

MAXIMUS VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2006

(Unaudited prepared by management)

These unaudited interim consolidated financial statements of Maximus Ventures Ltd. for the nine month period ended June 30, 2006 have been prepared by management and approved by the Audit Committee and the Board of Directors. These financial statements have not been reviewed by the Company's external auditors.

MAXIMUS VENTURES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
As at June 30, 2006 and September 30, 2005

	June 30, 2006 (unaudited)	September 30, 2005
ASSETS		
Current		
Cash and equivalents	\$ 4,126,674	\$ 1,538,815
Receivables	51,917	89,064
Prepaid expenses	<u>10,000</u>	<u>9,603</u>
	4,188,591	1,637,482
Exploration advance (Note 3)	269,245	59,882
Mineral properties (Note 3)	<u>3,312,144</u>	<u>1,931,828</u>
	<u>\$ 7,769,980</u>	<u>\$ 3,629,192</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 153,465</u>	<u>\$ 142,424</u>
	<u>153,465</u>	<u>142,424</u>
Shareholders' equity		
Capital stock (Note 4)	32,401,707	28,215,540
Contributed surplus (Note 4)	1,591,011	1,437,259
Deficit	<u>(26,376,203)</u>	<u>(26,166,031)</u>
	<u>7,616,515</u>	<u>3,486,768</u>
	<u>\$ 7,769,980</u>	<u>\$ 3,629,192</u>

Nature and continuance of operations (Note 1)

Subsequent event (Note 8)

On behalf of the Board:

"Frederick Graybeal"

Director

"Elaine Bennett"

Director

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

MAXIMUS VENTURES LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	For the three months Jun 30, 2006 (unaudited)	For the three months Jun 30, 2005 (unaudited)	For the nine months Jun 30, 2006 (unaudited)	For the nine months Jun 30, 2005 (unaudited)
EXPENSES				
Administration fees	\$ 7,500	\$ 7,500	\$ 22,500	\$ 22,500
Amortization	-	-	-	4,536
Consulting fees	-	-	-	40,220
Insurance	-	-	7,151	-
Interest on capital lease obligation	-	-	-	1,830
Management fees	16,373	30,847	55,282	98,370
Office and miscellaneous	1,615	8,309	11,051	15,490
Professional fees	46,436	6,898	84,523	18,556
Property investigation costs, net of recovery costs	-	812	-	(8,060)
Regulatory and transfer agent fees	5,510	9,397	20,310	23,720
Rent and telephone	3,992	-	3,992	8,621
Shareholder information	-	(3,797)	5,927	7,489
Stock-based compensation (Note 4)	7,945	-	23,835	55,255
Travel and related costs	3,121	12,361	16,856	27,398
Loss before other items	<u>(92,492)</u>	<u>(72,327)</u>	<u>(251,427)</u>	<u>(315,925)</u>
OTHER ITEMS				
Interest income	23,501	3,870	36,392	10,352
Interest expense	-	(13,348)	-	(24,120)
Tax refund	4,863	-	4,863	-
Write-off of equipment	-	-	-	(4,513)
	<u>28,364</u>	<u>(9,478)</u>	<u>41,255</u>	<u>(18,281)</u>
Loss for the period	(64,128)	(81,805)	(210,172)	(334,206)
Deficit, beginning of period	<u>(26,312,075)</u>	<u>(26,600,716)</u>	<u>(26,166,031)</u>	<u>(26,348,315)</u>
Deficit, end of period	\$ (26,376,203)	\$ (26,682,521)	\$ (26,376,203)	\$ (26,682,521)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of common shares	40,548,741	25,109,048	36,813,282	24,803,187

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

MAXIMUS VENTURES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months Jun 30, 2006 (unaudited)	For the three months Jun 30, 2005 (unaudited)	For the nine months Jun 30, 2006 (unaudited)	For the nine months Jun 30, 2005 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (64,128)	\$ (81,805)	\$ (210,172)	\$ (334,206)
Items not affecting cash:				
Amortization	-	-	-	4,536
Stock-based compensation	7,945	-	23,835	55,255
Disposition of equipment	-	-	-	1,550
Changes in non-cash working capital items:				
(Increase) decrease in receivables	59,400	(14,614)	37,147	(24,422)
(Increase) decrease in prepaid expenses	(10,000)	5,000	(397)	37,400
Increase (decrease) in accounts payable and accrued liabilities	<u>53,961</u>	<u>14,317</u>	<u>11,041</u>	<u>(378,713)</u>
Net cash provided by (used in) operating activities	<u>47,178</u>	<u>(77,102)</u>	<u>(138,546)</u>	<u>(638,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital lease obligation payments	-	-	-	(2,968)
Shares issued for cash, net of costs (note 4)	4,128,584	-	4,138,584	-
Subscriptions received	<u>-</u>	<u>1,394,995</u>	<u>-</u>	<u>1,394,995</u>
Net cash provided by financing activities	<u>4,128,584</u>	<u>1,394,995</u>	<u>4,138,584</u>	<u>1,392,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	(446,534)	(341,238)	(1,202,816)	(502,793)
Exploration advance	(242,277)	-	(209,363)	-
Amounts received from related parties	<u>-</u>	<u>9,265</u>	<u>-</u>	<u>84,061</u>
Net cash used in investing activities	<u>(688,811)</u>	<u>(331,973)</u>	<u>(1,412,179)</u>	<u>(418,732)</u>
Change in cash and equivalents during the period	3,486,951	985,920	2,587,859	334,695
Cash and equivalents, beginning of period	<u>639,723</u>	<u>1,397,209</u>	<u>1,538,815</u>	<u>2,048,434</u>
Cash and equivalents, end of period	<u>\$ 4,126,674</u>	<u>\$ 2,383,129</u>	<u>\$ 4,126,674</u>	<u>\$ 2,383,129</u>
Cash paid for interest	\$ -	\$ -	\$ -	\$ 1,830

Supplemental disclosure with respect to cash flows (Note 6)

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

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Maximus Ventures Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada. The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	Jun. 30, 2006	Sept. 30, 2005
Working capital	\$ 4,035,126	\$ 1,495,058
Deficit	(26,376,203)	(26,166,031)

2. INTERIM FINANCIAL STATEMENTS

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ending September 30, 2006. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies as the annual financial statements. Accordingly, these consolidated financial statements should be read in conjunction with the 2005 annual consolidated financial statements and notes thereto.

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES

	Hope Bay, Nunavut	Excelsior Springs, Nevada	Larder Lake, Ontario	June 30, 2006 Total
Acquisition costs				
Balance, September 30, 2005	\$ 320,000	\$ 25,497	\$ -	\$ 345,497
Additions	<u>177,500</u>	<u>13,671</u>	<u>-</u>	<u>191,171</u>
	<u>497,500</u>	<u>39,168</u>	<u>-</u>	<u>536,668</u>
Deferred exploration costs				
Balance, beginning of period	<u>1,510,045</u>	<u>76,286</u>	<u>-</u>	<u>1,586,331</u>
Assaying	-	10,732	34,723	45,455
Camp costs	-	-	8,194	8,194
Core drilling	175,348	-	291,587	466,935
Data review and reporting	32,381	-	11,773	44,154
Geological consulting	132,503	42,260	77,658	252,421
Labour	-	-	6,960	6,960
Mapping and sampling	91,366	-	-	91,366
Project supervision	29,294	8,423	91,912	129,629
Supplies	-	-	3,040	3,040
Technical consulting	-	5,699	-	5,699
Title and claim management	125	17,940	100,888	118,953
Travel and related costs	<u>-</u>	<u>11,328</u>	<u>5,011</u>	<u>16,339</u>
	<u>461,017</u>	<u>96,382</u>	<u>631,746</u>	<u>1,189,145</u>
Balance, end of period	<u>1,971,062</u>	<u>172,668</u>	<u>631,746</u>	<u>2,775,476</u>
Total	\$ 2,468,562	\$ 211,836	\$ 631,746	\$ 3,312,144

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES (cont'd...)

	Hope Bay, Nunavut	Excelsior Springs, Nevada	Jersey, Nevada	Sept. 30, 2005 Total
Acquisition costs				
Balance, beginning of year	\$ 195,000	\$ -	\$ -	\$ 195,000
Additions	125,000	25,497	18,428	168,925
Recoveries	-	-	(18,428)	(18,428)
Balance, end of year	<u>320,000</u>	<u>25,497</u>	<u>-</u>	<u>345,497</u>
Deferred exploration costs				
Balance, beginning of year	<u>366,357</u>	<u>-</u>	<u>-</u>	<u>366,357</u>
Compilation and reporting	11,946	-	-	11,946
Core drilling	981,403	-	-	981,403
Data review and reporting	504	-	-	504
Geological	35,859	55,227	-	91,086
Mapping and sampling	25,839	-	-	25,839
Project supervision	50,136	-	-	50,136
Technical services	6,988	-	-	6,988
Title and claim management	<u>31,013</u>	<u>21,059</u>	<u>-</u>	<u>52,072</u>
	<u>1,143,688</u>	<u>76,286</u>	<u>-</u>	<u>1,219,974</u>
Balance, end of year	<u>1,510,045</u>	<u>76,286</u>	<u>-</u>	<u>1,586,331</u>
Total	\$ 1,830,045	\$ 101,783	\$ -	\$ 1,931,828

Hope Bay, Nunavut

During the year ended September 30, 2004, Miramar Mining Corporation (“Miramar”) and the Company entered into an option agreement whereby the Company can earn a 75% interest in the Eastern Contact and Twin Peaks areas. On March 20, 2006, the Company amended certain terms of the option agreement with Miramar. The amended terms are reflected in the deferred exploration expenditures, all other terms remained constant. The Eastern Contact block has been dropped and the Chicago claim block has been added.

To earn its interest, the Company is required to:

- Issue 5,000,000 shares over a three year period (3,000,000 issued).
- Incur \$7,250,000 in expenditures over three years, with scheduled minimum cumulative expenditures of \$3,250,000 by April 30, 2007, \$5,250,000 by April 30, 2008 and \$7,250,000 by April 30, 2009.

Additionally, the Company is required to issue up to 16,500,000 shares as follows:

- Issue 1,500,000 shares following the reporting of the first 2,500,000 ounces of gold in measured, indicated or inferred resources;

MAXIMUS VENTURES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES (cont'd...)

Hope Bay, Nunavut (cont'd...)

- b) Issue 7,500,000 shares over three tranches upon the first, second and third million ounces reported as a measured and/or indicated resource;
- c) Issue 2,500,000 shares on delivery of a positive feasibility study; and
- d) Issue 5,000,000 shares upon reaching production.

Miramar will have a one-time right to buy back up to a 50% interest and become operator by paying the Company 150% of the Company's proportionate exploration costs for the percentage being acquired.

As at June 30, 2006, the Company has provided an exploration advance of \$269,245 on the project.

Excelsior Springs Project, Esmeralda County, Nevada

During the year ended September 30, 2005, the Company entered into an option agreement to acquire certain unpatented mining claims located in Esmeralda County, Nevada for US\$270,000 (US\$10,000 (paid)) payable by September 30, 2009. Upon commencement of mining operations, a 2% net smelter returns royalty ("NSR") on gross sales on metals from the property would be payable in connection with this agreement.

Additionally, during the year ended September 30, 2005 the Company entered into a separate option agreement to acquire certain patented mining claims also located in Esmeralda County, Nevada. The terms of this option agreement require the Company to pay US\$10,000 (paid) on signing and US\$12,000 annually until production and payment of a 2% royalty on gross sales.

The Company also staked additional unpatented claims in this area.

Jersey Project, Arabia District, Pershing County, Nevada

During the year ended September 30, 2005, the Company staked certain unpatented claims.

The Company had entered into option agreements to acquire additional claims, and an agreement to sell its option interests, all of which were subsequently terminated. Related costs of \$18,428 and a recovery of \$29,593 resulted in a gain on recovery of mineral properties of \$11,165 on the statement of operations at September 30, 2005.

Larder Lake Properties, Ontario

On November 24, 2005, the Company entered into an option and joint venture agreement to acquire a 60% interest in the Cheminis, Bear Lake and Fernland properties and a 45% interest in the Barber Larder property, collectively referred to as the Larder Lake properties located in Ontario.

To earn its interest, the Company is required to incur expenditures of \$6,000,000 as follows:

- (i) \$220,000 by December 31, 2005 (incurred);
- (ii) \$480,000 by July 31, 2006;

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES (cont'd...)

- (iii) \$500,000 by December 31, 2006;
- (iv) \$2,000,000 by December 31, 2007; and
- (v) \$2,800,000 by December 31, 2008

Additionally, the Company, in partial consideration of incurring expenditures, received from the optionor, NFX Gold Inc. (“NFX”), 8,000,000 share purchase warrants (the “Warrants”) as follows:

- (i) 1,500,000 Warrants exercisable to purchase up to 1,500,000 NFX common shares (the “NFX Shares”) at an exercise price of \$0.20 per share expiring December 31, 2006 (Note 8);
- (ii) 2,500,000 Warrants exercisable to purchase up to 2,500,000 NFX Shares at an exercise price of \$0.20 per share expiring December 31, 2007 (Note 8); and
- (iii) 4,000,000 Warrants exercisable to purchase up to 4,000,000 NFX Shares at an exercise price of \$0.30 per share expiring December 31, 2008 (Note 8).

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized 100,000,000 common shares without par value			
As at September 30, 2005	34,909,014	28,215,540	1,437,259
Shares issued for cash, net	9,500,000	4,250,000	-
Shares issued for mineral property	500,000	177,500	-
Exercise of warrants	1,383,316	276,663	-
Finder's fee	-	(386,527)	129,917
Shares issued for cost	-	(131,469)	-
Stock-based compensation	-	-	23,835
As at June 30, 2006	46,292,330	\$ 32,401,707	\$ 1,591,011

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

On May 23, 2006, the Company completed a brokered private equity placement for gross proceeds of \$4,250,000. The private placement was comprised of 5 million units at a price \$0.40 per unit and 4.5 million flow-through common shares at a price of \$0.50 per share. The units consist of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to one additional common share of the Company at a price of \$0.60 per share until November 23, 2007. However, if the trading price of the shares of the Company closes at or above \$0.80 per share for 20 consecutive trading days any time after September 24, 2006, then the Company will have the right to provide a written notice to the warrant holders to exercise all unexercised warrants within 30 days or the warrants will be cancelled. In consideration for the private placement, the brokers received cash commissions totalling \$255,000 and received agents' warrants to purchase up to 570,000 common shares at a price of \$0.45 per share until November 23, 2007. The proceeds of the flow-through shares totalling \$2,250,000, must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2007.

Stock options

As at June 30, 2006, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
500,000	\$0.12	November 12, 2009
700,000	\$0.10	August 31, 2010
200,000	\$0.30	March 28, 2011

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at September 30, 2005	1,380,000	0.15
Options granted	200,000	0.30
Options cancelled/expired	<u>(180,000)</u>	<u>0.45</u>
As at June 30, 2006	1,400,000	\$ 0.14

During the nine months ended June 30, 2006, the Company granted 200,000 stock options of which 37.5% vested on the date of grant, resulting in stock-based compensation expense of \$23,835. Pursuant to the Company's stock option plan, these options will vest equally over 18 months until September 28, 2007.

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**Stock options (cont'd...)**

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted in the period, with the following weighted average assumptions:

	June 30, 2006
Risk-free interest rate	4.13%
Expected life of options/warrants	5 years
Annualized volatility	99%
Dividend rate	0%

Warrants

As at June 30, 2006, the Company had the following share purchase warrants outstanding enabling the holders to acquire additional common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,000,000	\$0.20	September 17, 2006
3,266,667	0.20	January 11, 2007
2,500,000	0.60	November 23, 2007
570,000	0.45	November 23, 2007

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at September 30, 2005	5,649,983	0.20
Warrants exercised	(1,383,316)	0.20
Warrants granted	<u>3,070,000</u>	0.57
As at June 30, 2006	7,336,667	\$ 0.36

MAXIMUS VENTURES LTD.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties; these transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- a) Paid or accrued consulting fees of \$Nil (2005 - \$38,900) to companies controlled by a former director and to a former director.
- b) Paid or accrued management fees of \$55,282 (2005 - \$90,369) to companies controlled by a director and a former director.
- c) Paid or accrued rent expense of \$Nil (2005 - \$8,000) to a company controlled by a former director.
- d) Paid or accrued mineral property expenditures of \$452,594 (September 30, 2005 - \$1,103,651) to a company with a common director and \$27,992 (September 30, 2005 - \$56,919) to a director of the Company.
- e) As at June 30, 2006, prepaid expenses included \$Nil (September 2005 - \$9,603) paid to companies controlled by directors of the Company. An exploration advance of \$269,245 (September 2005 - \$59,882) was paid to a company with a common director.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended June 30, 2006, the Company entered into the following non-cash transactions:

- a) Issued 500,000 common shares pursuant to a mineral property acquisition (Note 3).

During the nine months ended June 30, 2005, the Company entered into the following non-cash transactions:

- a) Issued 500,000 common shares pursuant to a mineral property acquisition (Note 3).

7. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties.

The Company's capital assets are located in the following geographic locations:

	Jun. 30, 2006	Sept. 30, 2005
Canada	\$ 3,100,308	\$ 1,830,045
United States of America	<u>211,836</u>	<u>101,783</u>
	<u>\$ 3,312,144</u>	<u>\$ 1,931,828</u>

MAXIMUS VENTURES LTD.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine month periods ended JUNE 30, 2006

(Unaudited – prepared by management)

8. SUBSEQUENT EVENT

On July 7, 2006, the Company acquired 8,000,000 common shares of NFX upon exercise of warrants previously acquired under the terms of the agreement with NFX as described in the section on the Larder Lake properties in note 3 of these financial statements.

To exercise the warrants, the Company borrowed \$2,000,000 from Laurentian Mountain Investment Ltd. (“LMI”), a private company controlled by the chairman and director of the Company. The LMI loan was approved by the independent directors of the Company and is unsecured, non-interest bearing and is to be repaid from the first \$2,000,000 of proceeds from the sale of NFX shares. The terms of the LMI loan agreement provide for the issuance to LMI of 500,000 common shares of the Company (issued) and the right to a 10% participation in net proceeds from the sale of NFX shares after repayment of the loan principal, up to a maximum of \$200,000.

The Company has also completed an option agreement with Kodiak International Inc. (“Kodiak”), which gives Kodiak a 90 day option to purchase from the Company in whole or in part in multiples of 500,000 shares, the 8,000,000 shares of NFX at an average price of \$0.725 per share. If Kodiak exercises its option in full, the net proceeds to the Company after repayment of the LMI principle and LMI 10% participation, would be approximately \$3,600,000.

MAXIMUS VENTURES LTD.

Management Discussion and Analysis

For the Nine Months ended June 30, 2006

This discussion and analysis of financial position and results of operations is prepared as at August 28, 2006 and should be read in conjunction with the unaudited consolidated financial statements for the nine months ended June 30, 2006 of Maximus Ventures Ltd. (the "Company") with the related notes thereto. Those unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Overview

The Company is engaged in the exploration for gold-silver properties. Its primary assets are an option to earn a 75 percent joint venture interest with Miramar Mining Corporation ("Miramar") in two properties in the Hope Bay gold belt in Nunavut and an option to earn a 60 percent joint venture interest in interests held by NFX Gold Corporation ("NFX") in the Larder Lake area of eastern Ontario. The Company is also conducting field reviews and has initiated acquisition of mineral rights on several early stage precious metal properties in Nevada in the United States.

Highlights of the Third Quarter

- On May 23, 2006, the Company completed a \$4.25 million private equity financing. The financing was comprised on 5 million units at a price of \$0.40 per unit and 4.5 million flow-through common shares at a price of \$0.50 per share. The units consist of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to one additional common share of the Company at a price of \$0.60 per share until November 23, 2007.
- Drilling resumed at the Larder Lake gold project in eastern Ontario in late May.
- Exploration field work resumed at the Hope Bay gold project in Nunavut in May.
- Subsequent to the quarter, on July 4, 2006 the Company acquired 8 million common shares of NFX under the terms of an option and joint venture agreement.

Exploration Activities

- **Hope Bay Project, Nunavut**

During the year ended September 30, 2004, the Company entered into an option agreement with Miramar whereby the Company can earn a 75% interest in the Eastern Contact and Twin Peaks areas in the Hope Bay gold belt in Nunavut. The Eastern Contact and Twin Peaks claim blocks cover 115 square kilometers in the northern part of the Hope Bay gold belt. Exploration work at Hope Bay is done by Miramar under contract to the Company. On March 20, 2006, the Company amended the terms of the agreement to include an option on the Chicago claim block of Hope Bay. The Chicago claim block at the southwest end of the Hope Bay Gold Belt was determined to have potential for both gold and base metal mineralization.

Exploration funding terms were amended to require cumulative expenditures of at least \$3,250,000 by April 30, 2007, \$5,250,000 by April 30, 2008, and \$7,250,000 by April 30, 2009 to earn a 75% interest in the Chicago and Twin Peaks claim blocks. Other terms in the Agreement remain unchanged and the field work will continue to be carried out by Miramar under the direction of the Company.

In May, geophysical and geochemical surveys were started at Twin Peaks and Chicago. Work consisted of ground magnetic and to map rock contacts under post-mineral cover and electromagnetic surveys to locate conductive zones that may be carrying pyrite, a mineral commonly associated with gold at Hope Bay. Upon completion of these surveys data will be analyzed to determine if drill targets are present. Work was ongoing at the end of the quarter.

- **Larder Lake Project, Ontario**

On March 7, 2006 the Company completed an option and joint venture agreement with NFX to acquire a 60% interest in the Cheminis, Bear Lake and Fenland properties and a 45% interest in the Barber Larder property, collectively the Larder Lake properties in Ontario. Under the agreement, the Company would earn a 60% interest in the Larder Lake property by expending \$6,000,000 on or for the benefit of the property by December 31, 2008. Minimum expenditures must total \$1,200,000 by December 31, 2006. Also, NFX was to issue 8,000,000 NFX warrants expiring in annual blocks or under certain market share price thresholds. Subsequent to the quarter, on July 4, 2006 the Company acquired 8,000,000 common shares of NFX under the terms of an option and joint venture agreement.

The Larder Lake project extends about 6 kilometers along the Kirkland Lake-Cadillac fault zone, a regional scale geologic structure that includes the Cheminis mine at Larder Lake and numerous other gold occurrences and mines. Drilling in December 2005 and January 2006 identified several additional fault zones as targets for further drilling. Results of the December and January drilling were reported in a news release dated February 7, 2006.

Drilling resumed in late May 2006 as reported in a news release dated June 5, 2006. Three objectives were identified for the 2006 drill program:

1. High grade mineralization below and adjacent to the Cheminis gold mine and the Fernland and Bear Lake prospects,
2. Shallow, near-surface zones of gold mineralization for resources that might be mined in an open pit, and
3. Gold targets on the regional faults identified during the 2005 drilling program.

At the end of June, 2006 1,109 meters of diamond drilling had been completed in 3 holes.

Financing Activities

- **Private Equity Financing**

On May 24, 2006 the Company completed a private equity placement which had raised gross proceeds of \$4,250,000. The private placement comprised 4,500,000 flow-through common shares of the Company at a price of \$0.50 per share and 5,000,000 units of the Company at a price of \$0.40 per unit, each unit consisting of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share of the Company until November 23, 2007, at an exercise price of \$0.60 per share. However, if the trading price of the shares of the Company closes at or above \$0.80 per share for 20 consecutive trading days any time after September 24, 2006, then the Company will have the right to provide written notice to the warrant holders to exercise all unexercised warrants within 30 days or the warrants will be cancelled. No flow-through

benefits attach to any common shares comprising the units or any common shares issuable upon the exercise of the common share purchase warrants.

In consideration for completing the private placement the brokers were paid a cash commission totalling \$255,000 and granted non-transferable Agents' Warrants exercisable to purchase a total of up to 570,000 common shares of the Company until November 23, 2007, at an exercise price of \$0.45 per share. All of the shares and warrants, and any shares issued upon exercise thereof, issued with respect to the private placement are subject to a four-month hold period expiring September 24, 2006, and may not be traded except as permitted under applicable securities legislation and the policies of the TSX Venture Exchange.

The proceeds of the flow-through shares sold under the private placement, in the amount of \$2,250,000, will be used for exploration of the Company's gold projects near Larder Lake in eastern Ontario and at Hope Bay in Nunavut and must be expended as qualifying CEE expenses by December 31, 2007 in accordance with the *Income Tax Act* (Canada). The proceeds of the units sold under the private placement will be used for working capital.

- **Acquisition of NFX Units**

On April 21, 2006 the Company announced the acquisition of common share purchase warrants of NFX exercisable to acquire in the aggregate up to 8,000,000 common shares of NFX, which would represent, if exercised, approximately 17.2% of the issued and outstanding common shares of NFX. The NFX warrants were acquired pursuant to the option and joint venture agreement between the Company and NFX dated March 3, 2006 whereby the Company was granted an option to acquire interests in the NFX Larder Lake properties in Ontario by incurring expenditures over a three-year period. The Company owned no securities of NFX prior to the option and joint venture agreement. Subsequent to the quarter, on July 4, 2006 the Company acquired 8 million common shares of NFX Gold Corporation ("NFX") under the terms of an option and joint venture agreement.

Results of Operations

For the nine months ended June 30, 2006, the loss for the period was \$210,172 compared to a loss of \$334,206 during the nine months ended June 30, 2005. The decreased loss in the current period is primarily a result of a decrease in management and consulting fees. This was a result of certain management and consulting contracts that were terminated in the previous year.

During the nine months ended June 30, 2006, the Company incurred Property Acquisition and Deferred Exploration Costs of \$1,393,987 (September 30, 2005 - \$1,370,471).

Expenses

The Company incurred \$251,427 in expenses in the nine months ended June 30, 2006, compared to expenses of \$315,925 in the comparative period. The most significant expense during the current period was professional fees of \$84,523 (2005 - \$18,556). This increase was directly a result of the significant activity undertaken during the current quarter compared to 2005, which included the Company completing of the \$4.25 million private placement and the Larder Lake property acquisition. Most other expense items decreased in the nine months ended June 30, 2006 compared to the previous period.

Other Items

The Company earned \$36,392 (2005 - \$10,352) in interest income through its short-term investments held. During the nine months ended June 30, 2005, the Company wrote-off \$4,513 worth of equipment and incurred interest expense of \$24,120. This interest expense relates to unspent flow-through funds pursuant to the Canadian Tax Act.

Quarterly Information

The following table sets forth selected unaudited consolidated financial information prepared by management of the Company.

Summary of Quarterly Results

	Quarter Ended June 30, 2006	Quarter Ended Mar 31, 2006	Quarter Ended Dec 31, 2005	Quarter Ended Sept 30, 2005
Revenue – interest	\$ 23,501	\$ 5,317	\$ 7,574	\$ 8,642
Net income (loss) for the period	(64,128)	(96,769)	(49,275)	516,490
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
Diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	Quarter Ended June 30, 2005	Quarter Ended Mar 31, 2005	Quarter Ended Dec 31, 2004	Quarter Ended Sept 30, 2004
Revenue – interest	\$ 3,870	\$ 3,012	\$ 3,470	\$ 1,414
Loss for the period	(81,805)	(84,190)	(168,211)	(967,714)
Loss per share	(0.01)	(0.01)	(0.01)	(0.10)
Diluted loss per share	(0.01)	(0.01)	(0.10)	(0.10)

Fiscal 2006

There were several significant changes in the key financial data during the third quarter of fiscal 2006. The Company completed a \$4.5 million brokered private placement financing. The Company also incurred approximately \$450,000 in exploration expenditures primarily on the Larder Lake and Hope Bay projects. Also during the period, 1,333,316 share purchase warrants were exercised for proceeds totaling \$266,663. During the second quarter, the Company issued 500,000 common shares valued at \$177,500 pursuant to the acquisition of the Hope Bay project. The Company also incurred \$15,890 in stock-based compensation expense as a result of the granting of 200,000 stock options. These options are vesting over an 18 month period. During the first quarter, The Company incurred \$593,767 in exploration expenditures primarily on the Hope Bay and Larder Lake projects.

Fiscal 2005

In the fourth quarter of 2005, the Company had a \$583,000 charge against capital stock and a corresponding recovery to income as a result of the renouncement of the \$1,707,500 in exploration expenditures from a flow-through financing. Also during the fourth quarter, the Company granted incentive stock options resulting in a stock-based compensation expense of \$51,174. Lastly in the fourth quarter, the Company issued 9,299,966 units at \$0.15 per unit for total proceeds of \$1,394,995 pursuant to a private placement. In the third quarter, the Company incurred \$328,490 in deferred exploration costs on the Hope Bay project. Most administrative expenses remained constant during the second and third quarter. During the second quarter, the Company issued 500,000 common shares at a deemed price of \$65,000 to Miramar pursuant to the option agreement on Hope Bay. During the first quarter, the Company granted 500,000 incentive stock options resulting in a stock-based compensation expense of \$55,255. The Company also incurred \$150,000 in deferred exploration expenditures on Hope Bay.

Liquidity and Capital Resources

The Company started 2006 with working capital of about \$1,500,000 and had working capital as at June 30, 2006 of approximately \$4,000,000. Exploration and administrative expenditures incurred during the nine months ended June 30, 2006 were funded from cash generated by the transactions noted below:

- a) The Company completed a brokered private placement consisting of 5 million units of the Company at \$0.40 per unit and 4.5 million flow-through common shares of the Company at \$0.50 per share. The units consist of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to one additional common shares of the Company at a price of \$0.60 per share for a period of 18 months. In connection with this private placement, a finder's fee of \$255,000 and 570,000 warrants each exercisable for one share at a price of \$0.45 per share for an 18 month period.
- b) The Company issued 1,383,316 common shares on the exercise of warrants for proceeds of \$276,663.

For the year ending September 30, 2006, the Company anticipates incurring exploration and property maintenance expenditures on each of the Company's held projects. The Company has sufficient working capital to sustain operations for the next fiscal year. The Company's main sources of financing are through issuances of equity.

The Company does not anticipate generating revenues in the near future and intends to continue its mineral exploration activities. These activities, along with further mineral acquisitions, may need to be funded through additional equity financings.

Critical Accounting Estimates

The most significant estimates are related to the physical and economic lives of mineral assets, and their recoverability.

Mineral properties and deferred exploration costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following

commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Property option agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

Cost of maintaining mineral properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Environmental protection and reclamation costs

Liabilities related to environmental protection and reclamation costs are accrued and charged to income when their likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

Transactions with Related Parties

The Company entered into the following transactions with related parties; these transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- a) Paid consulting fees of \$Nil (2005 - \$22,700) to Buccaneer Management Ltd. ("Buccaneer"), a company controlled by a former director.
- b) Paid consulting fees of \$Nil (2005 - \$7,200) to Tabo Investments Ltd. ("Tabo"), a company controlled by a former director.
- c) Paid consulting fees of \$Nil (2005 - \$9,000) to Barbara Dunfield, a former director of the Company.
- d) Paid management fees of \$Nil (2005 - \$8,000) to Tabo.
- e) Paid management fees of \$55,282 (2005 - \$90,369) to Exploration Management LLC ("Exploration Management") a company controlled by the President of the Company.
- f) Paid rent expense of \$Nil (2005 - \$8,000) to 641485 BC Ltd., a company controlled by a former director.
- g) Paid or accrued mineral property expenditures of \$452,594 (September 30, 2005 - \$1,103,651) to Miramar Mining Corporation ("Miramar"), a company with a common director and \$27,992 (September 30, 2005 - \$56,919) for services provided by Exploration Management.
- h) As at June 30, 2006, prepaid expenses included \$Nil (September 2005 - \$9,603 paid to Exploration Management. An exploration advance of \$269,245 (September 2005 - \$59,982) was paid to Miramar.

Outlook

The Company has sufficient financial resources to meet December 31, 2006 expenditure requirements at Larder Lake, to drill at Hope Bay until the exploration season ends, and to continue reconnaissance for new exploration opportunities well into 2007, if justified by the results of ongoing work programs. The Company expects to initiate drilling at the Hope Bay project in Nunavut during the fourth quarter subsequent to receiving recommendations from Miramar Mining Corporation based on results of magnetic, electromagnetic, and geochemical surveys.

On July 18, 2006 the Company announced the results of initial assaying from diamond drilling at the Larder Lake project in eastern Ontario where two diamond drill holes (1150 meters) were completed and a third hole was started in western part of the Larder Lake Property. Assays reported were as follows:

Hole Numbers	From (m)	To (m)	Length (m) ⁽¹⁾	Gold (g/t) ⁽²⁾	Mineralization Type ⁽³⁾
PR-06-13	301.15	303.40	2.25	3.88	Flow
<i>including</i>	302.10	302.40	0.30	15.63	Flow
PR-06-15	371.60	375.65	4.05	5.12	Flow
<i>including</i>	372.15	374.40	2.25	7.30	Flow
<i>And</i>	483.40	487.75	4.35	5.69	Carbonate
<i>including</i>	484.35	485.75	1.40	10.18	Carbonate

Notes:

(1) Meters. Length is reported in meters of drilled core and is not necessarily the "true" width.

(2) Au g/t. Gold grades are reported in units of grams per tonne gold. All gold assays were performed by Expert Laboratories in Rouyn, QC using standard fire assaying protocols. Assay results from the 2006 drill program are considered accurate, precise and free of contamination as determined from assay results of quality control certified reference standards, field blank standards and duplicate samples submitted during the program. Core recovery generally exceeded 95%. All other assays are less than 1.00 g/t Au

(3) Flow - contains abundant pyrite in altered volcanic rock. Carbonate - contains abundant ankerite, quartz veins, occasional visible gold, and only minor pyrite.

Drilling is continuing at the project. Most of the holes planned for the 2006 program will be widely spaced and designed to test areas with few or no previously known drill holes. Assays may not be easily correlated with other holes in the project area so their importance may be difficult to interpret until additional drilling is completed. As a matter of policy for reporting assays in the future, the Company will release all assay results from the drill program either when the drilling has been completed or at such earlier time as the Company deems the results to be material or considers that results can be presented in the correct geological context.

Subsequent Events

Subsequent to June 30, 2006, the following events occurred:

- a) On July 7, 2006 the Company acquired 8,000,000 common shares of NFX upon exercise of warrants acquired under an option and joint venture agreement.

To exercise the warrants the Company borrowed \$2,000,000 from Laurentian Mountain Investment Ltd. ("LMI"), a private company controlled by the chairman and director of the Company. The LMI loan is unsecured, non-interest bearing and is to be repaid from the first \$2,000,000 of proceeds from the sale of NFX shares. The terms of the LMI loan agreement provide for the issuance to LMI of 500,000 common

shares of The Company (issued) and the right to a 10% participation in net proceeds from the sale of NFX shares after repayment of the loan principal, up to a maximum of \$200,000.

The Company has also signed an option agreement with Kodiak International Inc. (“Kodiak”), which gives Kodiak a 90 day option to purchase from the Company in whole or in part in multiples of 500,000 shares, 8,000,000 shares of NFX at an average price of \$0.725 per share.

Other MD&A Requirements

As of August 14, 2006, the Company has:

- a) 46,792,330 common shares outstanding;
- b) 1,400,000 stock options outstanding with exercise prices ranging from \$0.10 to \$0.30 and expiring from November 2009 to March 2011; and
- c) 7,336,667 share purchase warrants outstanding with exercise prices ranging from \$0.20 to \$0.60 per share expiring from September 2006 to November 23, 2007.

Additional information is available on SEDAR at www.sedar.com

Cautionary Statement on Forward Looking Information

This Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words “believe,” “anticipates,” “expects” and similar expressions are intended to identify such forward looking statements. The Issuer’s actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.