
GOLDEN PEAKS RESOURCES LTD.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED

OCTOBER 31, 2005

(Unaudited - Prepared by Management)

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

The accompanying unaudited interim consolidated financial statements of Golden Peaks Resources Ltd. for the six months ended October 31, 2005, 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)

	October 31, 2005	April 30, 2005
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	2,612,270	3,138,126
Amounts receivable and prepaids (Note 6)	115,138	118,009
Marketable securities (Note 3)	<u>-</u>	<u>14,168</u>
	2,727,408	3,270,303
EQUIPMENT , net of accumulated amortization of \$91,340 (2004 - \$80,610)	14,385	15,361
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Note 4 and Schedule)	<u>1,285,447</u>	<u>795,044</u>
	<u><u>4,027,240</u></u>	<u><u>4,080,708</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	<u>192,801</u>	<u>61,836</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	13,101,449	13,059,449
CONTRIBUTED SURPLUS	633,513	512,802
DEFICIT	<u>(9,900,523)</u>	<u>(9,553,379)</u>
	<u>3,834,439</u>	<u>4,018,872</u>
	<u><u>4,027,240</u></u>	<u><u>4,080,708</u></u>

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 October 31		Six Months Ended October 31	
	2005 \$	2004 \$	2005 \$	2004 \$
EXPENSES				
Accounting and administration	8,400	9,200	9,975	10,275
Advertising	-	-	19,011	6,727
Amortization	1,548	1,148	2,973	2,295
Audit and legal	9,929	5,818	12,369	6,491
Consulting	-	5,150	10,450	35,150
Filing fees and transfer agent	5,582	5,842	6,406	6,804
General exploration	4,233	-	72,287	-
Management fees	22,500	22,500	45,000	45,000
Office and general	15,526	17,617	26,566	23,029
Office rent	5,017	5,017	10,033	9,913
Salaries and benefits	15,321	13,825	30,939	28,087
Shareholder communications	6,489	7,063	9,380	8,768
Stock-based compensation	108,324	111,420	120,711	111,420
Travel and related costs	559	14,485	4,329	15,888
	<u>203,428</u>	<u>219,085</u>	<u>380,429</u>	<u>309,847</u>
LOSS BEFORE THE FOLLOWING	(203,428)	(219,085)	(380,429)	(309,847)
GAIN ON SALE OF MARKETABLE SECURITIES	7,620	-	7,620	-
INTEREST AND OTHER INCOME	14,215	21,049	30,840	41,477
FOREIGN EXCHANGE LOSS	<u>10,977</u>	<u>(9,432)</u>	<u>(5,175)</u>	<u>(14,142)</u>
LOSS FOR THE PERIOD	(170,616)	(207,468)	(347,144)	(282,512)
DEFICIT - BEGINNING OF PERIOD	<u>(9,729,907)</u>	<u>(7,051,772)</u>	<u>(9,553,379)</u>	<u>(6,976,728)</u>
DEFICIT - END OF PERIOD	<u>(9,900,523)</u>	<u>(7,259,240)</u>	<u>(9,900,523)</u>	<u>(7,259,240)</u>
BASIC AND DILUTED				
LOSS PER COMMON SHARE	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	<u>20,081,166</u>	<u>20,024,917</u>	<u>20,077,905</u>	<u>20,022,430</u>

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GOLDEN PEAKS RESOURCES LTD.
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended October 31		Six Months Ended October 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(170,616)	(207,468)	(347,144)	(282,512)
Items not involving cash				
Amortization	1,548	1,148	2,973	2,295
Stock-based compensation	108,324	111,420	120,711	111,420
Gain on sale of marketable securities	<u>(7,620)</u>	<u>-</u>	<u>(7,620)</u>	<u>-</u>
	(68,364)	(94,900)	(231,080)	(168,797)
Decrease (increase) in amounts receivable and prepaids	(30,417)	(21,544)	2,871	(34,426)
Increase (decrease) in accounts payable and accrued liabilities	<u>(10,166)</u>	<u>64,071</u>	<u>130,965</u>	<u>34,859</u>
	<u>(108,947)</u>	<u>(52,373)</u>	<u>(97,244)</u>	<u>(168,364)</u>
INVESTING ACTIVITIES				
Expenditures on mineral properties and deferred exploration costs	(275,780)	(184,497)	(488,904)	(318,470)
Equipment purchases	(2,958)	(675)	(3,496)	(675)
Proceeds from sale of marketable securities	<u>21,788</u>	<u>-</u>	<u>21,788</u>	<u>-</u>
	<u>(256,950)</u>	<u>(185,172)</u>	<u>(470,612)</u>	<u>(319,145)</u>
FINANCING ACTIVITY				
Issuance of common shares	<u>42,000</u>	<u>12,627</u>	<u>42,000</u>	<u>12,627</u>
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(323,897)	(224,918)	(525,856)	(474,882)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>2,936,167</u>	<u>4,278,858</u>	<u>3,138,126</u>	<u>4,528,822</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>2,612,270</u></u>	<u><u>4,053,940</u></u>	<u><u>2,612,270</u></u>	<u><u>4,053,940</u></u>
CASH AND CASH EQUIVALENTS COMPRISED OF:				
Cash			394,270	261,008
Term deposits			<u>2,218,000</u>	<u>3,792,932</u>
			<u><u>2,612,270</u></u>	<u><u>4,053,940</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)

	Six Months Ended October 31, 2005						Year Ended April 30, 2005
	Lonco \$	Oro \$	La Fortuna \$	Nik \$	Others \$	Total \$	Total \$
BALANCE - BEGINNING OF PERIOD	39,365	41,862	412,069	214,840	86,908	795,044	1,678,473
EXPENDITURES DURING THE PERIOD							
EXPLORATION COSTS							
Accounting	1,710	-	4,915	2,501	-	9,126	22,619
Amortization	-	-	-	-	1,499	1,499	3,441
Assaying	-	-	4,882	-	-	4,882	57,771
Communications	186	-	487	-	-	673	2,365
Drilling	-	-	-	-	-	-	237,413
Equipment and supplies	1,032	-	2,618	3,477	-	7,127	15,008
Field personnel and supervision	2,259	-	56,075	9,253	-	67,587	138,557
Geological	6,989	-	40,333	-	-	47,322	82,542
Geophysics	-	-	135,925	-	-	135,925	80,522
Land management	-	-	-	11,190	-	11,190	4,759
Legal	2,611	-	8,767	13,552	-	24,930	44,061
Satellite imagery	-	-	26,077	-	-	26,077	-
Travel and transportation	6,810	-	24,365	-	-	31,175	110,766
Foreign value added tax	-	-	-	-	46,312	46,312	77,600
	21,597	-	304,444	39,973	47,811	413,825	877,424
ACQUISITION COSTS	26,747	-	14,428	35,403	-	76,578	177,079
	48,344	-	318,872	75,376	47,811	490,403	1,054,503
BALANCE BEFORE WRITE-OFF	87,709	41,862	730,941	290,216	134,719	1,285,447	2,732,976
LESS: WRITE-OFF	-	-	-	-	-	-	(1,937,932)
BALANCE - END OF PERIOD	87,709	41,862	730,941	290,216	134,719	1,285,447	795,044

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 SIX MONTHS ENDED OCTOBER 31, 2005

(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.

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. MARKETABLE SECURITIES

	<u>As at October 31, 2005</u>		<u>As at April 30, 2005</u>	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Resources Investment Trust PLC	<u>-</u>	<u>-</u>	<u>7,999</u>	<u>14,168</u>

During the six months ended October 31, 2005, the Company sold the remaining 7,999 shares of the Resources Investment Trust PLC shares for \$21,788 and recognized a gain of \$7,620.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - Prepared by Management)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	October 31, 2005			April 30, 2005		
	Mineral Property	Deferred Exploration Costs (See Schedule)	Total Costs	Mineral Property	Deferred Exploration Costs (See Schedule)	Total Costs
	\$	\$	\$	\$	\$	\$
Lonco	47,153	40,556	87,709	20,406	18,959	39,365
Oro	20,406	21,456	41,862	20,406	21,456	41,862
La Fortuna	150,839	580,102	730,941	136,411	275,658	412,069
Nik	35,403	254,813	290,216	-	214,840	214,840
Others	-	134,719	134,719	-	86,908	86,908
	<u>253,801</u>	<u>1,031,646</u>	<u>1,285,447</u>	<u>177,223</u>	<u>617,821</u>	<u>795,044</u>

(a) *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.

(b) *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.

(c) *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:

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(Unaudited - Prepared by Management)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (continued)

<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
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.

Subsequent to October 31, 2005, the Company paid the US \$100,000 option payment which was due on December 19, 2005.

(d) *Nik Project*

The Nik Project is located in the province of La Rioja, Argentina, and comprises:

- i) four categoos acquired by the Company, comprising 4,410 hectares; and
- ii) 100% undivided interest in two claims, comprising 2,450 hectares, which formed part of the Sierra de Las Minas Project. Originally the Company and Mitsubishi Materials Corp. ("Mitsubishi") held 56.33% and 43.67% joint venture interest, respectively, in the Sierra de Las Minas Project located in Northwest Argentina. During the 2005 fiscal year the Company wrote-off all its remaining carrying cost in the Sierra de Las Minas Project.

On April 15, 2004, the Company and Mitsubishi entered into an option agreement whereby the Company could acquire Mitsubishi's 43.67% joint venture interest in the remaining claims in Sierra de las Minas Project. Under the terms of the option agreement, the Company was required to expend US \$100,000 by April 1, 2006. On August 24, 2005, the Company and Mitsubishi terminated the option agreement and entered into a reconveyance and quit claim agreement, whereby the Company acquired Mitsubishi's 43.67% joint venture interest for US \$30,000 cash.

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 US \$100,000 payments totalling US \$100,000 to the underlying property holder of certain claims. Upon earning the initial 51% interest, MH can increase it interest to 75% by completing a feasibility study or increase its interest to 80% by placing the Nik Project into commercial production.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. SHARE CAPITAL

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

Issued -	<u>Six Months Ended October 31, 2005</u>	
	Shares	\$
Balance - beginning of period	20,074,644	13,059,449
Issued for cash		
Stock options exercise	<u>75,000</u>	<u>42,000</u>
Balance - end of period	<u><u>20,149,644</u></u>	<u><u>13,101,449</u></u>

(a) A summary of the Company's stock options at October 31, 2005 and the changes for the six months ended October 31, 2005 is presented below:

	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	1,320,000	0.88
Granted	450,000	0.56
Exercised	(75,000)	0.56
Expired	<u>(350,000)</u>	0.58
Balance, end of period	<u><u>1,345,000</u></u>	0.87

The following table summarizes information about the stock options outstanding and exercisable at October 31, 2005:

Exercise Price \$	Number of Options	Expiry Date
1.00	600,000	September 1, 2006
1.05	245,000	November 18, 2006
1.15	50,000	March 18, 2006
0.60	50,000	May 19, 2007
0.55	<u>400,000</u>	October 6, 2007
	<u><u>1,345,000</u></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% - 3.00%
Estimated volatility	73.61% - 80.45%
Expected life	1 year
Expected dividend yield	0%

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(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

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 \$120,711 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.

See also Note 8.

- (b) As at October 31, 2005, 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 October 31, 2005:

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>		

6. RELATED PARTY TRANSACTIONS

During the six months ended October 31, 2005 the Company was charged a total of \$96,975 by companies controlled by directors and officers of the Company for accounting, administrative, management and project supervision. As at October 31, 2005, \$9,110 remained unpaid and is included in accounts payable and accrued liabilities.

GOLDEN PEAKS RESOURCES LTD.
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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7. 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.

	October 31, 2005		
	Canada \$	Argentina \$	Total \$
Identifiable assets			
Current assets	2,608,456	118,952	2,727,408
Equipment	11,442	2,943	14,385
Mineral properties and deferred exploration costs	-	1,285,447	1,285,447
	<u>2,619,898</u>	<u>1,407,342</u>	<u>4,027,240</u>
Mineral property and deferred exploration costs additions	<u>-</u>	<u>490,403</u>	<u>490,403</u>
	April 30, 2005		
	Canada \$	Argentina \$	Total \$
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>

8. SUBSEQUENT EVENT

Subsequent to October 31, 2005, the Company granted options to its consultants to purchase 65,000 common shares of the Company with exercise prices ranging from \$0.85 to \$1.00, for a period of two years.

GOLDEN PEAKS RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED OCTOBER 31, 2005

Background

This discussion and analysis of financial position and results of operation is prepared as at December 21, 2005 and should be read in conjunction with the interim consolidated financial statements and the accompanying notes for the six months ended October 31, 2005 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.

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

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.

La Fortuna Project, Chubut Province, Argentina

In late October 2005, the Company commenced a 4,000 meter diamond drilling program to test approximately 11 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 (mt)	Interval (m)
Hole LF-1	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
Hole LF-1A	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.

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 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 plans additional field work in 2006.

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 (see above under Nik Project).

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	
	Oct. 31 \$	Jul 31 \$	Apr. 30 \$	Jan. 31 \$	Oct. 31 \$	Jul. 31 \$	Apr. 30 \$	Jan. 31 \$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(170,616)	(176,528)	(2,007,547)	(286,592)	(207,468)	(75,044)	(147,878)	(3,011,660)
Basic and diluted loss per share	(0.01)	(0.01)	(0.11)	(0.01)	(0.01)	(0.00)	(0.01)	(0.19)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital	2,534,607	2,832,089	3,208,467	3,656,370	4,095,646	4,363,091	4,570,961	871,631
Total assets	4,027,240	4,057,698	4,080,708	6,148,857	6,201,936	6,221,286	6,325,542	2,501,830
Total long-term liabilities	-	-	-	-	-	-	-	-

Results of Operations

During the six months ended October 31, 2005 ("2005"), the Company reported a loss of \$347,144, an increase in loss of \$64,632 from the loss of \$282,512 for the six months ended October 31, 2004 ("2004"). During 2005 the net loss included the \$72,287 (2004 - \$nil) general exploration and the recognition of \$120,711 (2004 - \$111,420) for non-cash stock-based compensation on the granting of stock options.

General and administrative expenses incurred during 2005 were \$380,429, an increase of \$70,582 from the \$309,847 incurred in 2004. Although most categories were relatively stable, the Company did experience significant variances in the following: i) the Company paid \$19,011 (US \$15,000) in 2005 for advertising in industry magazine publications. The Company incurred \$6,727 in 2004 for general advertising; ii) in 2005 the Company recognized \$120,711 (2004 - \$111,420) of non-cash stock-based compensation arising from the granting of stock options. 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) in 2005 the Company incurred \$72,287 exploration costs related to the Tanque Negro Project which had been written-off at the end of the fiscal year ended April 30, 2005. These costs were expensed as general exploration costs in 2005. In 2004, activities relating to Tanque Negro were capitalized; iv) during 2005 the Company paid \$10,450 for consulting services provided by arms-length parties and \$35,150 was paid in 2004; and v) the Company incurred \$4,329 travel and related costs in 2005 a decrease of \$11,559 from the \$15,888 incurred in 2004. The decrease in 2005 was attributed to travel by the Company's management in 2004 to Europe to discuss financing opportunities.

During 2005, the Company earned \$30,840 interest income compared to \$41,477 in 2004. The decrease in 2005 was due to the lower level of funds held in 2005. During 2005 the Company did not conduct any equity financings.

During 2005, the Company incurred \$39,973 in exploration expenditures and acquisition costs on the Nik Claim, \$304,444 on the La Fortuna Project, \$21,597 on the Lonco Project, and \$47,811 on other minor properties. Detailed discussion of the Company's exploration activities conducted are 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 October 31, 2005, the Company had working capital of \$2,534,607. 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 2005. However, results from its exploration programs and/or additional mineral property acquisitions may result in additional financial requirements. If needed, the Company would be required to conduct additional financings, however, there is no assurance that funding will be available on terms acceptable to the Company or at all. If such funds cannot be secured, the Company may be forced to curtail additional exploration efforts to a level for which funding can be secured or relinquish certain of its properties.

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 six months ended October 31, 2005, the Company was charged a total of \$96,975 by companies controlled by directors and officers of the Company for accounting, administrative, management, project supervision and directors fees. As at October 31, 2005 \$9,110 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 six months ended October 31, 2005. 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 December 21, 2005, there were 20,149,644 common shares issued, 1,410,000 stock options outstanding and exercisable, with exercise prices ranging from \$0.55 to \$1.15 per share and 4,854,728 warrants outstanding, with exercise prices ranging from \$1.50 to \$2.00 per share.