

CORTEZ GOLD CORP.
(formerly Cortez Resources Corp.)

INTERIM FINANCIAL STATEMENTS

August 31, 2009

(Stated in Canadian Dollars)

(Unaudited)

**THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD ENDED AUGUST 31, 2009 HAVE
NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.**

CORTEZ GOLD CORP.
(formerly Cortez Resources Corp.)
INTERIM BALANCE SHEETS
August 31, 2009 and February 28, 2009
(Stated in Canadian Dollars)
(Unaudited)

	August 31, 2009	February 28, 2009
<u>ASSETS</u>		
Current		
Cash	\$ 437,179	\$ 366,822
GST recoverable	5,586	2,431
Prepaid expenses	46,249	-
	489,014	369,253
Deferred property investigation – Note 6	675,550	-
	\$ 1,164,564	\$ 369,253

<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 500	\$ 13,750

<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 3	1,454,846	517,166
Contributed surplus – Note 3	61,545	65,989
Deficit	(352,327)	(227,652)
	1,164,064	355,503
	\$ 1,164,564	\$ 369,253

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 3 and 6
Subsequent event – Note 6

APPROVED ON BEHALF OF THE BOARD:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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SEE ACCOMPANYING NOTES

CORTEZ GOLD CORP.
(formerly Cortez Resources Corp.)
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
For the three and six months ended August 31, 2009 and 2008
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended August 31, 2009	Three months ended August 31, 2008	Six months ended August 31, 2009	Six months ended August 31, 2008
Expenses				
Accounting and audit fees	\$ 870	\$ 128	\$ 1,350	\$ 128
Bank charges and interest	445	111	711	179
Consulting fees	3,845	900	8,377	900
Legal and corporate services	36,935	8,000	49,867	16,000
Office and administration – Note 4	4,499	4,502	10,518	9,002
Rent – Note 4	4,500	4,500	9,000	9,000
Shareholder communications	11,030	283	15,317	403
Transfer agent and filing fees	8,976	4,827	12,876	5,254
Travel	9,581	-	33,077	-
Loss before other items	(80,681)	(23,251)	(141,093)	(40,866)
Other items				
Interest income	-	1,348	12	3,129
Foreign exchange gain	16,406	-	16,406	-
Net loss and comprehensive loss for the period	(64,275)	(21,903)	(124,675)	(37,737)
Deficit, beginning of period	(288,052)	(148,391)	(227,652)	(132,557)
Deficit, end of period	\$ (352,327)	\$ (170,294)	\$ (352,327)	\$ (170,294)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Weighted average number of shares outstanding	3,850,001	2,050,000	2,503,700	2,050,000

SEE ACCOMPANYING NOTES

CORTEZ GOLD CORP.
(formerly Cortez Resources Corp.)
INTERIM STATEMENTS OF CASH FLOWS
For the three and six months ended August 31, 2009 and 2008
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended August 31, 2009	Three months ended August 31, 2008	Six months ended August 31, 2009	Six months ended August 31, 2008
Operating Activities				
Net loss for the period	\$ (64,275)	\$ (21,903)	\$ (124,675)	\$ (37,737)
Changes in non-cash working capital items:				
GST recoverable	(2,475)	(614)	(3,155)	(92)
Prepaid expenses	(46,249)	-	(46,249)	-
Accounts payable and accrued liabilities	(8,000)	(7,054)	(13,250)	(12,502)
Cash used in operating activities	(120,999)	(29,571)	(187,329)	(50,331)
Investing Activities				
Deferred property investigation	(603,404)	-	(675,550)	-
Financing Activities				
Issuance of common shares	1,010,000	-	1,010,000	-
Share issue costs	(76,764)	-	(76,764)	-
Cash provided by financing activities	933,236	-	933,236	-
Increase (decrease) in cash during the period	208,833	(29,571)	70,357	(50,331)
Cash, beginning of the period	228,346	441,694	366,822	462,454
Cash, end of the period	\$ 437,179	\$ 412,123	\$ 437,179	\$ 412,123
Supplementary disclosure of cash flow information:				
Cash paid for:				
Interest	\$ -	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -	\$ -

Non-cash Transaction – Note 3

SEE ACCOMPANYING NOTES

CORTEZ RESOURCES CORP.
(formerly Cortez Resources Corp.)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
August 31, 2009
(Stated in Canadian Dollars)
(Unaudited)

Note 1 **Nature of Operations and Ability to Continue as a Going Concern**

The Company was incorporated in the Province of British Columbia on March 29, 2007 under the Business Corporations Act of British Columbia as 0786996 BC Ltd., changed its name to Cortez Resources Corp. on April 13, 2007 and changed its name to Cortez Gold Corp. on September 18, 2009. The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4.

The Company’s continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a Qualifying Transaction (as defined). The Company has received an extension on the requirement to complete its Qualifying Transaction within 24 months of August 20, 2007, the “Listing Date”. The acquisition will be subject to regulatory approval, and may also require shareholder approval.

During the period ended August 31, 2009, the Company entered into an agreement to acquire a group of mineral properties. This acquisition, if completed, will represent the Company’s Qualifying Transaction (see Note 6).

Note 2 **Interim Reporting**

While the information presented in the accompanying financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period in accordance with Canadian generally accepted accounting principles. It is suggested that these interim unaudited financial statements be read in conjunction with the Company’s audited financial statements for the year ended February 28, 2009.

These unaudited interim financial statements follow the same accounting policies and methods as the Company’s most recent annual audited financial statements. Operating results for the three and six months ended August 31, 2009 are not necessarily indicative of the results that can be expected for the year ending February 28, 2010.

CORTEZ GOLD CORP.

(formerly Cortez Resources Corp.)

Notes to the Interim Financial Statements

August 31, 2009

(Stated in Canadian Dollars)

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Note 3 Share Capital and Contributed Surplus – (cont'd)c) Stock-based Compensation

The Company, in accordance with the policies of the Exchange, is authorized to grant options to directors, officers, and employees to acquire up to 10% of common stock outstanding. Options may be granted for a maximum term of 5 years. Optioned shares will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

No stock options were granted during the year ended February 28, 2009 or the period ended August 31, 2009.

A summary of the Company's outstanding stock options as of August 31, 2009 and the changes during the period then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable at February 28, 2009 and August 31, 2009	400,000	\$0.20

At August 31, 2009, there were 400,000 stock options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

Number of Shares	Number Exercisable	Exercise Price	Expiry Date	Contractual Life Remaining
390,000	390,000	\$0.20	August 20, 2012	2.97 years
10,000	10,000	\$0.20	August 20, 2017	7.97 years
400,000	400,000	\$0.20		3.10 years

d) Warrants Outstanding

A summary of the Company's outstanding share purchase warrants at August 31, 2009 and the year ended February 28, 2009 and the changes during the periods then ended is presented below:

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Notes to the Interim Financial Statements

August 31, 2009

(Stated in Canadian Dollars)

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Note 3 Share Capital and Contributed Surplus – (cont'd)d) Warrants Outstanding (cont'd)

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2009	150,000	\$0.20
Exercised	(50,000)	\$0.20
Expired	(100,000)	\$0.20
Outstanding at August 31, 2009	-	N/A

e) Contributed Surplus

	August 31, 2009	February 28, 2009
Balance, beginning of the period	\$ 65,989	\$ 65,989
Transfer to share capital on exercise of Agent's warrants exercised	(4,444)	-
Balance, end of the period	\$ 61,545	\$ 65,989

Note 4 Related Party Transactions

During the period ended August 31, 2009, the Company paid rent of \$9,000 (2008: \$9,000) and office and administration fees of \$9,000 (2008: \$9,000) to a company controlled by a director.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

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Notes to the Interim Financial Statements

August 31, 2009

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Note 5 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support a qualifying transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is currently attempting to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a Qualifying Transaction. As such the Company is dependent on external financing to fund its activities. In order to carry out the requirements of a Qualifying Transaction and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Should current market conditions persist, management anticipates potential challenges in raising further external financing.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended August 31, 2009. The net proceeds from all of the Company's financings have certain limitations on them until completion of the Qualifying Transaction. The Company is subject to no other externally imposed capital requirements.

Note 6 Qualifying Transaction

The Company has entered into a letter agreement dated March 25, 2009, and amended July 9, 2009, and September 30, 2009, as well as an Asset Purchase agreement dated July 31, 2009 and amended September 30, 2009 (the "Agreement") with Seabridge Gold Inc. ("Seabridge") to acquire various mineral claims in Nevada (the "Proposed Acquisition") held by Seabridge's wholly-owned subsidiaries.

The Proposed Acquisition consists of interests in all or, at the election of the Company, any number of Seabridge's mineral properties located in various counties in Nevada, including Churchill, Elko, Esmeralda, Humboldt and Nye, and includes Seabridge's Castle Blackrock Property (the "Properties"). The Properties comprise interests in 2,141 claims covering more than 30 exploration projects staked in Nevada.

Pursuant to the Agreement, the Company has paid Seabridge a non-refundable deposit of US\$20,000 in March, 2009. The Proposed Acquisition must be completed by October 30, 2009. In consideration for an extension under the amended agreement, the Company paid an additional US\$80,000 to Seabridge. Upon execution of the Formal Agreement, the Company advanced to Seabridge's counsel the further sum of US\$409,925 to cover lease and claims maintenance fees in respect of the Properties that are due prior to September 30, 2009.

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Note 6 Qualifying Transaction – cont'd

The consideration for the Proposed Acquisition to acquire 100% of Seabridge's interest in the Properties (subject to existing underlying royalty and leaseholder entitlements), has also been amended as follows:

The Company will:

- (a) issue Five (5) Million common shares to Seabridge at a deemed price of US\$0.20 per share, and a Convertible Debenture (the "Debenture") in the principal amount of \$1.25 million with the following terms:
 - i) The Debenture shall have a three-year term, bearing no interest;
 - ii) Should the closing price of the common shares of the Company on the TSX Venture Exchange be above \$1.50 per share for ten consecutive trading days (the "Redemption Condition"), the Company shall have the right for a period of 30 days to redeem the Debenture (the "Redemption Period") in full. The Redemption Period shall commence on the 11th day following the ten consecutive trading days and will end 30 days thereafter. The right to redeem will not apply should the Redemption Condition re-occur within the three-year term.
 - iii) After the Redemption Period, or if the Redemption Period does not occur, then immediately before the maturity date, Seabridge can convert the note into common shares of the Company at a conversion price of \$0.25 per share. Unless the Debenture is earlier redeemed or converted, on the maturity date the Company will pay Seabridge the principal sum of the Debenture then outstanding.
 - iv) The Debenture shall be transferable by Seabridge, subject to the Company giving its consent, which consent shall not be unreasonably withheld.
- (b) pay to Seabridge the further sum of US\$2,900,000; and
- (c) appoint two directors selected by Seabridge to the Board of Directors of the Company.

After completion of the Proposed Acquisition, and as long as Seabridge and its affiliates collectively own more than 15% of the outstanding shares of the Company, Seabridge shall have the right to nominate two directors for election at each annual meeting of the Company's shareholders.

The Proposed Acquisition will constitute the Company's Qualifying Transaction

During the period ended August 31, 2009, the Company raised the first tranche of the funds required pursuant to the Agreement, by way of the private placement of 5,000,000 common shares priced at \$0.20 per share.

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Note 6 Qualifying Transaction – cont'd

Subsequent to August 31, 2009, the Company intends to complete a private placement, which will consist of a minimum of 10,000,000 Units to a maximum of 14,000,000 at a price of \$0.50 per Unit, for proceeds of a minimum of \$5,000,000 to a maximum of \$7,000,000. Each Unit will consist of one share and one-half of one Warrant. Each whole Warrant will entitle the holder to purchase an additional common share for two years from Closing, at a price of \$0.70 a share.

The Qualifying Transaction as proposed above is subject approval by the Exchange.

During the period ended August 31, 2009, the Company paid US\$42,000 towards the preparation of a Resource Evaluation Study of one of the properties (in accordance with Canadian NI 43-101 requirements).