

**BUCK LAKE VENTURES LTD.**

REPORT AND FINANCIAL STATEMENTS

December 31, 2005 and 2004

**AUDITORS' REPORT**

To the Shareholders,  
Buck Lake Ventures Ltd.

We have audited the balance sheets of Buck Lake Ventures Ltd. as at December 31, 2005 and 2004 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
April 18, 2006

**“AMISANO HANSON”**  
Chartered Accountants

**BUCK LAKE VENTURES LTD.**  
**BALANCE SHEETS**  
December 31, 2005 and 2004

	<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Current			
Cash		\$ 235	\$ 1,190
GST receivable		9,584	36,758
Marketable securities (market value: \$28,000; 2004: \$8,000)			
– Note 9		8,000	8,000
Prepaid expenses		<u>18,816</u>	<u>24,928</u>
		36,635	70,876
Equipment – Note 3		11,663	14,912
Resource property costs – Notes 4 and 9 and Schedule 1		<u>1,463,120</u>	<u>1,297,015</u>
		<u>\$ 1,511,418</u>	<u>\$ 1,382,803</u>

**LIABILITIES**

Current			
Accounts payable and accrued liabilities		\$ 884,549	\$ 619,676
Due to related parties – Note 9		836,365	628,354
Advances payable – Note 5		10,048	8,234
Loans payable – Note 6		<u>77,107</u>	<u>67,427</u>
		<u>1,808,069</u>	<u>1,323,691</u>

**SHAREHOLDERS' EQUITY (DEFICIENCY)**

Share capital – Notes 7, 9 and 11	6,498,622	6,491,622
Contributed surplus – Note 7	262,775	262,775
Deficit	<u>(7,058,048)</u>	<u>(6,695,285)</u>
	<u>(296,651)</u>	<u>59,112</u>
	<u>\$ 1,511,418</u>	<u>\$ 1,382,803</u>

Nature and Continuance of Operations – Note 1  
 Commitments – Notes 4, 7 and 11  
 Subsequent Events – Notes 4, 7 and 11

APPROVED BY THE DIRECTORS:

“Ray Roland” Director                      “Douglas Brooks” Director

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**STATEMENTS OF LOSS AND DEFICIT**  
for the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
General and administrative expenses		
Accounting and audit fees	\$ 27,560	\$ 36,936
Amortization	3,249	4,203
Bank charges and interest – Note 9	69,183	66,771
Consulting fees – Note 9	36,000	36,000
Filing fees	6,395	15,979
Legal fees	89,658	80,936
Management fees – Note 9	66,000	30,000
Office services and expenses	6,694	48,497
Promotion and travel – Note 9	3,348	15,376
Rent	42,000	42,000
Shareholder communications fees– Note 9	4,683	40,640
Stock-based compensation – Note 7	-	262,775
Transfer agent	<u>4,443</u>	<u>6,725</u>
Loss before other items	(359,213)	(686,838)
Other items		
Interest income	-	607
Property investigation costs – Note 9	<u>(3,550)</u>	<u>(4,400)</u>
Net loss for the year	(362,763)	(690,631)
Deficit, beginning of year	<u>(6,695,285)</u>	<u>(6,004,654)</u>
Deficit, end of year	<u>\$ (7,058,048)</u>	<u>\$ (6,695,285)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding	<u>23,401,599</u>	<u>22,417,051</u>

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**STATEMENTS OF CASH FLOWS**  
for the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Activities		
Net loss for the year	\$ (362,763)	\$ (690,631)
Adjustments to reconcile net loss used in operations:		
Amortization	3,249	4,203
Stock-based compensation	<u>-</u>	<u>262,775</u>
	(395,914)	(423,653)
Changes in non-cash working capital items related to operations:		
GST receivable	27,174	(20,144)
Prepaid expenses	6,112	(4,974)
Accounts payable and accrued liabilities	<u>264,873</u>	<u>97,270</u>
Cash used in operating activities	<u>(61,355)</u>	<u>(351,501)</u>
Investing Activities		
Resource property acquisition costs	(88,340)	(5,000)
Deferred exploration costs	<u>(70,765)</u>	<u>(327,049)</u>
Cash used in investing activities	<u>(159,105)</u>	<u>(332,049)</u>
Financing Activities		
Common shares issued	-	495,000
Increase in due to related parties	208,011	22,625
Increase in advances payable	1,814	883
Increase (decrease) in loans payable	<u>9,680</u>	<u>(143,944)</u>
Cash provided by financing activities	<u>219,505</u>	<u>374,564</u>
Decrease in cash during the year	(955)	(308,986)
Cash, beginning of the year	<u>1,190</u>	<u>310,176</u>
Cash, end of the year	<u>\$ 235</u>	<u>\$ 1,190</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash Transactions – Note 10

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**SCHEDULE OF RESOURCE PROPERTY COSTS**  
for the years ended December 31, 2005 and 2004

Schedule 1

	Balance December 31, <u>2003</u>	<u>Additions</u>	Balance December 31, <u>2004</u>	<u>Additions</u>	Balance, December 31, <u>2005</u>
<u>Buck Lake Claims</u>					
Acquisition costs					
Cash	\$ 120,000	\$ -	\$ 120,000	\$ 10,000	\$ 130,000
Shares	34,500	-	34,500	7,000	41,500
Consulting – cash	100,000	-	100,000	-	100,000
Option receipts – shares	(23,000)	-	(23,000)	-	(23,000)
	<u>231,500</u>	<u>-</u>	<u>231,500</u>	<u>17,000</u>	<u>248,500</u>
Deferred exploration costs					
Assays	19,744	25,371	45,115	-	45,115
Equipment rental	60,699	12,631	73,330	-	73,330
Field costs	411,511	196,490	608,001	62	608,063
Geological consulting – Note 9	56,733	41,250	97,983	1,400	99,383
Line cutting	4,246	-	4,246	-	4,246
Mapping	47,454	-	47,454	-	47,454
Reporting	50,045	-	50,045	-	50,045
Staking	3,164	-	3,164	-	3,164
Option payment – cash	(231,125)	-	(231,125)	-	(231,125)
Option payment – shares	231,125	-	231,125	-	231,125
	<u>653,596</u>	<u>275,742</u>	<u>929,338</u>	<u>1,462</u>	<u>930,800</u>
	<u>885,096</u>	<u>275,742</u>	<u>1,160,838</u>	<u>18,462</u>	<u>1,179,300</u>
<u>East Dog River Claims</u>					
Acquisition Costs					
Cash	5,000	-	5,000	-	5,000
Shares	7,500	-	7,500	-	7,500
	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Deferred exploration costs					
Assays	24	-	24	-	24
Field costs	6,763	-	6,763	-	6,763
Geological consulting – Note 9	3,675	2,015	5,690	4,597	10,287
Reporting	48	65	113	-	113
	<u>10,510</u>	<u>2,080</u>	<u>12,590</u>	<u>4,597</u>	<u>17,187</u>
	<u>23,010</u>	<u>2,080</u>	<u>25,090</u>	<u>4,597</u>	<u>29,687</u>

.../Cont'd.

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**SCHEDULE OF RESOURCE PROPERTY COSTS**  
for the years ended December 31, 2005 and 2004

Schedule 1 – (Continued)

	Balance December 31, <u>2003</u>	<u>Additions</u>	Balance December 31, <u>2004</u>	<u>Additions</u>	Balance, December 31, <u>2005</u>
<u>Mirage Lake Claims</u>					
Acquisition Costs					
Cash	5,000	-	5,000	-	5,000
Shares	<u>7,500</u>	-	<u>7,500</u>	-	<u>7,500</u>
	<u>12,500</u>	-	<u>12,500</u>	-	<u>12,500</u>
Deferred exploration costs					
Assays	383	102	485	-	485
Field costs	11,645	681	12,326	-	12,326
Geological consulting					
– Note 9	2,100	7,199	9,299	4,598	13,897
Reporting	<u>1,050</u>	-	<u>1,050</u>	-	<u>1,050</u>
	<u>15,178</u>	<u>7,982</u>	<u>23,160</u>	<u>4,598</u>	<u>27,758</u>
	<u>27,678</u>	<u>7,982</u>	<u>35,660</u>	<u>4,598</u>	<u>40,258</u>
<u>Gwyn Lake Claims</u>					
Acquisition Costs					
Cash	5,000	5,000	10,000	-	10,000
Shares	<u>3,600</u>	<u>9,000</u>	<u>12,600</u>	-	<u>12,600</u>
	<u>8,600</u>	<u>14,000</u>	<u>22,600</u>	-	<u>22,600</u>
Deferred exploration costs					
Assays	45	1,640	1,685	-	1,685
Field costs	5,192	-	5,192	1,000	6,192
Geological consulting					
– Note 9	6,300	39,081	45,381	9,457	54,838
Reporting	<u>45</u>	<u>525</u>	<u>570</u>	-	<u>570</u>
	<u>11,582</u>	<u>41,246</u>	<u>52,828</u>	<u>10,457</u>	<u>63,285</u>
	<u>20,182</u>	<u>55,246</u>	<u>75,428</u>	<u>10,457</u>	<u>85,885</u>

.../cont'd

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**SCHEDULE OF RESOURCE PROPERTY COSTS**  
for the years ended December 31, 2005 and 2004

Schedule 1 – (Continued)

	Balance December 31, <u>2003</u>	<u>Additions</u>	Balance December 31, <u>2004</u>	<u>Additions</u>	Balance, December 31, <u>2005</u>
<u>Kalnica-Selec Claims</u>					
Acquisition costs					
Cash	-	-	-	3,341	3,341
Accounts payable – fee	-	-	-	<u>75,000</u>	<u>75,000</u>
	-	-	-	<u>78,341</u>	<u>78,341</u>
Deferred exploration costs					
Field costs	-	-	-	18,710	18,710
Geological consulting – Note 9	-	-	-	<u>30,940</u>	<u>30,940</u>
	-	-	-	<u>49,650</u>	<u>49,650</u>
	-	-	-	<u>127,991</u>	<u>127,991</u>
	<u>\$ 955,966</u>	<u>\$ 341,049</u>	<u>\$ 1,297,015</u>	<u>\$ 166,105</u>	<u>\$ 1,463,120</u>

SEE ACCOMPANYING NOTES

**BUCK LAKE VENTURES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005 and 2004

Note 1 Nature and Continuance of Operations

The Company is an exploration stage public company listed for trading on the TSX Venture Exchange (“TSX”) and is in the process of exploring resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy expenditure requirements under property acquisition agreements to complete their development, and future profitable production or proceeds from the disposition thereof.

The Company was incorporated pursuant to the British Columbia Company Act on January 1, 1987 as Zuni Energy Corp. The Company changed its name on May 24, 1991 to Home Ventures Ltd. and on February 15, 2000 to Buck Lake Ventures Ltd.

Prior to becoming an exploration stage company in 1987, the Company was in the business of oil and gas production and sales.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2005, the Company had not yet achieved profitable operations, has a working capital deficiency of \$1,771,434 and has accumulated losses of \$7,058,048 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may differ from these estimates.

Note 2 Summary of Significant Accounting Policies – (cont'd)

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Marketable Securities

Marketable securities are valued at the lower of cost and market value.

b) Equipment and Amortization

Equipment is recorded at cost. The Company provides for amortization using the declining balance method at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%
Office equipment	20%

Additions during the year are amortized at one-half the rate.

c) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Note 2      Summary of Significant Accounting Policies – (cont'd)

d) Stock-based Compensation

The fair value of all share purchase options granted subsequent to January 1, 2002 is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

e) Flow-through Shares

Under the terms of flow-through share agreements, the related expenditures are renounced to the subscribers of such shares. In March 2004, the CICA issued Emerging Issue Committee Abstract No. 146, Flow-through Shares, which clarifies the recognition of previously unrecorded future income tax assets caused by renouncement of expenditures relating to flow-through shares. For flow-through shares issued after March 19, 2004, the Company records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of operations on the date that the Company renounces the deductions for investors.

f) Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets are recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At December 31, 2005, the Company cannot reasonably estimate the fair value of the resource properties' site restoration costs, if any.

Note 2 Summary of Significant Accounting Policies – (cont'd)

g) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized in the current year for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if its more likely than not that they can be realized. Future income tax assets and liabilities are measured using tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the year of the change.

h) Basic and Diluted Loss Per Share

Basic loss per share are computed by dividing the loss for the year by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

i) Financial Instruments

The carrying values of cash, marketable securities, accounts payable and accrued liabilities, due to related parties, advances payable, and loans payable approximate fair values because of the short-term maturity of those instruments. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Note 3 Equipment

	2005		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 8,934	\$ 7,071	\$ 1,863
Furniture and fixtures	16,585	10,471	6,114
Office equipment	<u>10,000</u>	<u>6,314</u>	<u>3,686</u>
	<u>\$ 35,519</u>	<u>\$ 23,856</u>	<u>\$ 11,663</u>

Note 3 Equipment – (cont'd)

	2004		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 8,934	\$ 6,272	\$ 2,662
Furniture and fixtures	16,585	8,943	7,642
Office equipment	<u>10,000</u>	<u>5,392</u>	<u>4,608</u>
	<u>\$ 35,519</u>	<u>\$ 20,607</u>	<u>\$ 14,912</u>

Note 4 Resource Property Costs

a) Buck Lake Claims

By an option agreement dated March 17, 1998, and amended February 3, 1999, October 8, 2003 and January 21, 2005, the Company has the option to earn a 100% interest in the Buck Lake claims located in the Thunder Bay Mining Division of Ontario for consideration of 416,664 common shares, a minimum of \$150,000 in exploration expenditures (incurred) and property payments as follows:

Common Shares:

- 33,332 common shares at completion of a first phase exploration program (issued);
- 150,000 common shares upon TSX approval of October 8, 2003 amending agreement (issued);
- 100,000 common shares upon TSX approval of January 21, 2005 amending agreement (issued);
- 100,000 common shares by January 31, 2006 (issued subsequent to December 31, 2005);
- 16,666 common shares when a second phase exploration program is completed and a technical report recommending a third phase of exploration work is accepted for filing by the TSX; and
- 16,666 common shares when a third phase exploration program is completed and a technical report recommending a fourth phase of exploration work is accepted for filing by the TSX.

Note 4     Resource Property Costs – (cont'd)

a) Buck Lake Claims – (cont'd)

Common Shares: - (cont'd)

Cash Payments:

- \$ 65,000 by November 30, 2001 (paid);
- 35,000 by November 30, 2002 (paid);
- 20,000 by January 2, 2004 (paid);
- 10,000 by January 26, 2005 (paid);
- 10,000 by January 31, 2006; and (paid subsequent to December 31, 2005); and
- 150,000 by January 31, 2007.

\$ 290,000

The agreement is subject to a 2.5% net smelter return royalty. One-half of this royalty may be purchased at any time for \$500,000.

b) East Dog River Claims

By an option agreement dated September 21, 2001, the Company acquired a 100% interest in the East Dog River claims located in the Thunder Bay Mining Division of Ontario for a cash payment of \$5,000 and the issuance of 30,000 common shares of the Company at a fair value of \$7,500. The agreement is subject to a 2% net smelter return royalty. The Company may purchase one-half of the 2% net smelter return royalty for \$500,000.

c) Mirage Lake Claims

By an option agreement dated September 21, 2001, the Company acquired a 100% interest in the Mirage Lake claims located in the Thunder Bay Mining Division of Ontario for a cash payment of \$5,000 and the issuance of 30,000 common shares of the Company at a fair value of \$7,500. The agreement is subject to a 2% net smelter return royalty. The Company may purchase one-half of the 2% net smelter return royalty for \$500,000.

Note 4     Resource Property Costs – (cont'd)

d) Gwyn Lake Claims

By an option agreement dated June 16, 2003, and amended September 1, 2005, the Company has the option to earn a 100% interest in the Gwyn Lake claims located in the Thunder Bay Mining District of Ontario. Consideration is the issue of 150,000 common shares, cash of \$75,000, and by incurring a minimum of \$150,000 in exploration expenditures as follows:

Common Shares:

20,000 upon TSX approval of the options agreement (issued);  
30,000 by September 30, 2003 (issued);  
50,000 by September 30, 2004 (issued); and  
50,000 per September 1, 2005 amendment (issued subsequent to  
December 31, 2005);  
150,000

Cash Payments:

– \$ 5,000 by September 1, 2003 (paid);  
– 5,000 by September 1, 2004 (paid);  
– 10,000 by September 1, 2006;  
– 10,000 by September 1, 2007; and  
– 45,000 by September 1, 2008.  
\$ 75,000

Exploration Expenditures:

The Company must incur a minimum of \$150,000 in exploration expenditures by July 2, 2007.

The agreement is subject to a 1% net smelter return royalty. The net smelter return royalty may be purchased at any time for \$1,500,000.

e) Kalnica-Selec Claims

By an agreement dated June 29, 2005 with the Slovakian government, the Company has been granted the right to carry out exploration activities in an area referred to as the Kalnica-Selec property located in Western Slovakia. The Company is required to, and has established a subsidiary to hold the claims, which are valid for a period of four years.

Note 4 Resource Property Costs – (cont'd)

e) Kalnica-Selec Claims – (cont'd)

The Company is required to pay the following annual fees (in Slovak Koruna) under the agreement in order to maintain its' annual exploration rights:

- SKK 87,000 by September 22, 2005 (paid, Canadian equivalent \$3,341)
- SKK 87,000 by September 22, 2006
- SKK 87,000 by September 22, 2006
- SKK 87,000 by September 22, 2006

SKK 348,000

By an agreement dated October 1, 2005, the Company granted a private company a royalty (net of taxes to the Slovakian government) as follows:

- a) \$2 per pound for uranium sold for \$35/lb or less;
- b) \$3 per pound from \$35/lb to \$50/lb or less;
- c) \$4 per pound from \$50/lb to \$65/lb or less;
- d) \$5 per pound from \$65/lb to \$75/lb or less; and
- e) Rising \$1 per pound every \$10/lb increment thereafter.

All other metals will be subject to a 1.5% NSR royalty.

In addition, the Company agreed to pay the private company \$75,000 for its services to identify this project. This amount is included in accounts payable at December 31, 2005.

Note 5 Advances Payable

The advances payable are unsecured, bear interest at 1% per month and have no specific terms for repayment.

Note 6 Loans Payable

	<u>2005</u>	<u>2004</u>
Loan payable, unsecured, with interest at 2% per annum and payable on demand.	9,680	-
Loans payable, unsecured, with interest at 10% per annum and payable on demand.	3,427	3,427
Loan payable, unsecured, with interest at prime plus 2% per annum and payable on demand.	<u>64,000</u>	<u>64,000</u>
	<u>\$ 77,107</u>	<u>\$ 67,427</u>

Note 7 Share Capital – Notes 9 and 11

a) Authorized:

100,000,000 common shares without par value.

b) Issued:

		<u>Number</u>	<u>Amount</u>
Balance, December 31, 2003		17,518,311	\$ 5,961,773
Issued for resource properties	- at \$0.20	30,000	6,000
	- at \$0.06	50,000	3,000
Issued for services			
Pursuant to private placement	- at \$0.10	258,491	25,849
Issued for cash			
Pursuant to private placements	- at \$0.10	5,241,509	524,151
Less:			
Fees and issue costs		<u>220,000</u>	<u>(29,151)</u>
Balance, December 31, 2004		23,318,311	6,491,622
Issued for resource properties	- at \$0.07	<u>100,000</u>	<u>7,000</u>
Balance, December 31, 2005		<u>23,418,311</u>	<u>\$ 6,498,622</u>

c) Escrow:

As at December 31, 2005, 250,000 common shares were held in escrow. Subsequent to December 31, 2005 these shares were cancelled and returned to treasury. The number of shares authorized was reduced to 99,750,000.

d) Commitments:

i) Stock-based Compensation Plan

The Company has granted share purchase options to directors and employees of the Company to purchase common shares of the Company. These options are granted with an exercise price equal to the market price of the Company's stock at the date of the grant, and unless otherwise stated fully vest when granted. A summary of the stock option plan is as follows:

Note 7 Share Capital – Notes 9 and 11 – (cont'd)

	<u>2005</u>		<u>2004</u>	
	Share Purchase <u>Options</u>	Weighted Average Exercise <u>Price</u>	Share Purchase <u>Options</u>	Weighted Average Exercise <u>Price</u>
Balance outstanding, beginning of year	1,751,831	\$0.13	-	-
(Cancelled) Granted	<u>(80,000)</u>	\$0.13	<u>1,751,831</u>	\$0.13
Balance outstanding and exercisable at end of year	<u>1,671,831</u>	\$0.13	<u>1,751,831</u>	\$0.13

On January 5, 2006, all of the options expired unexercised.

During the year ended December 31, 2004, stock-based compensation expense of \$262,775 was incurred. There are no stock options granted during the year ended December 31, 2005.

The following assumptions were used for the Black-Scholes model:

	<u>2005</u>	<u>2004</u>
Risk-free rate	-	2.75%
Dividend yield	-	0.0%
Expected volatility	-	199%
Weighted average expected option life	-	2 years
Weighted average fair value per option of options granted	-	\$0.15

Note 7 Share Capital – Notes 9 and 11 – (cont'd)

d) Commitments: – (cont'd)

ii) Share Purchase Warrants

	<u>2005</u>		<u>2004</u>	
	<u>Number</u>	<u>Exercise Price</u>	<u>Number</u>	<u>Exercise Price</u>
Balance outstanding, beginning of year	9,793,380	\$0.12	4,073,380	\$0.12
(Expired) Issued	<u>(4,073,380)</u>	\$0.12	<u>5,720,000</u>	\$0.12
Balance outstanding and exercisable at end of year	<u>5,720,000</u>	\$0.12	<u>9,793,380</u>	\$0.12

On February 9, 2006, all of the warrants expired unexercised.

iii) Flow-Through Offering

During the year ended December 31, 2004, the Company issued 100,000 flow-through units at a price of \$0.10 per unit for total proceeds of \$10,000. The Company was committed to spending the flow-through unit proceeds on exploration and development activities and to renouncing \$10,000 of eligible Canadian exploration expenditures to the flow-through shareholder. This amount will not be available to the Company for future deduction from taxable income.

iv) Resource Property Costs

Note 4

Note 8 Income taxes

Future income tax assets and liabilities are recognized for temporary differences between the carrying amount and the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

Note 8 Income taxes – (cont'd)

Significant components of the Company's future tax assets and liabilities, after applying the enacted corporate income tax rates, are as follows:

	<u>2005</u>	<u>2004</u>
Future income tax assets		
Exploration and development expenses	\$ 1,237,927	\$ 1,332,297
Less: valuation allowance	<u>(1,237,927)</u>	<u>(1,332,297)</u>
	<u>\$ _____</u>	<u>\$ _____</u>

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

At December 31, 2005, the Company has incurred Exploration and Development expenses totalling \$5,000,054, which may be applied against certain future years' taxable income at various rates.

Note 9 Related Party Transactions – Notes 10 and Schedule 1

The Company was charged the following amounts by directors or officers of the Company or by companies with directors or officers in common:

	Year ended December 31,	
	<u>2005</u>	<u>2004</u>
Consulting fees	\$ 36,000	\$ 36,000
Deferred exploration costs		
– geological consulting	28,270	38,850
Interest	14,747	27,933
Management fees	30,000	30,000
Promotion and travel	1,323	1,925
Property investigation costs	-	4,400
Shareholders communications fees	<u>4,683</u>	<u>4,550</u>
	<u>\$ 115,023</u>	<u>\$ 143,658</u>

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

At December 31, 2005, marketable securities include \$8,000 (2004: \$8,000) in common shares of public companies with common directors.

Note 9 Related Party Transactions – Notes 10 and Schedule 1 – (cont'd)

At December 31, 2005, amounts due to related parties of \$837,365 (2004: \$628,354) are due to directors or officers of the Company or to companies with directors or officers in common. These amounts are unsecured, non-interest bearing and have no specific terms for repayment. These amounts are comprised of unpaid consulting fees, geological consulting fees, management fees and advances made to the company.

During the year ended December 31, 2004, included in the private placements (Note 7) were 800,000 common shares at \$0.10 per share issued to directors of the Company and a private company with a director in common with the Company for total consideration of \$80,000.

Note 10 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows as follows:

Year ended December 31, 2005

- a) the Company issued 100,000 common shares at \$0.07 per share as an option payment with respect to the Buck Lake claims.

Year ended December 31, 2004

- a) the Company issued 30,000 common shares at \$0.20 per share totalling \$6,000 and 50,000 common shares at \$0.06 per share totalling \$3,000 as option payments with respect to the Gwyn Lake claims;
- b) the Company issued 220,000 common shares as finders fees on a private placement.
- c) the Company issued 258,491 common shares for services provided of \$25,849 with a company with a common director.

Note 11 Subsequent Events – Notes 4 and 7

- a) On April 13, 2006, the Company received shareholder approval to consolidate its share capital on a 1:7 basis (subsequently amended to 1:5) and a coincident name change to Ultra Uranium Corp.

Note 11    Subsequent Events – Notes 4 and 7 – (cont'd)

- b) On April 18, 2006 the Company announced a private placement financing of up to \$300,000 comprised of up to 1,200,000 post-consolidation units at \$0.25 per unit. Each unit will consist of one post-consolidation common share and one share purchase warrant entitling the holder to purchase one additional post-consolidation common share for \$0.325 per share for a two year period.

The share consolidation, financing and finder's fees, if any, are subject to approval from the TSX Venture Exchange.