

AURAMEX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

The following discussion and analysis of financial position and results of operations of Auramex Resource Corp. (the "Company") is prepared as at April 25, 2005, and should be read in conjunction with the audited consolidated financial statements of the Company, and the notes thereto, for the year ended December 31, 2005. In this discussion, unless the context otherwise dictates, a reference to the business and operations of the Company includes the business and operations of the Company's wholly owned Mexican subsidiary, Exploración Auramex S. A. de C. V. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of the Business

The Company is engaged in the business of acquiring interests in mineral properties with exploration potential and exploring those properties to determine if they may host economic deposits of minerals. While the Company has acquired and explored a number of properties over the years, it has yet to identify and develop an economic mineral deposit. If the Company determines that a property likely does not host an economic deposit, or if maintaining a property becomes uneconomic for any other reason, it abandons the property and writes off the capitalized acquisition and deferred exploration and development costs associated with the property. As existing properties are abandoned, the Company seeks out new properties for acquisition that it considers may have the potential to host the economic mineral deposit or deposits that will result in its evolution into a producing, revenue generating entity. The exploration of mineral properties and subsequent development involves a high degree of risk and few properties that are explored are ultimately developed into producing properties.

The Company currently has five mineral exploration projects, the Magenta property, Mexico, the La Perla II concession, Mexico, the Bear River Property, British Columbia, the Summit/Oldtimer (Ymir) property, British Columbia, and the Brandywine property, British Columbia.

Overall Performance

As the Company does not have a producing mineral property, it has no source of cash other than debt financing and equity financing from the sale of its common shares and share purchase warrants. The cash raised in this manner is used to cover ongoing administrative expense and to fund exploration activities on its mineral exploration properties. The amount of money available for exploration is directly related to the amount that the Company is able to raise from these sources, after administrative

expenses have been paid. The Company is continually engaged in the process of raising money and allocating the proceeds between its current administrative needs and desired exploration activities. As funds become depleted, new financing is sought and the process is repeated. The determination as to which properties to explore, what programs to undertake and how much money to spend in each instance is made on an ongoing basis by the Company's management, in consultation with its Board of Directors and professional advisors.

As a result of the foregoing, the true measure of the Company's performance for any given period lies in the amount of money it was able to raise, the amount of exploration it was able to undertake and the results of those exploration efforts.

Working capital at December 31, 2005 was \$71,400 compared to \$242,686 at December 31, 2004. The cash component of working capital for the same dates was \$116,165 and \$382,251 respectively. During the year, the Company realized gross proceeds of \$332,410 from equity financing, compared to \$924,650 in the previous year. Total exploration expenditures during fiscal 2005 were \$332,998, as compared to \$301,931 in the prior year.

Overall, the Company was able to raise sufficient funds during the year to cover its administrative expenses, to conduct a soils survey over a copper/gold porphyry zone on the Magenta property in Mexico, to carry out a 24 hole diamond drill program on the Summit/Oldtimer property and to acquire the Bear River property. This performance was in line with management's expectations for the period.

Selected Annual Information

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada ("GAAP"), for the years ended **December 31**,

			2005		2004		2003
(a)	Revenue	\$	Nil	\$	Nil	\$	Nil
(b)	Income(Loss) before discontinued operations and extraordinary items	\$	(241,426)	\$	(506,012)	\$	(386,083)
(c)	Loss per share:						
	Basic -	\$	(0.02)	\$	(0.07)	\$	(0.10)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(d)	Net loss	\$	(241,426)	\$	(506,012)	\$	(386,083)
(e)	Net loss per share:						
	Basic -	\$	(0.02)	\$	(0.07)	\$	(0.10)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(f)	Total Assets	\$	1,091,233	\$	970,845	\$	375,825
(g)	Long Term Financial Liabilities	\$	134,979	\$	179,815	\$	179,815
(h)	Cash dividends per share	\$	Nil	\$	Nil	\$	Nil

The loss for 2003 has been restated due to a change in accounting policy related to stock based compensation.

The Company had no revenue over the three year period referred to in the foregoing.

During the year ended December 31, 2003, gross proceeds of \$457,150 were raised from the private placement of shares and share purchase warrants, the exercise of share purchase warrants and debt financing. The Company acquired the Magenta property and completed a preliminary evaluation of the property at a cost of \$51,000. After having been declared inactive by the TSX Venture Exchange in August 2002, the Company returned to active status on Tier 2 of the TSX Venture Exchange effective October 27, 2003. At December 31, 2003, the Company had cash of \$136,940 and working capital of \$56,612.

During the year ended December 31, 2004, the Company's level of activity increased over the previous year. The Company acquired the Summit/Oldtimer property and conducted a drill program at a cost of \$61,000. The Company conducted two exploration programs on the Magenta property, the first of which was an Induced Polarization and Resistivity Survey, and the second, a 700 metre drill program to test anomalies identified by the IP survey.

At December 31, 2004, the Company had cash of \$382,251, of which \$300,000 was raised in flow through financing for qualified Canadian Exploration Expenditures to be used in a drill program at the Summit/Oldtimer property in 2005.

Investor relations cost were \$42,843 in 2004, and decreased to \$18,000 in 2005. Legal fees in 2004 amounted to \$98,301, and decreased to \$35,593 in 2005. During 2004, the Company had incurred legal costs relating to a mediated dispute with a company that had built a penstock through the Brandywine mining lease. There were no additional costs related to that item in 2005. There were legal costs incurred by the Mexican subsidiary in 2004, but none in 2005.

A stock based compensation expense of \$145,823 (2004 - \$204,069) was recorded for the year 2005 as required by GAAP, notwithstanding that no cash benefits were received by any of the recipients of the options pertaining to this expense item.

Results of Operations

The Company is engaged in the business of acquiring and exploring mineral exploration properties in the hope of discovering economic deposits of minerals that can eventually be placed into production. The Company has yet to identify and develop an economic mineral deposit, and accordingly has no sales or other significant revenue and no profit.

At December 31, 2005 the Company held five mineral exploration properties, the Magenta property, Mexico, the La Perla II concession, Mexico, the Bear River Property, the Summit/Oldtimer property, British Columbia, and the Brandywine property, British Columbia. A description of each project is contained in the following.

Magenta Property, Mexico

The Company's Magenta property, located near Culiacan, Sinaloa State, Mexico, comprises 4,900 hectares of staked ground and the El Fierro concession covering 732 hectares.

With respect to the 732 hectare El Fierro exploration concession, Exploración Auramex S. A. de C. V., the Issuer's wholly owned Mexican subsidiary ("Auramex Mexico"), entered into an option agreement dated April 8, 2003, as amended, with Exploración Azteca S.A. de C.V. ("Azteca"), the wholly owned subsidiary of Nordic Gold Corp. Under the agreement, Auramex Mexico can earn an 85% interest in the acreage by causing back taxes of approximately US\$6,000 to be paid on the concession, causing the Company to issue 20,000 common shares and incurring property expenditures totalling US\$200,000 over five years, of which US\$140,000 need not be spent until the last year (2007). To date the back taxes have been paid, the 20,000 shares have been issued and exploration expenditures of approximately CDN\$178,000 have been incurred on the El Fierro concession. Upon Auramex Mexico earning its interest, Azteca may either participate in a joint venture for the remaining 15% or convert to a 2% net smelter returns royalty. Azteca will automatically convert to a 2% NSR in the event that its interest under the joint venture is diluted to 10% or less.

The remaining 4,900 hectares comprising the balance of the Magenta property was acquired by staking, at a cost to the Company of approximately \$21,800. The staked ground surrounds the El Fierro concession on all sides and surrounds certain other claims, totalling approximately 470 hectares, not controlled by the Company. When staked in 2003, the property consisted of 4,674 hectares. During 2005, the Company staked two additional concessions within the boundaries of the Magenta property at a cost of \$6,877.

Following an initial evaluation of the property consisting of a property examination, reviewing historic reports and sampling, conducted in the Spring of 2003, a geological report prepared in accordance with National Instrument 43-101 was prepared by David St. Clair Dunn, P.Geo. ("Dunn") and dated August 8, 2003 (the "Magenta Report"). The Magenta Report is available on the SEDAR website at www.sedar.com.

The property has several anomalies, and to date, the Company has focused on only a few. An exploration program of trenching and soil sampling in the southwest area of the property was conducted in the fall of 2003. Total exploration expenditures on the Magenta property during 2003 amounted to \$110,399.

In the Spring of 2004, Dunn supervised a program of Induced Polarization and Resistivity Surveying and some sampling in the La Prieta area and in the El Fierro area. Results of the IP survey, conducted by Pacific Geophysical Limited, is reported by Dunn in a report dated June 15, 2004 entitled "Report on Geochemical and Geophysical Programs on the Magenta Property". The Company expended approximately \$50,000 on the work.

Several drill targets were identified, as well as areas that should have additional geophysical work to determine if drill targets exist there. A 700 metre drill program in these two areas consisting of five holes was completed October 23, 2004. Total exploration expenditures on the Magenta property during 2004 amounted to \$224,535.

The drill program tested three locations, namely La Prieta #1, the copper/gold porphyry zone and the El Fierro zone. The assays at La Prieta #1 and El Fierro, although anomalous in gold, copper, silver, nickel and cobalt, were too low to be considered potentially economic. The results at the copper/gold porphyry zone were encouraging and indicative of the need for additional exploration.

During 2005, the Company conducted a program to evaluate the copper/gold porphyry zone over a north/south length of 1.5 kilometres, and one kilometre east/west. Prospecting, mapping and soil sampling were carried out in November 2005. Total exploration expenditures on the Magenta property in 2005 amounted to \$91,664.

The scope of this exploration program has been outlined in a report by Dunn dated April 5, 2005. The report, entitled "Report on Diamond Drilling on the Magenta Property" has been filed on SEDAR and is available on the SEDAR website at www.sedar.com and on the Auramex website at www.auramex.com.

There have been additional expenditures on the property in 2006. The Company conducted a 500 metre diamond drill program, consisting of a 313 metre hole in the copper/porphyry zone and a 187 metre hole into the copper showing 500 metres south east of the copper/gold porphyry zone. At the date of this discussion, no assays had been received.

La Perla II, Mexico

During 2005, the Company staked a 300 hectare concession in northern Sinaloa State, Mexico at a staking cost of \$2,831. Soil samples were taken in April 2006. At the date of this discussion, no assays had been received.

Bear River Property, British Columbia

Under an option agreement dated September 21, 2005, the Company has the right to acquire a 100% interest in The Bear River property by paying \$11,000 to the Optionor (paid), causing the Company to issue 200,000 common shares (50,000 issued) over two years and incurring property expenditures of \$125,000 over three years. Upon the Company earning its interest, the Optionor is entitled to receive a 1% Net Smelter Returns Royalty that can be purchased by the Company for \$2,000,000.

The property consists of 30 mineral claims covering approximately 9,300 hectares located in the Skeena Mining Division, approximately 25 kilometres north of Stewart,

British Columbia. The property includes the historic crown granted Ruby Silver claim where records from 1929 report assays of 115 grams silver per tonne and 11 grams gold per tonne. The option agreement calls for \$25,000 of the required exploration work to be expended by March 3, 2006, in order to maintain the property in good standing. Of this amount \$15,464 was expended in November 2005 on a preliminary exploration survey under the supervision of Dunn. A further \$8,500 was incurred after the end of the year for assays, analysis and mapping. Portable assessment credits were applied to an assessment total of \$29,500.

Under two option agreements dated February 1, 2006, the Company has the right to acquire certain additional mineral claims located in the Skeena mining division. The terms of the first of these option agreements requires the payment of \$6,000 (paid) and the issuance of 60,000 common shares in the Company over a period of 20 months for claims that are contiguous to the claims referenced in the earlier option agreement dated September 21, 2005. The second option agreement requires the payment of \$1,000 (paid) and the issuance of 140,000 common shares in the Company over a period of two years for claims that are not contiguous to those referenced under the foregoing option agreements.

Summit/Oldtimer Property, British Columbia

The Summit/Oldtimer property, initially consisted of 30 mineral claims totalling 54 units and covering 1100 hectares, mostly on the south side of Clearwater creek, approximately 10 kilometres northeast of Ymir, in the Nelson Mining Division, British Columbia. The area under option has been expanded in 2005 by the addition of contiguous ground totalling approximately 1400 hectares, at a staking cost of \$564. The Ymir property is situated in the north-eastern part of the Ymir gold camp and straddles a complex contact zone between granodiorite of the Nelson Plutonic series and Ymir Group metasediments. Access to the property is by 4X4 vehicle along 12 kilometres of the Clearwater Creek Forestry road, off highway #6 approximately 10 kilometres south of Nelson, B.C.

The property is held under an option agreement entered into in February 2004 and amended December 2005. Under the agreement, the Company has the right to acquire up to a 100% interest in the property by paying \$50,000 to the optionor (paid), incurring property expenditures of \$50,000 per year (\$226,435 was incurred in 2005, \$63,055 in 2004) through 2008, and making payments to the optionor of \$65,000 in 2007 and \$40,000 in 2008.. These payments are reduced by the amount of any net smelter returns royalties paid to the optionor pursuant to the royalty referred to hereafter. Having made the payments and incurred the property expenditures referred to in the foregoing, the Company can acquire an interest of from 25% to 100% in the property by paying, on or before January 31, 2008, \$6500 for each 1% interest purchased, less the amount of all payments received by the optionor to that date other than the initial \$50,000 payment. The property is subject to a 2% net smelter returns royalty in favour of the optionor, capped at \$650,000 less the amount of all non-royalty payments previously received by the optionor, other than the initial \$50,000 payment.

Following its acquisition of an option on the property, the Company commissioned David St. Clair Dunn, P. Geo., and Stan A. Endersby, P. Eng., the optionor of the property, to prepare a geological report in accordance with National Instrument 43-101. The resulting report is dated May 15, 2004 (the “Summit/Oldtimer Report”).

The Summit/Oldtimer Report has been filed on SEDAR and is available both on the SEDAR website at www.sedar.com and on the Auramex website at www.auramex.com. Further particulars concerning the Summit/Oldtimer property can be obtained by reference to the Summit/Oldtimer Report.

The Company completed a four hole diamond drill program at the end of July of 2004. Three holes in the Summit area of the property intersected a quartz vein and returned anomalous values in gold, but less than 0.5 grams/tonne. The fourth hole, drilled in the Oldtimer area, intersected 13.3 grams per tonne gold over a true width of 4.4 metres from 100.8 metres to 105.6 metres down hole.

The Company raised \$300,000 in flow through financing in 2004 to finance a drill program in 2005. Twenty-one holes of the twenty-four hole drill program tested the continuity of mineralization in the vicinity of the historic drill holes and the above mentioned hole at the Oldtimer location. Twenty of the holes intersected the mineralized structure. These holes demonstrated that the Oldtimer structure is continuous and is mineralized with gold over a strike length of 800 metres and a vertical distance of 350 metres. Intersections varied considerably in width and mineral content. Economic values have not been indicated by the exploration to date. The company is seeking a joint venture partner to continue exploring the property.

In a 43-101 compliant report, dated April 5, 2005, David St. Clair Dunn reported on the details of the diamond drilling program conducted in 2004 and outlined the proposed 2005 drilling program. This report has been filed on SEDAR and is available both on the SEDAR website at www.sedar.com and on the Auramex website at www.auramex.com. Further particulars concerning the Summit/Oldtimer property can be obtained by reference to this report entitled “Report on Diamond Drilling on the Summit/Oldtimer Property”.

Brandywine Property, British Columbia

The Brandywine property comprises a 100% interest, subject to a net smelter returns royalty of 0.5% with minimum annual payments of \$50,000 following commencement of commercial production, in a mining lease and five located mineral claims consisting of 51 units located in the Vancouver Mining Division, British Columbia. The property is approximately 1,320 hectares in area.

A geological report in accordance with National Instrument 43-101 was prepared by David St. Clair Dunn, P.Geo., and is dated June 3, 2003 (the “Brandywine Report”). The Brandywine Report reviews previous work conducted on the property and recommends a Phase 1 exploration program consisting of geological mapping and geophysical surveying at an estimated cost of \$70,000. Contingent upon the results from Phase 1, the report recommends a Phase 2 program consisting of diamond drilling at an estimated cost of \$475,000. The Brandywine Report has been filed on SEDAR and is available on the SEDAR website at www.sedar.com.

The Company has made no expenditures on this property in 2005, except for the annual lease payment on the mining lease. In 2004, portable assessment credits were applied to maintain the claims in good standing until April 13, 2010. The Company has no immediate plans for further expenditures on the property.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with GAAP, for each of the last eight quarters ending December 31, 2005.

		2005			
		Fourth quarter	Third quarter	Second quarter	First quarter
(a)	Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
(b)	Income (Loss) before discontinued operations and extraordinary items	\$ (216,942)	\$ (34,334)	\$ (62,827)	\$ 72,677
(c)	Inc(loss) per share:				
	Basic -	\$ (0.018)	\$ (0.003)	\$ (0.005)	\$ 0.007
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ 0.004
(d)	Net income(loss)	\$ (216,942)	\$ (34,334)	\$ (62,827)	\$ 72,677
(e)	Net inc(loss) per share:				
	Basic -	\$ (0.018)	\$ (0.003)	\$ (0.005)	\$ 0.007
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ 0.004

		2004			
		Fourth quarter	Third quarter	Second quarter	First quarter
(a)	Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
(b)	Income (Loss) before discontinued operations and extraordinary items	\$ (265,044)	\$ (94,295)	\$ (106,269)	\$ (40,404)
(c)	Loss per share:				
	Basic -	\$ (0.03)	\$ (0.012)	\$ (0.015)	\$ (0.006)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a
(d)	Net loss	\$ (265,044)	\$ (94,295)	\$ (106,269)	\$ (40,404)
(e)	Net loss per share:				
	Basic -	\$ (0.03)	\$ (0.012)	\$ (0.015)	\$ (0.006)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a

The Company's business of exploring mineral exploration properties with available equity and debt financing is a long term endeavour that may take several years to yield any meaningful results. Fluctuations in results from quarter to quarter are caused primarily by whether the Company raised financing or incurred exploration expenditures in any given quarter, and are not indicative of any particular trend in the Company's overall performance. Fourth quarter losses are higher than the first three quarters because of year end entries, mainly the recognition of stock based compensation expense for stock options.

Liquidity and Capital Resources

The Company has two sources of cash: equity financing and debt financing.

The primary method of equity financing is the sale of the Company's common shares and share purchase warrants on a private placement basis. Additional cash is generated when convertible securities, such as previously issued share purchase warrants and stock options, are exercised.

Debt financing is achieved by borrowing money from small groups of lenders. Typically, the lenders are paid interest on the money loaned and issued bonus shares as additional consideration for the loans. The Company sometimes attempts to borrow money from holders of its in-the-money share purchase warrants, with a view to offsetting the amount required to repay the funds borrowed with the amount required to exercise the warrants, thereby effectively converting the debt to equity.

During 2005 the Company raised gross proceeds of \$332,410 from equity financing, and in that regard issued a total of 900,000 common shares and warrants for the purchase of an additional 900,000 common shares. 1,485,500 common shares were issued during the year as a result of the exercise of warrants.

The monies raised in the foregoing fashion were sufficient to meet the Company's obligations during the year and to incur approximately \$333,000 in expenditures on its mineral exploration properties. At the end of the year, the Company had cash on hand in the sum of \$116,165 and working capital of \$74,400.

During the current financial year to the date hereof, the Company has raised an additional \$420,000 by the issue of 4,000,000 common shares and an equivalent number of share purchase warrants. A flow through financing for 1,000,000 units at a price of \$0.15 has been fully sold, of which \$135,000 has been received and \$15,000 will be received against delivery of the certificate. The financing is not yet closed at the date of this report. At the date hereof the Company has working capital of \$42,019, not including the flow through funds.

During the year 2005, and in this fiscal year to date the Company has successfully raised sufficient equity to pay its administrative costs as they become due and to carry out modest exploration programs on its mineral exploration properties. While certain of its administrative costs are fixed and unavoidable, the Company is able in large part to tailor its expenditures to the amount of capital available at any given time. This is particularly true with respect to exploration expenditures. For this reason, the Company has been able, to date, to generate sufficient amounts of cash in the short term to fund its ongoing activities.

The Company's ability to obtain sufficient funding for the medium to long terms will be dependent on the availability of equity and debt financing in the future, which the Company cannot predict. The availability of such funding will be dependent on a number of factors beyond the Company's control, including commodity prices, stock market performance and any number of other economic conditions. Accordingly, the ability of the Company to continue as a going concern cannot be assured.

One trend that has favourably influenced the Company's capital resources has been rising world prices for gold and a number of other precious and base metals. As the Company's Magenta property, in particular, is prospective for gold, silver, nickel, cobalt, copper and other metals, increased prices assist the Company in raising money for property exploration. Obviously, falling prices for these metals could be expected to have the opposite effect. The Company does not know of any other trends, nor does it expect any fluctuations, that may have an impact on its capital resources, but such trends and fluctuations cannot be accurately predicted and may arise.

The Company has two primary requirements for working capital: administrative costs and exploration expense.

During the year ended December 31, 2005, general and administrative expense totalled \$328,077. This amount includes stock based compensation in the amount of \$145,823 as required by GAAP. This amount does not reflect actual expenses incurred, but attributes compensation costs to stock options granted to directors, officers or consultants. The Company does not expect an increase in general and administrative costs in 2006. At the date hereof, the Company has working capital of \$42,019 not including a \$135,000 deposit on flow through shares not yet issued. The Company expects that approximately \$150,000 in additional funding will be required to fund general and administrative expense for the balance of the year.

Exploration expense is much more discretionary in that the Company can tailor the amount and timing of such expenditures to fit available capital. During the year ended December 31, 2005, the Company expended \$30,407 on property acquisition and \$332,998 on exploration and related property expenditures. A further \$7,190 has been spent during 2006 to date on property acquisition, and approximately \$170,000 on an exploration program just ended at Magenta in Mexico. The Company estimates that a minimum of \$200,000 will be needed to fund the exploration the Company intends to

undertake during the balance of 2006, of which \$150,000 is already funded by flow through funds.

Given the foregoing estimate of administrative expense and the intended amount of exploration expense, the Company will require approximately \$200,000 in new capital for the balance of the year. Management expects that at least this amount can be raised from the Company's conventional sources of financing.

Transactions With Related Parties

The Company was party to the following transactions with related parties during the year ended December 31, 2005.

Heather Conley, the Company's President, receives \$2,500 each month pursuant to a management consulting contract. That contract is ongoing and Ms. Conley received \$30,000 in 2005 and has received a further \$10,000 pursuant to the contract during the current year to date.

Ms. Conley is also an associate of Robert A. Young & Associates ("RAYA") and is the spouse of its principal, Robert Young. RAYA is providing investor relations services under a contract dated December 1, 2004. During the year ended December 31, 2005, the Company paid \$18,000 to RAYA under this contract, and a further \$6,000 has been paid during the current year to date.

Judie Whitby, the Company's Chief Financial Officer and Secretary, receives \$3,500 per month for providing accounting, office and general management services to the Company. During the year ended December 31, 2005, Ms. Whitby received the sum of \$42,000 pursuant to this arrangement, and has received a further \$10,500 during the current year to date.

Ms. Whitby also received \$13,776 as reimbursement for corporate costs that she funded during the year ended December 31, 2005.

The Company's primary supplier of legal services is Forth & Company, which is a sole proprietorship of Clive Forth, a director of the Company. During the year ended December 31, 2005, Forth & Company was paid the sum of \$92,076 in legal fees, which included disbursements, and taxes that Forth & Company is required to remit to the provincial and federal governments. Of this amount, \$23,135 was a payable from 2004, \$15,007 (net of GST of \$982) is recorded as a cost against capital for share issuance related costs, and \$4,135 (net of GST of \$271) is recorded as acquisition costs for the Bear River Mineral Property. Forth & Company was paid \$29,095 for legal expense relating to corporate matters and \$19,451 was paid on the accrued liability discussed in the subsequent paragraph.

Forth & Company has agreed to extend to January 1, 2007 the time of payment of certain obligations totalling \$134,979 as referred to in the notes to the audited financial statements at December 31, 2005. Subsequent to the year end, \$44,921 has been billed, and of that \$32,081 has been paid. A discrepancy of \$713 exists in the provincial sales tax component of this obligation. At the time the obligation was recognized, the provincial tax rate was 7.5%, but became 7% almost immediately thereafter. The remaining long term liability is \$89,345.

Certain loans taken down in 2004 were repaid together with interest in 2005 for a total repayment of \$95,095. The creditors included Judie Whitby, a director, who was repaid \$15,000 plus interest in the amount of \$856.84, and Kamaka Resources Ltd., a company owned by Peter Dasler, a director of the Mexican subsidiary, who was repaid \$4,000 plus interest in the amount of \$189.59. At the time of making the loans, the lenders had received bonus shares in the Company of 10,000 and 2,666 respectively.

During the financial year ended December 31, 2005, the Company granted stock options to its directors and consultants on a total of 100,000 common shares of the Company, exercisable at \$0.20 on or before May 5, 2010.

The Company considers all of the foregoing transactions and the amounts related thereto to be reasonable and representative of normal commercial transactions.

Fourth Quarter Events

During the fourth quarter, the Company incurred expenditures of \$35,772 on the Magenta property, \$15,464 on the Bear River property and \$6,273 on the Summit/Oldtimer. General and administrative expenses were consistent with three months of operations at \$42,446. The loss for the fourth quarter includes year end adjustments including stock based compensation of \$145,823, a tax penalty on flow through funds not spent in the required period of \$5,672, a currency loss of \$1,909 and amortization of fixed assets of \$1,707.

In October 2005, the Company announced a private placement of 2,000,000 units at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant to acquire one addition share at a price of \$0.12 for a period of two years from the date of issue. At year end the Company had received \$128,000 in deposit for the units.

Financial Instruments

At April 25, 2006 The Company has cash and cash equivalents in the amount of \$247,065. The cash component was \$242,920, receivables of \$1,519 and prepaids and deposits of \$2,625. At December 31, 2005, cash and cash equivalents amounted to \$66,165 and receivables were \$3,925. There were no prepaids or deposits.

The current liabilities of the Company as at April 25, 2006 are \$70,046 (\$48,690 at December 31, 2005).

Additional Disclosure for Venture Issuers

The Company's business primarily involves mining exploration, and the Company has received no revenue from operations in either of its last two financial years. The following selected financial information indicates costs and expenses incurred by the Company for the two most recently completed financial years.

	Year ending Dec. 31, 2005	Year ending Dec. 31, 2004
Capitalized or expensed exploration and development costs		
• Magenta property, Mexico	91,664	224,535
• Brandywine property, B.C.	-	13,777
• Ymir property, B.C.	225,870	63,619
• Bear River property, B.C.	15,464	-
Expensed research and development costs	Nil	Nil
Deferred development costs	Nil	Nil
General and administrative expenses	328,077	506,780
Material costs not referred to in the foregoing	Nil	Nil

The General and administrative expenses include stock based compensation of \$ 145,823 in 2005 and \$204,069 in 2004, which amounts do not involve any outlay of cash by the Company, but are required entries pursuant to GAAP.

Disclosure of Outstanding Share Data

The Company has the follow securities outstanding at the date hereof.

16,244,749 common shares.

7,287,500 warrants to acquire common shares.

Number of Warrants	Exercise Price	Expiry Date
321,500	\$0.40	May 3, 2006
353,500	\$0.40	July 29, 2006

625,000	\$0.40	September 22, 2006
587,500	\$0.50	November 17, 2006
500,000	\$0.25	December 30, 2006
500,000	\$0.20	March 16, 2007
400,000	\$0.19	June 6, 2007
1,355,000	\$0.12	January 4, 2008
660,000	\$0.12	January 24, 2008
985,000	\$0.12	February 14, 2008
1,000,000	\$0.15	April 6, 2008
<hr/> 7,287,500 <hr/>		

2,344,000 incentive stock options to acquire common shares

<u>Options Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
825,000	\$0.15	August 26, 2008
380,000	\$0.13*	December 2, 2008
50,000	\$0.13*	August 19, 2009
150,000	\$0.13*	September 22, 2009
100,000	\$0.20	May 5, 2010
839,000	\$0.13**	March 11, 2011
<hr/> 2,344,000 <hr/>		

* On March 8, 2006, the Company repriced certain stock options to directors and consultants of the Company to purchase common shares of the Company at a price of \$0.13 per share. The repricing of the options is subject to shareholder approval at an annual or extraordinary general meeting.

** On March 8, 2006, the Company granted 839,000 stock options to directors and consultants of the Company to purchase common shares at a price of \$0.13 per share until March 3, 2011.

Other

The Company's Chief Executive Officer and Chief Financial Officer (the "Responsible Officers") are responsible for establishing and maintaining disclosure controls and procedures for the Company, designed to provide reasonable assurance that material information relating to the Company and its subsidiary is made known to the Responsible Officers by others within the organization, particularly during the period in which the Company's annual financial statements and Management's Discussion and Analysis are being prepared. The Responsible Officers have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2005, and have

concluded that such controls and procedures are effective in conveying the required information to the Responsible Officers, particularly in light of the Company's size, structure and stage of development.

The Company has no off-balance sheet arrangements. There were no changes in accounting policies during 2005. There are no proposed asset or business acquisitions or dispositions by the Company.