

Redhawk Resources, Inc.

(A Development Stage Company)

Interim Consolidated Financial Statements

December 31, 2005 and 2004

Unaudited

NOTICE

These interim consolidated financial statements for the nine months ended December 31, 2005 of Redhawk Resources, Inc. have been prepared by management and have not been subject to review by the Company's auditors.

Redhawk Resources, Inc.

(A Development Stage Company)

Interim Consolidated Balance Sheets

As at

Canadian Funds

Unaudited

ASSETS	December 31, 2005	December 31, 2004	March 31, 2005 Audited
Current			
Cash and term deposits	\$ 626,388	\$ 1,073,590	\$ 883,746
Short-term investments	8,866	8,867	8,866
Accounts receivable and prepaid expenses	64,445	71,019	44,476
	699,699	1,153,476	937,088
Property, Plant and Equipment	32,978	6,215	5,842
Resource Properties - Schedule (Note 3)	5,266,242	2,899,618	2,954,133
	\$ 5,998,919	\$ 4,059,309	\$ 3,897,063
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 99,583	\$ 109,153	\$ 80,011
SHAREHOLDERS' EQUITY			
Share Capital - (Note 4)	9,451,030	7,161,535	6,855,980
Contributed Surplus (Note 4 (b))	526,350	-	371,376
Deficit - Statement 2	(4,078,044)	(3,211,379)	(3,410,304)
	5,899,336	3,950,156	3,817,052
Commitments - (Note 8)			
	\$ 5,998,919	\$ 4,059,309	\$ 3,897,063

ON BEHALF OF THE BOARD:

Director: "Frederick W. Davidson"

Director: "Kristian Ross"

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 2

(A Development Stage Company)

Interim Consolidated Statements of Operations and Deficit For the Nine Months Ended December 31

Canadian Funds

Unaudited

	Three Months ended December 31		Nine Months Ended December 31	
	2005	2004	2005	2004
Administrative Costs				
Audit and accounting	\$ 3,000	\$ 500	\$ 8,000	\$ 6,000
Amortization	2,048	374	4,104	1,121
Filing fees	(12,547)	2,351	16,349	10,226
Insurance	5,959	3,782	13,480	11,183
Investor relations	32,592	19,285	70,774	45,721
Legal	30,000	18,037	155,240	71,237
Management fees and consulting	61,500	22,500	164,500	67,500
Office and sundry	3,871	4,304	16,484	13,476
Office services	8,393	3,099	22,447	15,747
Rent	3,795	3,795	11,385	11,385
Stock based compensation expense - (Note 5(b))	24,212	58,863	154,973	167,813
Transfer agent	2,484	2,953	9,033	8,307
Travel and accommodation	12,959	5,484	15,881	8,829
Loss Before the Following	178,266	145,327	662,650	438,545
Other Expenses (Income)				
Interest income	(446)	(4,596)	(3,007)	(15,584)
Income and other taxes	-	1,000	312	3,000
Write-down of short-term investments	-	-	-	4,987
Write-off of resource properties	77	51,368	7,785	55,594
	(369)	47,772	5,090	47,997
Loss for the Period	177,897	193,099	667,740	486,542
Deficit - Beginning of Period	3,900,147	3,018,280	3,410,304	2,724,837
Deficit - End of Period	\$ 4,078,044	\$ 3,211,379	\$ 4,078,044	\$ 3,211,379
Loss per Share – Basic and diluted	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.03

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Statement 3

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows

For the Nine Months Ended December 31

Canadian Funds

Unaudited

Cash Resources Provided by (Used in)	Three Months ended December 31		Nine Months Ended December 31	
	2005	2004	2005	2004
Operating Activities				
Loss for the period	\$ (177,897)	\$ (193,099)	\$ (667,740)	\$ (486,542)
Items not affected by cash				
Amortization	2,048	374	4,104	1,121
Stock-based compensation expense	24,212	58,863	154,973	167,813
Write-down of short-term investments	-	-	-	4,987
Write-off of resource properties	77	51,368	7,785	55,594
Changes in non-cash working capital	48,822	43,712	(396)	8,654
	(102,738)	(38,782)	(501,274)	(248,373)
Investing Activities				
Property, plant and equipment	(13,278)	-	(31,240)	(3,308)
Resource property expenditures	(1,751,632)	(197,948)	(2,299,894)	(631,748)
	(1,764,910)	(197,948)	(2,331,134)	(635,056)
Financing Activities				
Share capital	-	97,800	2,575,050	848,750
Net Increase (Decrease) in Cash	(1,867,648)	(138,930)	(257,358)	(34,679)
Cash position - Beginning of Period	2,494,036	1,212,520	883,746	1,108,269
Cash Position - End of Period	\$ 626,388	\$ 1,073,590	\$ 626,388	\$ 1,073,590
Non-Cash Financing/Investing Activities				
Stock-based compensation included in contributed surplus	\$ 24,212	\$ 58,863	\$ 154,973	\$ 167,813
Shares issued for finder's fee	\$ -	\$ -	\$ 135,000	\$ -
Shares issued for resource properties	\$ 14,000	\$ 6,750	\$ 20,000	\$ 6,750

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Schedule

(A Development Stage Company)

Interim Consolidated Schedule of Resource Properties

For the Nine Months Ended December 31

Canadian Funds

Unaudited

	Three months ended December 31		Nine months ended December 31	
	2005	2004	2005	2004
Red Bird, Kootenay Land District, B.C. - (Note 3 (a))				
Deferred Expenditures				
Engineering and consulting	\$ 15,378	\$ 3,410	\$ 16,363	\$ 5,060
Field costs	13,040	110,372	14,913	113,012
Permits and fees	-	1,586	1,804	2,590
	28,418	115,368	33,080	120,662
Reeves, Kootenay Land District, B.C. - (Note 3 (c))				
Deferred Expenditures				
Engineering and consulting	653	2,154	763	2,374
Field costs	1,539	660	2,819	2,452
	2,192	2,814	3,582	4,826
Ramona, Nevada, USA - (Note 3 (e))				
Acquisition costs	-	-	24,615	20,606
Deferred Expenditures				
Engineering and consulting	7,682	36,938	18,230	38,148
Field costs	-	408	6,327	433
Vehicles	-	-	980	-
	7,682	37,346	25,537	38,581
	7,682	37,346	50,152	59,187
Alien, Nevada, USA - (Note 3 (d))				
Acquisition Costs	25,600	9,378	25,600	9,378
Deferred Expenditures				
Assaying and laboratory	-	151	-	9,354
Camp and general	-	89	654	5,696
Drilling	-	-	-	230,986
Engineering and consulting	-	9,054	3,150	86,025
Field costs	383	7,251	2,236	12,613
Permits and fees	-	-	30,351	37,455
Travel and accommodation	-	-	-	1,592
Vehicles	-	530	1,137	5,130
	383	17,075	37,528	388,851
	25,983	26,453	63,128	398,229
Subtotal	\$ 64,275	\$ 181,981	\$ 149,942	\$ 582,904

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

Schedule

(A Development Stage Company)

Interim Consolidated Schedule of Resource Properties

For the Nine Months Ended December 31

Canadian Funds

Unaudited

	Three months ended December 31		Nine months ended December 31	
	2005	2004	2005	2004
Balance forward	\$ 64,275	\$ 181,981	\$ 149,942	\$ 582,904
Copper Creek, Arizona, USA - (Note 3 (f & g))				
Acquisition costs	1,520,240	-	1,820,240	-
Deferred Expenditures				
Camp and general	1,835	-	8,339	-
Engineering and consulting	117,571	-	213,184	-
Field costs	41,883	-	69,455	-
Permits and fees	3,214	-	28,016	-
Travel and accommodation	-	-	1,457	-
Vehicles	16,537	-	21,476	-
	181,040	-	341,927	-
	1,701,280	-	2,162,167	-
Other Properties - (Note 3)				
Deferred Expenditures				
Assaying and laboratory	77	-	3,319	1,706
Engineering and consulting	-	20,939	3,139	48,980
Field costs	-	1,778	1,327	4,908
	77	22,717	7,785	55,594
Write-off of resource properties	(77)	(51,368)	(7,785)	(55,594)
	-	(28,651)	-	-
Deferred Exploration Costs for the Period	1,765,632	204,698	2,319,894	638,498
Write-off of Resource Properties for the Period	(77)	(51,368)	(7,785)	(55,594)
	1,765,555	153,330	2,312,109	582,904
Balance – Beginning of Period	3,500,687	2,746,288	2,954,133	2,316,714
Balance – End of Period	\$ 5,266,242	\$ 2,899,618	\$ 5,266,242	\$ 2,899,618

The accompanying notes form an integral part of these financial statements

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

1. Significant Accounting Policies

Basis of Presentation

These interim financial statements follow the same accounting policies and methods of their application of the most recent annual financial statements. These financial statements should be read in conjunction with the audited financial statements as at March 31, 2005.

2. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and term deposits, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

3. Resource Properties

	2005	2004
Red Bird – Kootenay Land District, B.C.		
Acquisition	\$ 90,151	\$ 90,151
Exploration and development	2,094,683	2,054,427
Recoveries	(223,151)	(223,151)
	<u>1,961,683</u>	<u>1,921,427</u>
Red Bird Extension – Kootenay Land District, B.C.		
Acquisition	<u>58,476</u>	58,476
Reeves – Kootenay Land District, B.C.		
Acquisition	266,356	228,725
Exploration and development	333,572	325,061
Recoveries	(257,690)	(257,690)
	<u>342,238</u>	296,096
Ramona – Nevada, USA		
Acquisition	45,221	20,606
Exploration and development	65,854	38,581
	<u>111,075</u>	59,187
Alien - Nevada, USA		
Acquisition	67,806	35,005
Exploration and development	562,797	529,427
	<u>630,603</u>	564,432
Copper Creek – Arizona, USA		
Acquisition	1,820,240	-
Exploration and development	341,927	-
	<u>2,162,167</u>	-
Other Properties		
Exploration and development	270,209	233,075
Write-off of resource properties	(224,445)	(187,311)
Recoveries	(45,764)	(45,764)
	<u>-</u>	<u>-</u>
Total	<u>\$ 5,266,242</u>	<u>\$ 2,899,618</u>

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

3. Resource Properties - *continued*

a) Red Bird - Kootenay Land District

The May 25, 1985 mineral lease granting the rights to explore and develop the Diem claims has been superseded by a purchase and sales agreement dated April 22, 1993. Under this Agreement, the Company purchased 100% of the Diem claims for US\$30,000 (paid) subject only to a 2 1/2% net smelter return royalty with a cumulative maximum of US\$1,000,000.

b) Red Bird Extension - Kootenay Land District

On January 31, 1996, the Company acquired a 100% interest in a 32-unit property, adjacent to its Red Bird property, from G. Klein for the payment of \$15,000 cash, the issuance of 100,000 shares at fair value of \$65,000 and the granting of a 2% net smelter return royalty to the vendor. The Company, at any time, can purchase 75% of that net smelter royalty for \$1,500,000, which would result in a remaining net smelter royalty of 0.5%.

c) Redhawk-Reeves Agreement

Under the Reeves agreement, as amended February 27, 2002, the Company has an option to purchase the Reeves property for US\$1,950,000 on or before February 15, 2006. The Company has made a \$150,000 irrevocable option payment to Reeves and can extend the option on a yearly basis as follows until February 15, 2005 by making payments totaling US\$95,000 (paid).

As part of this agreement Reeves subscribed for a \$100,000 private placement of 250,000 common shares of the Company at \$0.40 per share.

Subsequent to the end of the quarter, the Company amended the Reeves letter agreement to extend the option to purchase the property for three years until on or before February 15, 2009, by paying US\$2,300,000 on or before February 15, 2007, increasing by US\$300,000 each subsequent year. The Company has the option to extend the exercise date annually by paying US\$50,000 (paid February 2006) on or before February 15th.

d) Alien Agreement

On October 3, 2003, the Company optioned to acquire a 100% interest, subject to a net smelter royalty of up to 3%, in a long-term mineral lease in 16 unpatented mining claims located in Nye County, Nevada, known as the Alien Gold project. In consideration, over an initial six-year period, the Company will make advance royalty payments of US\$100,000 (US\$38,500 paid), incur exploration expenditures of US\$725,000 (US\$436,600 completed) and issue 500,000 shares (150,000 shares issued). Thereafter, the Company shall make a series of minimum advance royalty payments on an annual basis.

e) Ramona Agreement

In May 2004, the Company optioned to purchase the Ramona Gold project in Nevada from a third party. The Company can acquire 100% interest in the property by spending US\$32,000 over two years (US\$54,100 spent), by paying US\$770,000 in advance royalty payments over 16 years (US\$30,000 paid), by issuing to the third party a total of 100,000 (25,000 issued) shares of the Company in years two to five, and by paying up to a 4% net smelter royalty from commercial production. The Company has the right to reduce the 4% net smelter royalty to 2% at any time by paying the third party US\$1,200,000.

f) Copper Creek Agreement

In November 2005, the Company closed the acquisition of the Copper Creek property in Arizona, for a total purchase price of \$1.6 million (paid) and annual advance royalty payments of \$125,000, the first of which has been made. Upon commercial production, the Company will have to pay a 2.25% royalty payment until a total of \$25,000,000, in combined advance royalty payments and royalty payments, has been made.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

3. Resource Properties - continued

g) D & G Mining Agreement

In November 2005, the Company also entered into a lease to purchase agreement with a third party for an additional property within the Copper Creek boundaries. The Company has paid US\$80,000 and will pay a further US\$80,000 for years one and two and US\$100,000 for years three to fifteen. The Company has the option to purchase the property prior to the first anniversary for US\$1,200,000. The purchase price increases by US\$200,000 per year each subsequent anniversary until year 15. All yearly lease payments made prior to exercising the option to purchase will be applied as credits toward the purchase price in the year the Company exercises its property purchase option.

4. Share Capital

a) Details are as follows:

Authorized:

Unlimited common shares without par value

	Number	Amount
Balance, December 31, 2004 and March 31, 2005	21,058,820	6,855,980
Shares issued for resource properties	75,000	20,000
Private placement	17,167,000	2,575,050
Finder's fee	900,000	135,000
Share issue costs		(135,000)
Balance, December 31, 2005	39,200,820	\$ 9,451,030

b) Contributed Surplus

Balance, December 31, 2004	\$	305,555
Fair value of stock options issued		65,821
Balance, March 31, 2005	\$	371,376
Fair value of stock options issued		154,974
Balance, December 31, 2005	\$	526,350

c) Share Purchase Warrants

- i) During the year ended March 31, 2003, 390,000 warrants were issued with respect to a non-brokered private placement. One warrant entitles the holder to purchase an additional share of the Company until April 9, 2005 at a price of \$0.30 per share. These warrants expired during the period.
- ii) Under an agreement dated July 8, 2002, ZincOx Resources plc, in consideration of technical and metallurgical support, was granted an option to purchase an additional 600,000 shares in the Company at any time during the next four years, at a price of \$0.35 per share for the first two years and \$0.50 for the following two years.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

c) Share Purchase Warrants - *continued*

- iii) On October 8, 2003, 3,429,000 warrants were issued with respect to a non-brokered private placement, including 279,000 warrants issued as a finder's fee. Each warrant entitled the holder to purchase an additional share of the Company until October 3, 2004 at a price of \$0.10 per share (as to 3,279,000 shares) and \$0.135 per share (as to 150,000 shares). A total of 3,154,000 warrants were exercised for consideration of \$320,650. The remaining 275,000 warrants expired.
- iv) On December 30, 2003, 4,762,665 warrants were issued with respect to a non-brokered private placement. Each warrant entitled the holder to purchase an additional share of the Company until December 30, 2004 at a price of \$0.35 per share. In December 2004, the Company extended the warrants until June 15, 2005, and the warrants expired without exercise.
- v) On February 2, 2004 as part of a private placement, the Company issued 250,000 one half warrants. One full warrant entitles the holder to purchase an additional share of the Company for a period of one year at a price of \$0.50 per share. The Company paid a finder's fee of \$7,500 and issued non-transferable warrants entitling the holder to purchase an additional 37,500 common shares at an exercise price of \$0.50. These warrants expired February 2, 2005.
- vi) On April 26, 2004, 2,000,000 warrants were issued with respect to a non-brokered private placement. Each warrant entitles the holder to acquire one common share at a price of \$0.35 per share until April 14, 2005 and thereafter at a price of \$0.45 per share until October 14, 2005. The Company paid \$38,400 and issued 160,000 non-transferable warrants as a finder's fee. In October 2005, the Company extended the warrants until April 14, 2006.
- vii) On September 26, 2005, as part of a private placement, the Company issued 17,167,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 per share until September 26, 2007. The Company paid a finder's fee of 900,000 shares at a deemed price of \$0.15 per share, and issued 900,000 warrants under the same terms and conditions as the private placement.

5. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options shall be exercisable ("vested") as to 25% on the date of grant of the Option and 12.5% every quarter thereafter.

- a) a summary of the Company's options at December 31, 2005 and the changes for the period are as follows:

Number Outstanding December 31, 2004					Number Outstanding December 31, 2005		Exercise Price Per Share	Expiry Date
1,220,000	-	-	-	-	1,220,000	\$ 0.25	March 5, 2008	
1,240,000	-	-	-	-	1,240,000	\$ 0.30	January 19, 2009- (i)	
100,000	-	-	-	-	100,000	\$ 0.20	May 12, 2009	
50,000	-	-	-	-	50,000	\$ 0.25	June 28, 2009	
-	150,000	-	-	-	150,000	\$ 0.35	March 17, 2010	
-	50,000	-	-	-	50,000	\$ 0.30	April 13, 2010	
-	420,000	-	-	-	420,000	\$ 0.16	July 8, 2010	
-	425,000	-	-	-	425,000	\$ 0.22	July 21, 2010	
2,610,000	1,045,000	-	-	-	3,655,000	\$ 0.16- \$0.35	March 5, 2008 - July 21, 2010	

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

5. Share Purchase Options – *continued*

- i) In January 2004, the Company granted additional stock options under its Stock Option Plan to directors and employees exercisable for up to 1,240,000 shares of the Company. The options are exercisable on or before January 19, 2009. In October 2004, the Company re-priced these options to \$0.30 per share from \$0.40 per share. The estimated value of these stock options is \$409,447 on the grant date.
 - ii) In May 2004, the Company granted additional stock options under its Stock Option Plan to a consultant exercisable for up to 100,000 shares of the Company, with an estimated value of \$14,828 on the grant date. The options are exercisable on or before May 12, 2009, at a price of \$0.20 per share.
 - iii) In June 2004, the Company granted additional stock options under its Stock Option Plan to a consultant exercisable for up to 50,000 shares of the Company, with an estimated value of \$9,561 on the grant date. The options are exercisable on or before June 28, 2009, at a price of \$0.25 per share.
 - iv) In March 2005, the Company granted additional stock options under its Stock Option Plan to consultants exercisable for up to 150,000 shares of the Company, with an estimated value of \$31,971 on the grant date. The options are exercisable on or before March 17, 2010, at a price of \$0.35 per share.
 - v) In April 2005, the Company granted additional stock options under its Stock Option Plan to consultants exercisable for up to 50,000 shares of the Company, with an estimated value of \$6,864 on the grant date. The options are exercisable on or before April 13, 2010, at a price of \$0.30 per share.
 - vi) In July 2005, the Company granted additional stock options under its Stock Option Plan to consultants exercisable for up to 420,000 shares of the Company, with an estimated value of \$64,662 on the grant date. The options are exercisable on or before July 8, 2010, at a price of \$0.16 per share.
 - vii) In July 2005, the Company granted incentive stock options under its Stock Option Plan to directors and a consultant exercisable for up to 425,000 shares of the Company, with an estimated value of \$74,087 on the grant date. The options are exercisable on or before July 21, 2010, at a price of \$0.22 per share.
- b) The fair value of stock options used to calculate compensation for employees is estimated using the Black-Scholes Option Pricing Model. Since the options were granted under a graded vesting schedule, \$154,973 (2004 - \$167,813) of the fair value has been recorded in the accounts of the Company during the period. The offsetting entry is to contributed surplus (*Note 4(b)*). This value is estimated at the date of the grant with the following weighted average assumptions:

Number of options granted	1,240,000	100,000	50,000	150,000	50,000	420,000	425,000
Risk-free interest rate	3.71%	4.14%	4.45%	4.19%	3.30%	3.35%	3.35%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	108.912%	118.486%	119.745%	113.308%	114.468%	108.310%	108.310%
Expected option life in years	5	5	5	5	5	5	5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input 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 stock options.

Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

6. Income Taxes

The Company has incurred certain resource related expenditures of approximately \$3,826,000, which may be carried forward indefinitely and used to reduce prescribed taxable income in future years.

The Company has incurred non-capital losses for income tax purposes of approximately \$1,129,000. They may be carried forward and used to reduce taxable income of future years. These losses will expire as follows:

2009	\$	200,000
2010		180,000
2013		431,000
2015		318,000
		<hr/>
	\$	1,129,000

The potential future tax benefits of these expenditures and income tax losses have not been recognized in the accounts of the Company.

7. Related Party Transactions

Except as disclosed elsewhere in these financial statements related party transactions are as follows:

- a) During the nine months ended December 31, 2005, fees in the amount of \$94,500 (2004 - \$67,500) were paid to two directors of the Company, which is shown as management fees on the income statement.
 - b) In April 2004, the Company issued a private placement of 2.0 million units at a price of \$0.30 per unit, of which 400,000 units were issued to a director of the Company. Each unit consists of one common share and one share purchase warrant.
-

8. Commitments

- a) The Company has entered into management and consulting agreements with two directors for fees of \$10,500 (one at \$7,500 and one at \$3,000) per month on a month-to-month basis.
 - b) On June 1, 2005, the Company entered into a finance consulting and advisory services agreement with a third party for fees of \$10,000 per month for a period of one year.
 - c) On Sept 1, 2005, the Company entered into a property lease agreement with a third party for US\$1,688 per month for a period of two years.
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Redhawk Resources, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Canadian Funds

Unaudited

9. Segmented Information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations were primarily carried out in Canada and USA. All of the investment income is earned in Canada. Details are as follows:

	2005		2004	
Assets by geographic area				
USA	\$ 2,954,739	\$	623,619	
Canada	3,044,180		3,435,690	
	\$ 5,998,919	\$	4,059,309	

	Three Months Ended December 31		Nine Months Ended December 31	
	2005	2004	2005	2004
Net loss by geographic area				
USA	\$ 939	\$ 47,846	\$ 34,246	\$ 52,072
Canada	176,958	145,253	633,494	434,470
	\$ 177,897	\$ 193,099	\$ 667,740	\$ 486,542

10. Subsequent Events

- Subsequent to the end of quarter, 1,400,000 warrants at a price of \$0.45 were exercised.
 - Subsequent to the end of the quarter, 225,000 warrants at a price of \$0.30 were exercised.
 - In February 2006, the Company amended the Reeves letter agreement to extend the option to purchase the property for three years until on or before February 15, 2009, by paying US\$2,300,000 on or before February 15, 2007, increasing by US\$300,000 each subsequent year. The Company has the option to extend the exercise date annually by paying US\$50,000 (paid February 2006) on or before February 15th.
-