

ECO INITIATIVES INC.
Statement of Loss and Deficit
Year Ended December 31, 2004
(Unaudited)

	2004	2003
REVENUE	\$ 860,000	\$ 127
COST OF SALES	<u>820,775</u>	<u>-</u>
GROSS PROFIT (5%; 2003 - 100%)	<u>39,225</u>	<u>127</u>
OPERATING EXPENSES		
Advertising and promotion	-	6
Interest and bank charges	68	6
Interest on long term debt	81,249	-
Management salaries	25,000	25,000
Office	-	1,230
Professional fees	2,992	15,554
Property taxes	3,723	1,500
Vehicle	-	1,602
	<u>113,032</u>	<u>44,898</u>
LOSS FROM OPERATIONS	<u>(73,807)</u>	<u>(44,771)</u>
OTHER INCOME	<u>5,659</u>	<u>-</u>
NET LOSS	<u>(68,148)</u>	<u>(44,771)</u>
DEFICIT - BEGINNING OF YEAR	<u>(50,054)</u>	<u>(5,283)</u>
DEFICIT - END OF YEAR	<u>\$ (118,202)</u>	<u>\$ (50,054)</u>

The attached notes are an integral part of these financial statements.

ECO INITIATIVES INC.
Statement of Cash Flows
Year Ended December 31, 2004
(Unaudited)

	2004	2003
OPERATING ACTIVITIES		
Net loss	\$ (68,148)	\$ (44,771)
Changes in non-cash working capital:		
Deferred income	4,000	-
GST payable (receivable)	1,452	(1,134)
	<u>5,452</u>	<u>(1,134)</u>
Cash flow used by operating activities	<u>(62,696)</u>	<u>(45,905)</u>
INVESTING ACTIVITY		
Proceeds on disposal of Timber Rights	<u>820,775</u>	-
Cash flow from investing activity	<u>820,775</u>	-
FINANCING ACTIVITIES		
Advances to related parties	(320,000)	-
Advances from shareholders	-	100
Proceeds from long term financing	30,250	45,868
Repayment of long term debt	(920,000)	-
Share capital	485,000	-
Cash flow from (used by) financing activities	<u>(724,750)</u>	<u>45,968</u>
INCREASE IN CASH FLOW	33,329	63
CASH - Beginning of year	<u>112</u>	<u>49</u>
CASH - End of year	<u>\$ 33,441</u>	<u>\$ 112</u>

The attached notes are an integral part of these financial statements.

ECO INITIATIVES INC.
Notes to Financial Statements
Year Ended December 31, 2004
(Unaudited)

1. DESCRIPTION OF OPERATIONS

The business is incorporated under the British Columbia Company Act and its major purpose is to create and promote Eco Forestry and community development for residential living.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated amortization	2004 Net book value	2003 Net book value
Land	\$ 351,500	\$ -	\$ 351,500	\$ 1,172,275

4. INTANGIBLE ASSETS

	2004	2003
Incorporation costs - cost	\$ 280	\$ 280

5. LONG TERM DEBT

	2004	2003
Weyerhaeuser loan bearing interest at 3% per annum, repayable on demand in January 2004.	\$ -	\$ 920,000
Eskova loan bearing no interest and no specified terms of repayment.	328,554	298,304
	328,554	1,218,304
Amounts payable within one year	-	-
	\$ 328,554	\$ 1,218,304

6. DUE TO SHAREHOLDERS

	2004	2003
The amounts due to shareholders are unsecured non-interest bearing and have no set repayment terms.	\$ 4,016	\$ 4,016

ECO INITIATIVES INC.
Notes to Financial Statements
Year Ended December 31, 2004
(Unaudited)

7. SHARE CAPITAL	<u>2004</u>	<u>2003</u>
Authorized:		
80,000 Class "A" Common voting shares, NPV		
Issued:		
3,500 Class A Common shares	<u>\$ 487,000</u>	<u>\$ 2,000</u>

EXHIBIT E
BUDGET FOR 2006

Property taxes (land only)	\$5,000.00
Hydro for water and spetic system	3,000.00
Septic and water system maintenance	5,000.00
Road maintenance	6,000.00
Insurance	1,000.00
Legal and accounting	2,000.00
Miscellaneous and contingency	<u>3,000.00</u>
	\$25,000.00

SCHEDULE OF ANNUAL ASSESSMENTS

Annual assessment to each of 15 shareholders = \$1,666.67

REFERENCE PLAN OF COVENANTS OVER PARTS OF DISTRICT LOT 1127, SAYWARD DISTRICT
 Presented to the Board of the Land Title Act
 B.C.O.A. 06/008

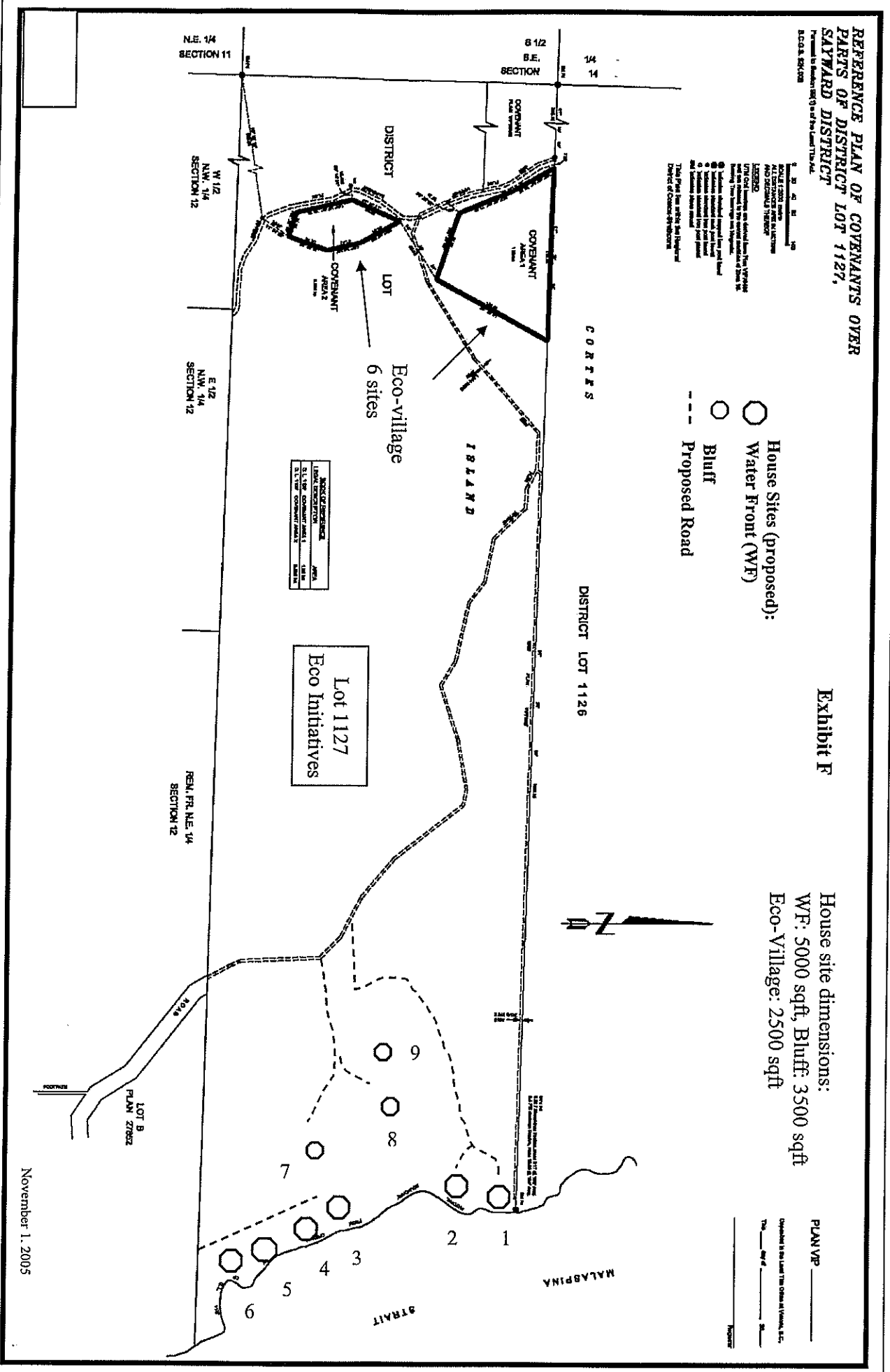
- LEGEND:**
- House Sites (proposed):
 - Water Front (WF)
 - Bluff
 - Proposed Road

Exhibit F

House site dimensions:
 WF: 5000 sqft, Bluff: 3500 sqft
 Eco-Village: 2500 sqft

PLAN VP _____

Drawn by the Land Title Office of Victoria, B.C.
 The _____ of _____



November 1, 2005