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**GOLDEN PEAKS RESOURCES LTD.**

*(An Exploration Stage Company)*

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
JANUARY 31, 2006

*(Unaudited - Prepared by Management)*

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**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Golden Peaks Resources Ltd. for the nine months ended January 31, 2006, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

**GOLDEN PEAKS RESOURCES LTD.**  
*(An Exploration Stage Company)*  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
*(Unaudited - Prepared by Management)*

	<b>January 31, 2006</b>	<b>April 30, 2005</b>
	\$	\$
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,913,079	3,138,126
Amounts receivable and prepaids	147,062	118,009
Marketable securities	<u>-</u>	<u>14,168</u>
	2,060,141	3,270,303
<b>EQUIPMENT</b> , net of accumulated amortization of \$28,565 (2005 - \$21,253)	17,694	15,361
<b>MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS</b> (Note 3 and Schedule)	<u>2,030,242</u>	<u>795,044</u>
	<u><u>4,108,077</u></u>	<u><u>4,080,708</u></u>

**L I A B I L I T I E S**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	<u>486,966</u>	<u>61,836</u>

**S H A R E H O L D E R S '   E Q U I T Y**

<b>SHARE CAPITAL</b> (Note 4)	13,101,449	13,059,449
<b>CONTRIBUTED SURPLUS</b>	639,343	512,802
<b>DEFICIT</b>	<u>(10,119,681)</u>	<u>(9,553,379)</u>
	<u>3,621,111</u>	<u>4,018,872</u>
	<u><u>4,108,077</u></u>	<u><u>4,080,708</u></u>

**SUBSEQUENT EVENTS** (Note 7)

APPROVED BY THE BOARD

"Kieran Downes" \_\_\_\_\_, Director

"Nick DeMare" \_\_\_\_\_, Director

*The accompanying notes form an integral part of these interim consolidated financial statements.*

**GOLDEN PEAKS RESOURCES LTD.**  
(An Exploration Stage Company)

**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**

(Unaudited - Prepared by Management)

	Three Months Ended January 31		Nine Months Ended January 31	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>EXPENSES</b>				
Accounting and administration	2,700	2,825	12,675	13,100
Advertising	17,996	3,350	37,007	10,077
Amortization	1,589	1,409	4,562	3,704
Audit and legal	1,783	1,766	14,152	8,257
Consulting	3,000	7,500	13,450	42,650
Filing fees and transfer agent	1,614	1,565	8,020	8,369
General exploration	30,096	-	102,383	-
Management fees	22,500	22,500	67,500	67,500
Office and general	19,857	7,607	46,423	30,636
Office rent	4,989	5,016	15,022	14,929
Salaries and benefits	13,812	14,124	44,751	42,211
Shareholder communications	2,752	6,497	12,132	15,265
Stock-based compensation	5,830	155,137	126,541	266,557
Travel and related costs	86,124	13,348	90,453	29,236
	<u>214,642</u>	<u>242,644</u>	<u>595,071</u>	<u>552,491</u>
<b>LOSS BEFORE THE FOLLOWING</b>	(214,642)	(242,644)	(595,071)	(552,491)
<b>INTEREST AND OTHER INCOME</b>	14,603	19,374	45,443	60,851
<b>WRITE-OFF OF MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS</b>	-	(78,225)	-	(78,225)
<b>GAIN ON SALE OF MARKETABLE SECURITIES</b>	-	-	7,620	-
<b>FOREIGN EXCHANGE GAIN (LOSS)</b>	<u>(19,119)</u>	<u>14,903</u>	<u>(24,294)</u>	<u>761</u>
<b>LOSS FOR THE PERIOD</b>	(219,158)	(286,592)	(566,302)	(569,104)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(9,900,523)</u>	<u>(7,259,240)</u>	<u>(9,553,379)</u>	<u>(6,976,728)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(10,119,681)</u>	<u>(7,545,832)</u>	<u>(10,119,681)</u>	<u>(7,545,832)</u>
 <b>BASIC AND DILUTED</b>				
<b>LOSS PER COMMON SHARE</b>	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.03)</u>	<u>\$(0.03)</u>
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
	<u>20,149,644</u>	<u>20,040,605</u>	<u>20,101,818</u>	<u>20,028,489</u>

*The accompanying notes form an integral part of these interim consolidated financial statements.*

**GOLDEN PEAKS RESOURCES LTD.**  
(An Exploration Stage Company)

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited - Prepared by Management)

	<b>Three Months Ended January 31</b>		<b>Nine Months Ended January 31</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	(219,158)	(286,592)	(566,302)	(569,104)
Items not involving cash				
Amortization	1,589	1,409	4,562	3,704
Write-off of mineral properties and deferred exploration costs	-	78,225	-	78,225
Gain on sale of marketable securities	-	-	(7,620)	-
Stock-based compensation	<u>5,830</u>	<u>155,137</u>	<u>126,541</u>	<u>266,557</u>
	(211,739)	(51,821)	(442,819)	(220,618)
Decrease (increase) in amounts receivable and prepaids	(31,924)	43,476	(29,053)	9,050
Increase (decrease) in accounts payable and accrued liabilities	<u>294,165</u>	<u>58,597</u>	<u>425,130</u>	<u>93,456</u>
	<u>50,502</u>	<u>50,252</u>	<u>(46,742)</u>	<u>(118,112)</u>
<b>INVESTING ACTIVITIES</b>				
Expenditures on mineral properties and deferred exploration costs	(744,045)	(403,734)	(1,232,949)	(722,204)
Equipment purchases	(5,648)	(3,500)	(9,144)	(4,175)
Proceeds on sale of marketable securities	<u>-</u>	<u>-</u>	<u>21,788</u>	<u>-</u>
	<u>(749,693)</u>	<u>(407,234)</u>	<u>(1,220,305)</u>	<u>(726,379)</u>
<b>FINANCING ACTIVITY</b>				
Issuance of common shares	<u>-</u>	<u>19,779</u>	<u>42,000</u>	<u>32,406</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>	(699,191)	(337,203)	(1,225,047)	(812,085)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>2,612,270</u>	<u>4,053,940</u>	<u>3,138,126</u>	<u>4,528,822</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u><u>1,913,079</u></u>	<u><u>3,716,737</u></u>	<u><u>1,913,079</u></u>	<u><u>3,716,737</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>				
Cash			141,079	722,137
Term deposits			<u>1,772,000</u>	<u>2,994,600</u>
			<u><u>1,913,079</u></u>	<u><u>3,716,737</u></u>

*The accompanying notes form an integral part of these interim consolidated financial statements.*

**GOLDEN PEAKS RESOURCES LTD.***(An Exploration Stage Company)***INTERIM CONSOLIDATED SCHEDULE OF  
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS***(Unaudited - Prepared by Management)*

	<b>Nine Months Ended January 31, 2006</b>						<b>Year Ended April 30, 2005</b>
	<b>La Fortuna \$</b>	<b>Nik \$</b>	<b>Lonco \$</b>	<b>Oro \$</b>	<b>Others \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>BALANCE - BEGINNING OF PERIOD</b>	<u>412,069</u>	<u>214,840</u>	<u>39,365</u>	<u>41,862</u>	<u>86,908</u>	<u>795,044</u>	<u>1,678,473</u>
<b>EXPENDITURES DURING THE PERIOD</b>							
<b>EXPLORATION COSTS</b>							
Accounting	9,678	3,494	855	-	-	14,027	22,619
Amortization	-	-	-	-	2,249	2,249	3,441
Assaying	8,600	-	-	-	-	8,600	57,771
Communications	1,760	-	257	-	-	2,017	2,365
Drilling	399,351	-	-	-	-	399,351	237,413
Equipment and supplies	12,097	4,142	516	-	-	16,755	15,008
Excavation	20,610	-	-	-	-	20,610	-
Field personnel and supervision	90,670	13,529	1,130	-	-	105,329	138,557
Geological	45,936	-	7,038	-	-	52,974	82,542
Geophysics	168,891	-	-	-	-	168,891	80,522
Land management	-	12,637	-	-	-	12,637	4,759
Legal	20,957	19,620	1,305	-	-	41,882	44,061
Satellite imagery	30,719	-	-	-	-	30,719	-
Travel and transportation	55,908	-	6,498	-	-	62,406	110,766
Foreign value added tax	-	-	-	-	57,499	57,499	77,600
	<u>865,177</u>	<u>53,422</u>	<u>17,599</u>	<u>-</u>	<u>59,748</u>	<u>995,946</u>	<u>877,424</u>
<b>ACQUISITION COSTS</b>	<u>147,003</u>	<u>46,325</u>	<u>22,962</u>	<u>22,962</u>	<u>-</u>	<u>239,252</u>	<u>177,079</u>
	<u>1,012,180</u>	<u>99,747</u>	<u>40,561</u>	<u>22,962</u>	<u>59,748</u>	<u>1,235,198</u>	<u>1,054,503</u>
<b>BALANCE BEFORE WRITE-OFF</b>	1,424,249	314,587	79,926	64,824	146,656	2,030,242	2,732,976
<b>LESS: WRITE-OFF</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,937,932)</u>
<b>BALANCE - END OF PERIOD</b>	<u>1,424,249</u>	<u>314,587</u>	<u>79,926</u>	<u>64,824</u>	<u>146,656</u>	<u>2,030,242</u>	<u>795,044</u>

*The accompanying notes form an integral part of these interim consolidated financial statements.*

**GOLDEN PEAKS RESOURCES LTD.**  
(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2006**

(Unaudited - Prepared by Management)

**1. NATURE OF OPERATIONS**

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral properties and deferred exploration costs represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs for the 2006 fiscal year. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Subsequent to January 31, 2006, the Company completed an equity financing of approximately \$8.8 million, as described in Note 7(i).

**2. SIGNIFICANT ACCOUNTING POLICIES**

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

**3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

	<u>January 31, 2006</u>			<u>April 30, 2005</u>		
	Mineral Property	Deferred Exploration Costs (See Schedule )	Total Costs	Mineral Property	Deferred Exploration Costs (See Schedule )	Total Costs
	\$	\$	\$	\$	\$	\$
La Fortuna	283,414	1,140,835	1,424,249	136,411	275,658	412,069
Nik	46,325	268,262	314,587	-	214,840	214,840
Lonco	43,368	36,558	79,926	20,406	18,959	39,365
Oro	43,368	21,456	64,824	20,406	21,456	41,862
Others	-	146,656	146,656	-	86,908	86,908
	<u>416,475</u>	<u>1,613,767</u>	<u>2,030,242</u>	<u>177,223</u>	<u>617,821</u>	<u>795,044</u>

**GOLDEN PEAKS RESOURCES LTD.**

*(An Exploration Stage Company)*

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED JANUARY 31, 2006**

*(Unaudited - Prepared by Management)*

**3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)**

(a) *La Fortuna Property*

In January 2004, the Company entered into an option agreement to acquire a 100% interest in the La Fortuna Property, covering approximately 5,000 hectares, located in the province of Chubut, Argentina. The Company may acquire a 100% interest in the property by making option payments totalling US \$350,000 over three years as follows:

<u>Date</u>	<u>Option Payments</u> US \$
December 19, 2003	15,000 (paid)
June 19, 2004	15,000 (paid)
December 19, 2004	50,000 (paid)
December 19, 2005	100,000 (paid)
December 19, 2006	<u>170,000</u>
	<u><u>350,000</u></u>

The Company is also required to pay US \$1 per ounce of proven economically recoverable gold or silver equivalent to a maximum of US \$4 million. A minimum of US \$1 million is payable after 3.5 years. The remaining monies are payable if and when additional ounces of proven and economically recoverable gold or silver equivalent are identified.

(b) *Nik Project*

The Nik Project is located in the province of La Rioja, Argentina, and comprises six cateos covering 4,410 hectares.

By agreement dated October 11, 2005, the Company and M H Argentina S.A. ("MH"), a private company, entered into an agreement whereby MH could earn an initial 51% interest in the Nik Project by expending US \$2.5 million (the "Work Expenditures") over a four year period. The Work Expenditures include a payment of US \$25,000 to the Company and payments totalling US \$100,000 to the underlying property holder of certain claims. Upon earning the initial 51% interest, MH can increase its interest to 75% by completing a feasibility study or increase its interest to 80% by placing the Nik Project into commercial production.

(c) *Lonco Project*

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Lonco Project, covering approximately 66,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company is required to make monthly payments of US \$2,000 and can purchase the Lonco Project at any time by payment of US \$400,000. If the option is exercised the Company will pay advance royalties of US \$2,000 per month until the earlier of ten years, or the start of commercial production at which time a 1% net smelter return ("NSR") becomes payable.

**GOLDEN PEAKS RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED JANUARY 31, 2006***(Unaudited - Prepared by Management)***3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)****(d) Oro Project**

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Oro Project, covering approximately 72,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company is required to make monthly payments of US \$2,000 and can purchase the Oro Project at any time by payment of US \$400,000. If the option is exercised the Company will pay advance royalties of US \$2,000 per month until the earlier of ten years, or the start of commercial production at which time a 1% NSR becomes payable.

**4. SHARE CAPITAL**

Authorized - 100,000,000 common shares without par value

Issued -	Shares	\$
Balance - April 30, 2005	20,074,644	13,059,449
Issued for cash		
Stock options exercise	<u>75,000</u>	<u>42,000</u>
Balance - January 31, 2006	<u><u>20,149,644</u></u>	<u><u>13,101,449</u></u>

(a) A summary of the Company's stock options at January 31, 2006 and the changes for the nine months ended January 31, 2006 is presented below:

	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	1,320,000	0.88
Granted	515,000	0.61
Exercised	(75,000)	0.56
Expired	<u>(350,000)</u>	0.58
Balance, end of period	<u><u>1,410,000</u></u>	0.87

**GOLDEN PEAKS RESOURCES LTD.**  
(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2006**

(Unaudited - Prepared by Management)

**4. SHARE CAPITAL** (continued)

The following table summarizes information about the stock options outstanding and exercisable at January 31, 2006:

Exercise Price \$	Number Outstanding	Number Exercisable	Expiry Date
1.00	600,000	600,000	September 1, 2006
1.05	245,000	245,000	November 18, 2006
1.15	50,000	50,000	March 18, 2006
0.60	50,000	50,000	May 19, 2007
0.55	400,000	400,000	October 6, 2007
0.85	15,000	15,000	November 30, 2007
1.00	<u>50,000</u>	<u>-</u>	December 2, 2007
	<u>1,410,000</u>	<u>1,360,000</u>	

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the period:

Risk-free interest rate	2.74% - 3.67%
Estimated volatility	73.61% - 82.27%
Expected life	1 year
Expected dividend yield	0%

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the period to the Company's consultants was \$0.27 per share. The Company charged \$126,541 stock-based compensation to operations.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

- (b) As at January 31, 2006, the Company had outstanding warrants issued pursuant to private placements, which may be exercised to purchase 4,854,728 shares.

The following table summarizes information about the warrants outstanding and exercisable at January 31, 2006:

Warrants Outstanding	Exercise Price	Expiry Date
459,480	\$2.00	March 28, 2006
<u>4,395,248</u>	\$1.50	April 8, 2006
<u>4,854,728</u>		

- (c) See also Note 7.

**GOLDEN PEAKS RESOURCES LTD.**  
(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2006**

(Unaudited - Prepared by Management)

**5. RELATED PARTY TRANSACTIONS**

During the nine months ended January 31, 2006 the Company was charged a total of \$146,175 by companies controlled by directors and officers of the Company for accounting, administrative and management services and project supervision. As at January 31, 2006, \$5,455 remained unpaid and is included in accounts payable and accrued liabilities.

**6. SEGMENTED INFORMATION**

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. The Company's current mineral properties are located in Argentina and its corporate assets are located in Canada.

	<b>January 31, 2006</b>		
	<b>Canada</b> \$	<b>Argentina</b> \$	<b>Total</b> \$
Identifiable assets			
Current assets	1,966,015	94,126	2,060,141
Equipment	15,500	2,194	17,694
Mineral properties and deferred exploration costs	-	2,030,242	2,030,242
	<u>1,981,515</u>	<u>2,126,562</u>	<u>4,108,077</u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u>1,235,198</u>	<u>1,235,198</u>
	<b>April 30, 2005</b>		
	<b>Canada</b> \$	<b>Argentina</b> \$	<b>Total</b> \$
Identifiable assets			
Current assets	3,236,477	33,826	3,270,303
Equipment	10,918	4,443	15,361
Mineral properties and deferred exploration costs	-	795,044	795,044
	<u>3,247,395</u>	<u>833,313</u>	<u>4,080,708</u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u>1,054,503</u>	<u>1,054,503</u>

**7. SUBSEQUENT EVENTS**

Subsequent to January 31, 2006, the Company:

- i) completed a private placement of 5,878,700 units at \$1.50 per unit for gross proceeds of \$8,818,050. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$2.25 per share for a period of two years. The Company paid the agent a cash commission of \$412,500 and granted the agent 275,000 warrants which are exercisable on the same terms as the share purchase warrants;

**GOLDEN PEAKS RESOURCES LTD.**

*(An Exploration Stage Company)*

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED JANUARY 31, 2006**

*(Unaudited - Prepared by Management)*

**7. SUBSEQUENT EVENTS**

- ii) granted stock options to its consultants to purchase 60,000 common shares of the Company at \$1.50 per common share for a period of two years; and
- iii) issued 50,000 common shares from the exercise of stock options, at \$1.15 per common share, and 245,250 common shares from the exercise of warrants, at \$1.50 per common share, for \$425,375. In addition, warrants to purchase 459,480 common shares of the Company at \$2.00 per share, expired without exercise.

# GOLDEN PEAKS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED JANUARY 31, 2006

### Background

This discussion and analysis of financial position and results of operation is prepared as at March 30, 2006 and should be read in conjunction with the interim consolidated financial statements and the accompanying notes for the nine months ended January 31, 2006 of Golden Peaks Resources Ltd. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### Company Overview

The Company's shares are listed and posted for trading on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer, under the symbol "GL". The Company is involved in gold and silver mineral exploration, with its primary assets located in Argentina. The Company's corporate strategy is to acquire, or have the right to acquire, interests in advanced projects which have the potential to host large, high-grade gold deposits. The Company has assembled a portfolio of Argentine mineral properties which meet these criteria, and is continuing to aggressively pursue additional properties of merit in Argentina.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proved reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta.

### Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

### Exploration Projects

#### *La Fortuna Project, Chubut Province, Argentina*

In late October 2005, the Company commenced a 4,000 meter diamond drilling program to test approximately eleven target areas on the CB, CR and A structures. This program is ongoing and it is too early to comment on results.

In November 2005, the Company announced assays for two holes drilled on the T11 gold zone in May 2005.

#### **T11 Gold Zone**

	Gold (g/t)	Width (m)	Interval (m)
<b>Hole LF-1</b>	3.30	21.75	3.0 - 24.75
Incl.	11.84	4.00	3.0 - 7.0
Incl.	14.84	3.00	3.0 - 6.0
Incl.	6.20	2.00	17.0 - 19.0
Incl.	6.44	0.75	24.0 - 24.75

	Gold (g/t)	Width (m)	Interval (m)
<b>Hole LF-1A</b>	3.28	13.90	19.0 - 32.9
Incl.	8.53	2.00	21.0 - 23.0
Incl.	11.56	1.00	22.0 - 23.0
Incl.	7.03	2.00	27.0 - 29.0
Incl.	10.01	1.00	28.0 - 29.0

In aggregate, the two holes cut approximately 31 meters of continuous sulphides down-hole. This equates to an estimated horizontal width of 22.5 meters of the gold bearing sulphides under the T11 zone, which ran 9.5 g/t gold over 24.0 meters in trench 11. The full extent of the mineralization was not tested and both holes were shut down in mineralization.

Also in November 2005, the Company announced results from three overburden trenches emplaced at the northwest end of the A structure. The area is approximately 1,200 meters northwest of the T11 mineralized zone (9.5 g/t gold over 24.0 meters). Bedrock gold mineralization was discovered in two of the three trenches. In the easternmost trench thirteen continuous chip samples collected over an interval of 11.7 meters returned a weighted average of 2.53 g/t gold over 11.7 meters, including 4.00 g/t over 6.3 meters. Mineralization in the second trench is poorly exposed. Three grab samples returned 3.58, 1.53 and 0.87 g/t gold.

A 17 hole (1,643 meter) drill program was completed in October-December 2005 on the T11, G and Amphitheatre zones. In January 2006, the Company commenced a 3,500 meter diamond drill program to complete the initial testing of targets on the A structure before moving to test targets on the CR and CB structures. Also in January and February the Company announced a significant discovery on the T11 zone. Seven holes drilled on the T11 zone intersected high-grade gold mineralization within broad zones of shallow, moderate grade gold mineralization.

Hole		Gold g/t	Intersection (m)	From (m)	To (m)	Location	Note
LF-7*		3.65	50	4	54	Tr-11	25m test of T11 structure
	incl.	6.7	23.5	18.5	42		
	incl.	11.66	6	23	29		
	incl.	10.68	7.7	31.3	39		
LF-9		2.05	62.7	6.3	69	Tr-11	50m test of T11 structure
	incl.	3.07	30.5	38.5	69		Undercut of LF-7
	incl.	6.56	11.5	38.5	50		
	incl.	9.42	7.5	39	46.5		
LF-8*		3.62	23	9	32	25m east of Tr-11	25m test of T11 structure
	incl.	7.24	6	9	15		
LF-10		2.35	68.36	12.2	80.56	25m east of Tr-11.	50m test of T11 structure
	incl.	7.69	16.8	12.2	29		Undercut of LF-8
	incl.	10.58	8.3	20.7	29		
	incl.	8.88	1.9	52.1	54		
LF-11*		5.72	38	3	41	50m east of Tr-11	25m test of T11 structure
	incl.	10.9	10.3	19.5	29.8		
	incl.	18.34	5.15	23.35	28.5		
	incl.	10.08	6.02	33.53	39.55		

Hole		Gold g/t	Intersection (m)	From (m)	To (m)	Location	Note
LF-12*		3.3	13	7	20	75m east of Tr-11	25m test of T11 structure
	incl.	6.42	3.65	7	10.65		
LF-13*		3.97	23.9	59	82.9	Tr-11	75m test of T11 structure
	incl.	6.64	13.5	66	79.5		
	incl.	9.84	4	66.5	70.5		
CRW-1		0.33	80.2	2	82	G zone	North end of CR
	incl.	0.71	26	13	39		structure
	incl.	0.95	5	64	69		

\* Previously reported. Estimated true width factor: 91% for holes LF-7, LF-8 and LF-11; 75% for holes LF-9, LF-10 and LF-12.

Drilling has tested the mineralized zone to a depth of 75 meters below Tr-11, and along strike for a minimum of 75 meters. Hole LF-7 to LF-12 were drilled from north to south. The attitude of the mineralized zone intersected in holes LF-7 to LF-12 is uncertain at this time, however, the results appear to indicate the mineralization dips north at approximately 55° to 60°. Hole LF-13 was drilled south to north beneath Tr-11 from a platform 20 meters below the level of the trench. The mineralization intersected in hole LF-13 appears to represent a separate zone of mineralization. This is a significant new discovery in a new area. The mineralization is open along strike and to depth. Additional drilling will be undertaken on the T11 zone once new platforms are constructed.

Hole CRW-1, drilled at the north end of the CR structure (G Zone) and approximately 1 kilometer from Trench 11, intercepted a wide zone of low-grade, shallow gold mineralization. This mineralized zone is located close to the intersection of the CR and A structures where a broad area of high chargeability/sulphidic alteration, approximately 2.0 X 2.0 km, is developed at the intersection of the two structures. Additional drilling is planned to follow up on this wide zone of mineralization.

The drill contractor is Connors Argentina S.A. Split core samples are assayed by Alex Stewart (Assayers) Argentina S.A., a certified ISO 9002 laboratory. In accordance with the Company's QC/QA policy all high grade samples will be check assayed at a different laboratory. The ongoing drill program is testing gold mineralization on the A, CR and CB structures.

#### *Golden Project, Chubut Province, Argentina*

The Golden Project is located approximately 35 kilometres southwest of the Navidad prospect (IMA Exploration Inc.) and in the same geological province. The Company plans fieldwork in 2006 to identify diamond drill targets.

#### *Lonco Project, Neuquen Province, Argentina*

The Lonco project covers 66,000 hectares and contains 10 separate prospects in an historic mining district. The project is prospective for porphyry and skarn mineralization, as well as epithermal precious metal mineralization. The Company plans additional field work in the fourth quarter of 2006.

#### *Oro Project, Neuquen Province, Argentina*

The Oro project covers 72,000 hectares and contains five separate prospects. The project covers volcanic and intrusive terrain prospective for epithermal precious metal mineralization. The Company is currently undertaking prospecting, mapping and sampling program. This program is ongoing and it is too early to comment on results.

#### *Sierra de las Minas Project*

In October 2005 the Company consolidated a 100% interest in the project. The Sierra de las Minas project has been incorporated into the Nik project and is part of the M H Argentina S.A. option agreement announced in October 2005.

*Nik Project, La Rioja Province, Argentina*

In October 2005, the Company announced it had granted to M H Argentina S.A. (“Hochschild”) the right to acquire an initial 51% interest in the Nik/Sierra de las Minas projects (“Nik Project”) by spending US \$2.5 million on exploration over four years. The exploration requirement includes a US \$25,000 payment to the Company upon completion of Hochschild’s due diligence review. Upon earning its 51% interest, Hochschild may increase its ownership interest as follows:

- (i) earn a 75% interest in the Nik Project by completing a feasibility within 5 years; or
- (ii) earn an 80% interest by placing the Nik Project into commercial production within 6 years without completing a feasibility study. The Company’s 20% interest will be carried to the start of commercial production.

**Selected Financial Data**

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2006			Fiscal 2005			Fiscal 2004	
	Jan 31 \$	Oct. 31 \$	Jul 31 \$	Apr. 30 \$	Jan. 31 \$	Oct. 31 \$	Jul. 31 \$	Apr. 30 \$
<b>Operations:</b>								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(219,158)	(170,616)	(176,528)	(2,007,547)	(286,592)	(207,468)	(75,044)	(147,878)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.11)	(0.01)	(0.01)	(0.00)	(0.01)
Dividends per share	-	-	-	-	-	-	-	-
<b>Balance Sheet:</b>								
Working capital	1,573,175	2,534,607	2,832,089	3,208,467	3,656,370	4,095,646	4,363,091	4,570,961
Total assets	4,108,077	4,027,240	4,057,698	4,080,708	6,148,857	6,201,936	6,221,286	6,325,542
Total long-term liabilities	-	-	-	-	-	-	-	-

**Results of Operations**

During the nine months ended January 31, 2006 (“Fiscal 2006”), the Company reported a loss of \$566,302, comparable to the loss of \$569,104 during the nine months ended January 31, 2005 (“Fiscal 2005”).

General and administrative expenses incurred during Fiscal 2006, were \$595,071, an increase of \$42,580 from the \$552,491 incurred during Fiscal 2005. Although most categories were relatively stable, the Company did experience significant variances in the following: i) during Fiscal 2006 the Company paid \$37,007 for advertising in industry magazine publications. During Fiscal 2005 the Company spent \$10,077 for general advertising; ii) during Fiscal 2006, the Company recognized \$126,541 (Fiscal 2005 - \$266,557) for non-cash stock-based compensation arising from the granting of stock options to purchase 515,000 common shares. The calculation is based on the fair value of stock options granted by the Company using the Black-Scholes option pricing model, which uses estimates and assumptions; iii) during Fiscal 2006 the Company recorded \$102,383 general exploration costs relating to the Tanque Negro Project, which had been written-off at the end of the fiscal year ended April 30, 2005; iv) consulting expenses decreased by \$29,200, from \$42,650 in Fiscal 2005 to \$13,450 in Fiscal 2006. During Fiscal 2005 the Company paid \$42,650 consulting fees to an arms-length party for general financing advice to the Company. The arrangement ended in June 2005. In Fiscal 2006, \$10,800 was paid to this party. In Fiscal 2006, the Company also incurred \$3,000 consulting expense from a private corporation owned by a director of the Company; and v) the Company incurred \$90,453 travel and related costs during Fiscal 2006, an increase of \$61,217 from the \$29,236 incurred during Fiscal 2005. The increase during Fiscal 2006, was attributed to a general increase in travel by the Company’s management and travel by the Company’s management, directors and financial analysts to the La Fortuna site to review the Project and discuss financing opportunities.

During Fiscal 2006, the Company earned \$45,443 interest income, compared to \$60,851 during Fiscal 2005. The decrease during Fiscal 2006, was due to the lower level of funds held during Fiscal 2006. During Fiscal 2006, the Company did not conduct any equity financings.

During Fiscal 2006, the Company incurred \$1,012,180 on the La Fortuna Project, \$99,747 in exploration expenditures and acquisition costs on the Nik Claim, \$40,561 on the Lonco Project, \$22,962 on the Oro Project, and \$59,748 on other minor properties. Detailed discussion of the Company's exploration activities conducted is discussed in "Exploration Projects".

### **Financial Condition / Capital Resources**

The Company's practice is to proceed with staged exploration, where each stage is dependent on the successful results of the preceding stage. To date the Company has not received any revenues from its mining activities and has relied on equity financing to fund its commitments and discharge its liabilities as they come due. As of January 31, 2006, the Company had working capital of \$1,573,175. On March 30, 2006, the Company completed a private placement of 5,878,700 units to raise \$8.8 million gross proceeds. In addition, the Company received \$425,375 subsequent to January 31, 2006, on the exercises of stock options and warrants. With the additional financings, the Company believes that it has sufficient working capital to meet the anticipated cost of all its future exploration programs and corporate overhead requirements through 2006.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

The Company has no proposed transactions.

### **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the April 30, 2005 audited consolidated financial statements.

### **Changes in Accounting Policies**

The Company has no changes in accounting policies.

### **Transactions With Related Parties**

During the nine months ended January 31, 2006, the Company was charged a total of \$146,175 by companies controlled by directors and officers of the Company for accounting, administrative and management services and project supervision. As at January 31, 2006 \$5,455 remained unpaid and is included in accounts payable and accrued liabilities.

### **Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Argentina and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

**Investor Relations Activities**

The Company did not engage any outside consultants to provide investor relations activities during the nine months ended January 31, 2006. All investor relations activities are provided by the Company's officers and employees.

**Outstanding Share Data**

The Company's authorized share capital is 100,000,000 common shares without par value. As at March 30, 2006, there were 26,323,594 common shares issued, 1,420,000 stock options outstanding, with exercise prices ranging from \$0.55 to \$1.50 per share and 10,303,698 warrants outstanding, with exercise prices ranging from \$1.50 to \$2.25 per share.