	-	-	-

(The accompanying notes are an integral part of these financial statements)

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2005
(Expressed in U.S. dollars)
(unaudited)

1. Exploration Stage Company

The Company was incorporated in the State of Nevada, USA, on February 17, 1999 under the name of Braden Technologies Inc. Effective March 26, 2004, the Company acquired 100% of the issued and outstanding shares of Lincoln Gold Corp., a private company incorporated in the State of Nevada, USA, on September 25, 2003. On April 6, 2004, the Company and its subsidiary, Lincoln Gold Corp., merged to form Lincoln Gold Corporation.

The Company is an Exploration Stage Company, as defined by Statement of Financial Accounting Standard (SFAS) No. 7 *Accounting and Reporting by Development Stage Enterprises* . The Company s principal business is the acquisition and exploration of mineral resources. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company s interests in the underlying properties, and the attainment of profitable operations. As at September 30, 2005, the Company has never generated any revenues and has accumulated losses of $3,031,044 since inception. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the Company s ability to continue as a going concern.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. The Company s fiscal year-end is December 31.

b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128 *Earnings per Share* . SFAS No. 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted

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average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-covered method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

d) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at September 30, 2005 and 2004, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

e) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

f) Property and Equipment

Property and equipment consists of office equipment and fixtures, computer software, and computer hardware and is recorded at cost. Amortization is based on a straight line basis over the following periods: Office equipment and fixtures five years; computer software two years; computer hardware three years.

g) Mineral Property Costs

The Company has been in the exploration stage since its formation on September 25, 2003 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property acquisition and exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

h) Financial Instruments

The fair values of cash, accounts payable, accrued liabilities and due to related parties approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

i) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely that not. The Company has adopted SFAS No. 109 *Accounting for Income Taxes* as of its inception. Pursuant to SFAS No. 109 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net

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operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

j) Foreign Currency Translation

The Company s functional and reporting currency is the United States dollar. Foreign currency transactions are primarily undertaken in Canadian dollars and are translated into United States dollars using exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at each balance sheet date at the exchange rate prevailing at the balance sheet date. Foreign currency exchange gains and losses are charged to operations. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

k) Stock-based Compensation

The Company has elected to apply intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25). Under the intrinsic value method of accounting, compensation expense is recognized if the exercise price of the Company s employee stock options is less than the market price of the underlying common stock on the date of grant. Stock-based compensation for employees is recognized on the straight-line basis over the vesting period of the individual options. Stock options granted to non-employees are accounted for under Statement of Financial Accounting Standards No. 123 *Accounting for Stock-Based Compensation* (SFAS 123), which establishes a fair value based method of accounting for stock based awards, and recognizes compensation expense based on the fair value of the stock award or fair value of the goods and services received, whichever is more reliably measurable. Under the provisions of SFAS 123, companies that elect to account for stock- based awards in accordance with the provisions of APB 25 are required to disclose pro forma net income (loss) that would have resulted from the use of the fair value based method under SFAS 123.

l) Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, *Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and SFAS No. 3* . SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, FASB issued SFAS No. 153 *Exchanges of Non-monetary assets An amendment of APB Opinion No. 29* . The guidance in APB Opinion No. 29, *Accounting for Non-monetary Transactions* , is based on the principle that exchanges of non-monetary

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assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued SFAS No. 123R, *Share Based Payment* . SFAS 123R is a revision of SFAS No. 123 *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* and its related implementation guidance. SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS 123R in the first interim or annual reporting period that begins after December 15, 2005. For non-public entities, SFAS 123R must be applied as of the beginning of the first annual reporting period beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In March, 2005, the SEC staff issued Staff Accounting Bulletin No. 107 (SAB 107) to give guidance on the implementation of SFAS 123R. The Company will consider SAB 107 during implementation of SFAS 123R.

m) Interim Financial Statements

These interim financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company s financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

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n) Reclassifications

Certain reclassifications have been made to the prior year s financial statements to conform to the current period s presentation

Current Assets	$ 68
Current Liabilities	(102,370)
Net Asset (Deficiency)	$ (102,302)

4. Property and Equipment

	Cost $	Accumulated Amortization $	September 30, 2005 Net Carrying Value $	December 31, 2004 Net Carrying Value $
Office Equipment & Fixtures	3,285	295	2,990	-
Computer Hardware	4,676	513	4,163	-
Computer Software	1,345	448	897	-
	9,306	1,256	8,050	-

5. Mineral Property Interests

a) Hannah Property

The Company has entered into an option agreement dated December 24, 2003 for the acquisition of a 100% interest in twenty-three unpatented lode claims in Churchill County, Nevada. The option agreement calls for net smelter royalties of 1% to 4% upon production and has a provision for termination for non-compliance. Pursuant to the option agreement, the Company is required to make option payments totaling $210,000 as follows:

i. $5,000 upon signing the agreement (paid)
ii. $5,000 on January 10, 2005 (paid)
iii. $10,000 on January 10, 2006
iv. $15,000 on January 10, 2007
v. $25,000 on January 10th of each year from 2008 to 2012 ; and
vi. $50,000 on January 10, 2013

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b) Lincoln Flat Property

The Company has entered into an option agreement dated December 24, 2003 for the acquisition of a 100% interest in twelve mineral claims in Lyon and Douglas Counties, Nevada. The option agreement calls for net smelter royalties of 1% - 4% upon production and has a provision for termination for non-compliance. Pursuant to the option agreement, the Company is required to make option payments totaling $210,000 as follows:

i. $5,000 upon signing the agreement (paid)
ii. $5,000 on January 10, 2005 (paid)
iii. $10,000 on January 10, 2006
iv. $15,000 on January 10, 2007
v. $25,000 on January 10th of each year from 2008 to 2012; and
vi. $50,000 on January 10, 2013

During the three months ended September 30, 2005, the Company determined not to proceed with the option agreement. The Company has no further obligation with respect to either the Lincoln Flat Project or the option agreement, other than to complete approximately $15,000 of reclamation work relating to the drilling that was completed.

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e) Buffalo Valley Property

By Letter Agreement dated July 9, 2004, the Company entered into a mining property lease agreement for a term of 20 years. The Company paid $10,000 on signing, and is committed to pay advance royalties of $20,000 in each of the first two years, $40,000 each in the third and fourth year, escalating to $80,000 per year plus a cost of living increase in year eleven.

The agreement is subject to a net smelter return royalty ranging form 3% to 5%.

f) Jenny Hill Property

By Letter Agreement dated September 28, 2004, the Company entered into a mining property lease agreement comprising ninety-seven mineral claims in Mineral and Nye Counties, Nevada for a term of 7 years. The Company is committed to pay advance royalties totaling $1,500,000 over a seven year period, and complete a work program on the property of $50,000, in the first year, and $100,000 every year thereafter.

The agreement is subject to a net smelter return royalty of 2%.

g) La Bufa Property

On August 5, 2005, the Company entered into a Letter of Intent with Almaden Minerals Ltd. (Almaden), a public company listed on the Toronto Stock Exchange, to form a joint venture for the exploration and development of the La Bufa property, located in Chihuahua, Mexico. The property is held by Mineral Gavilan, S.A. de C.V., a Mexican corporation 100% owned by Almaden. Under the Letter of Intent, the Company may acquire a 51% interest in the Bufa property by spending $2,000,000 on the property over four years and by issuing 350,000 restricted shares of the Company to Almaden over a five year period. In addition, the Company may acquire another 9% of the property by spending an additional $1,000,000 on the property. If production is achieved, the Company will pay a bonus of 100,000 restricted shares to Almaden. The Company is committed to spend $100,000 in the first year.

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The note carries an interest rate of 10% compounded monthly and is due on January 28, 2006. The interest is payable annually with the second year interest payment due with the principal amount. The holder can convert any portion of the debt to common stock at the value of $0.04 per share until the maturity date. Warrants can be exercised at a minimum of 1,000 shares per exercise at $0.04 per share until the expiration date.

On September 15, 2005 the Company completed an agreement whereby the Company repaid $100,000 of the convertible note along with $35,000 accrued interest and agreed to repay the remaining $100,000 within sixty days. With the completion of the first payment the convertible note was deemed to be repaid in full and both the conversion of debt to common stock along with the warrants was cancelled.

9. Common Stock

a) On December 20, 2004, the Company issued 2,300,000 units at $0.30 per unit for total cash proceeds of $690,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at $0.40 for one year or at $0.50 per share for a second year. During the three months ended March 31, 2005, the Company received the balance of the share subscription receivable of $528,000.

b) On March 10, 2005, the Company completed a private placement offering by issuing 2,045,000 units at $0.30 per unit for total cash proceeds of $613,500, of which $468,000 was recorded as share subscriptions receivable. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional share at $0.40 for one year or at $0.50 per share for a second year. The Company paid commissions of $38,010 in connection with this offering. In April 2005, the Company received the balance of the share subscription receivable of $468,000.

c) On March 10, 2005, the Company completed a private placement offering by issuing 1,100,000 units at $0.30 per unit for total cash proceeds of $330,000, of which $84,000 is recorded as share subscriptions receivable. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional share at $0.40 for one year or at $0.50 per share for a second year. The Company paid commissions of $4,200 in connection with this offering. In April 2005, the Company received the balance of the share subscription receivable of $84,000.

d) On August 15, 2005, the Company issued 300,000 shares of common stock with a fair value of $108,000 in consideration for providing investor relations and shareholder communication services.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS FORWARD-LOOKING STATEMENTS

The information in this Quarterly report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the market price of gold, availability of funds, government regulations, common share prices, operating costs, capital costs, outcomes of ore reserve development and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may , will , should , expect , plan , intend , anticipat estimate , predict , potential or continue , the negative of such terms or other comparable terminology. Actual event results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports we file with the SEC. These factors may cause our actual results to differ materially from any forward-looking statement. We disclaim any obligation to publicly update these statements, or disclose any difference between our actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

OVERVIEW

We are engaged in the acquisition and exploration of mineral properties in the State of Nevada and Northern Mexico. Our plan of operations for the next twelve months is to conduct exploration of our mineral properties in the State of Nevada and Mexico.

We hold interests in four groups of mineral properties in Nevada and one in Northern Mexico, as described below:

Name of Property	Location
Buffalo Valley Property	Humboldt, Lander & Pershing Counties, Nevada
Hannah Property	Churchill County, Nevada
JDS Property	Eureka County, Nevada
Jenny Hill Property	Mineral & Nye Counties, Nevada
La Bufa	State of Chihuahua, Mexico

Our plan of operations is to carry out exploration of our mineral properties. Our specific exploration plan for each of our mineral properties, together with information regarding the location and access, history of operations, present condition and geology of each of our properties, other than our La Bufa property, is presented in Item 2 of our Annual Report on Form 10-KSB for the year ended December 31, 2004 under the heading Description of Properties. All of our exploration programs are early stage in nature in that their completion will not result in a determination that any of our properties contains commercially exploitable quantities of mineralization.

Our exploration programs will be directed by our management and will be supervised by Mr. Jeffrey Wilson, our vice-president of exploration. We will engage contractors to carry out our exploration programs under Mr. Wilson s supervision. Contractors that we plan to engage include project geologists, geochemical sampling crews and drilling companies, each according to the specific exploration program on each property. Our budgets for our exploration programs are set forth in Item 2 of our Annual Report on Form 10-KSB for the year ended December 31, 2004 under the heading Description of Properties. These exploration plans will vary based on the results of exploration programs that we complete and based on decisions of our management regarding the prioritization of exploration programs based on funds available to us. We plan to solicit bids from drilling companies prior to selecting any drilling company to complete a drilling program. We anticipate paying normal industry rates for reverse-circulation drilling.

We are an exploration stage company. All of ou