

## **HIGH RIDGE RESOURCES INC.**

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### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**HIGH RIDGE RESOURCES INC.**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**MARCH 31, 2007**

**HIGH RIDGE RESOURCES INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(UNAUDITED)

	March 31, 2007	December 31, 2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 260,362	\$ 320,187
Amounts receivable	35,906	10,841
BC METC receivable	102,374	102,374
Prepaid expenses	10,335	12,976
	<b>408,977</b>	446,378
<b>Reclamation Bonds</b>	<b>17,000</b>	17,000
<b>Mineral Interests</b> (Note 4)	<b>462,678</b>	332,490
<b>Deferred Exploration Expenditures</b> (Note 4)	<b>842,432</b>	772,619
<b>VAT Tax Credit</b>	<b>5,647</b>	-
<b>Equipment</b> (Note 5)	<b>50,445</b>	32,309
	<b>\$ 1,787,179</b>	<b>\$ 1,600,796</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 70,131	\$ 82,347
Due to replated parties (Note 9)	-	6,677
	<b>70,131</b>	89,024
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 6)	<b>2,560,543</b>	2,045,719
<b>Contributed Surplus</b> (Note 7)	<b>282,271</b>	415,555
<b>Deficit</b>	<b>(1,125,766)</b>	(949,502)
	<b>1,717,048</b>	1,511,772
	<b>\$ 1,787,179</b>	<b>\$ 1,600,796</b>

Approved By The Board:

*"Gary Anderson"*

Director

*"Ed Low"*

Director

**HIGH RIDGE RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**

(UNAUDITED)

	<b>For the Three Month Period Ended</b>	
	<b>Mar. 31, 2007</b>	<b>Mar. 31, 2006</b>
<b>Administrative Expenses</b>		
Amortization of equipment	\$ 3,100	\$ 463
Automobile	193	99
Bank charges and interest	632	30
Consulting	43,951	13,213
Foreign exchange	(1,331)	-
Insurance	583	915
Investor relations	12,676	3,250
Licenses and permits	500	-
Office and sundry	6,936	2,632
Professional fees	10,055	11,871
Property investigations	7,429	-
Regulatory and transfer agent fees	9,887	27,116
Rent	7,620	378
Shareholder information	15,742	10,100
Stock-based compensation (	35,040	50,147
Telephone	5,703	2,818
Travel and business development	24,236	4,373
	<b>182,952</b>	<b>127,405</b>
<b>Other Income</b>		
Interest income	6,688	846
<b>Loss for the Period</b>	<b>(176,264)</b>	<b>(126,559)</b>
<b>Deficit, beginning of period</b>	<b>(949,502)</b>	<b>(280,926)</b>
<b>Deficit, end of period</b>	<b>(1,125,766)</b>	<b>(407,485)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares</b>		
<b>issued and outstanding - basic and diluted</b>	<b>13,416,281</b>	<b>8,649,260</b>

See accompanying notes.

**HIGH RIDGE RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**

	<b>For the Three Months Ended</b>	
	<b>Mar. 31, 2007</b>	<b>Mar. 31, 2006</b>
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (176,264)	\$ (126,559)
Items not involving cash:		
Amortization of equipment	3,100	463
Stock-based compensation	35,040	50,147
	<b>(138,124)</b>	<b>(75,949)</b>
Changes in non-cash working capital:		
Decrease (increase) in amounts receivable	(25,065)	3,553
(Increase) decrease in accounts payable and accrued liabilities	(18,893)	(150,454)
(Increase) decrease in prepaid expenses	2,641	(8,112)
Net cash used in operating activities	<b>(179,441)</b>	<b>(230,962)</b>
<b>Cash flows used in investing activities</b>		
Acquisition of mineral interests for cash	(130,188)	(3,000)
Exploration of mineral property interests	(69,813)	(19,558)
(Increase) in VAT Tax Credit	(5,647)	-
Acquisition of equipment, net of disposals	(21,236)	(10,782)
Net cash used in investing activities	<b>(226,884)</b>	<b>(33,340)</b>
<b>Cash flows from financing activities</b>		
Shares issued for cash	346,500	1,344,873
Net cash provided by financing activities	<b>346,500</b>	<b>1,344,873</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(59,825)</b>	<b>1,080,571</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>320,187</b>	<b>24,503</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 260,362</b>	<b>\$ 1,105,074</b>

See accompanying notes.

**HIGH RIDGE RESOURCES INC.**  
**STATEMENTS OF MINERAL INTERESTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007**  
(UNAUDITED)

<u>Mineral Interest Descriptions</u>	<u>Costs Incurred During The Period Ended Dec. 31, 2006</u>	<u>Current Period Costs Incurred</u>	<u>Write Down For Valuation</u>	<u>Balance Mar. 31, 2007</u>
Chuchi Property Omineca Mining Division of B.C. 100% option or ownership interests	\$ 208,442	\$ -	\$ -	\$ 208,442
Newton Hill Property Clinton Mining Division of B.C. 100% option or ownership interests	98,048	-	-	98,048
Silver Bay Property Slocan Mining Division of B.C. 100% option interest	26,000	-	-	26,000
Chanape Property San Damian District of Peru	-	99,756	-	99,756
Pacococha-Sunicancha Property San Damian District of Peru	-	30,432	-	30,432
	<u>\$ 332,490</u>	<u>\$ 130,188</u>	<u>\$ -</u>	<u>\$ 462,678</u>

See accompanying notes.

**HIGH RIDGE RESOURCES INC.**  
**STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007**

<b>Mineral Interest Descriptions</b>	<b>Costs Incurred During the Period Ended December 31, 2006</b>	<b>Current Period Costs Incurred</b>	<b>Write Down For Valuation</b>	<b>Balance Mar. 31, 2007</b>
<b>Chuchi Property</b>				
<b>Omineca Mining Division of BC</b>				
Camp and field supplies	\$ 17,896	\$ -	\$ -	\$ 17,896
Equipment rental	870	-	-	870
Geological and geophysical (Note 10)	72,794	-	-	72,794
Line cutting and grib preparation	32,943	-	-	32,943
Reports and maps	11,837	-	-	11,837
Transportation and accomodation	13,664	-	-	13,664
Grant recoveries	(5,270)	-	-	(5,270)
	<b>144,734</b>	<b>-</b>	<b>-</b>	<b>144,734</b>
<b>Newton Hill Property</b>				
<b>Clinton Mining Division of BC</b>				
Assays	23,687	-	-	23,687
Camp and field supplies	73,915	-	-	73,915
Drilling	353,732	-	-	353,732
Field equipment	6,500	-	-	6,500
Geological and geophysical (Note 10)	93,335	-	-	93,335
Labour	23,573	-	-	23,573
Transportation and accommodations	15,188	-	-	15,188
Reports and maps	9,776	-	-	9,776
Grant recoveries	(82,903)	-	-	(82,903)
	<b>516,803</b>	<b>-</b>	<b>-</b>	<b>516,803</b>
<b>Silver Bay Property</b>				
<b>Slocan Mining Division of BC</b>				
Assays	1,014	-	-	1,014
Camp and field supplies	7,217	-	-	7,217
Equipment rental	2,390	-	-	2,390
Geological and geophysical (Note 10)	74,942	3,929	-	78,871
Labour	24,430	-	-	24,430
Reports and maps	739	-	-	739
Transportation and accommodations	14,551	-	-	14,551
Grant recoveries	(14,201)	-	-	(14,201)
	<b>111,082</b>	<b>3,929</b>	<b>-</b>	<b>115,011</b>

**HIGH RIDGE RESOURCES INC.**  
**STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007**  
(continued)

<b>Mineral Interest Descriptions</b>	<b>Costs Incurred During the Period Ended December 31, 2006</b>	<b>Current Period Costs Incurred</b>	<b>Write Down For Valuation</b>	<b>Balance Mar. 31, 2007</b>
Chanape Property				
Peru				
Administration	-	1,477	-	1,477
Assays	-	401	-	401
Camp and field supplies	-	314	-	314
Geological consulting	-	25,817	-	25,817
Professional fees	-	13,393	-	13,393
Reports and maps	-	3,666	-	3,666
Transportation and accomondations	-	8,817	-	8,817
	-	53,885	-	53,885
Pacocha - Sunicancha Property				
Peru				
Administration	-	448	-	448
Camp and field supplies	-	13	-	13
Geological consulting	-	7,066	-	7,066
Professional fees	-	4,058	-	4,058
Reports and maps	-	175	-	175
Transportation and accomondations	-	240	-	240
	-	11,999	-	11,999
<b>Total Mineral Interests</b>	<b>\$ 772,619</b>	<b>\$ 69,813</b>	<b>-</b>	<b>\$ 842,432</b>

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**1. INCORPORATION AND NAME CHANGE**

The Company was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia) as 0698428 B.C. Ltd., and on July 20, 2004 changed its name to High Ridge Resources Inc. Effective March 1, 2006, the Company's common shares were listed for trading on the TSX Venture Exchange ("TSXV").

**2. NATURE OF OPERATIONS AND GOING CONCERN**

The Company's major activities are the acquisition and exploration of mineral interests and the production therefrom. The recoverability of amounts shown for mineral interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities, and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's financial statements are presented on a going concern basis, which assume that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2006, the Company has a working capital of \$339,000 and has incurred losses totaling \$1,126,000. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

a) Mineral Interests And Deferred Exploration Expenditures

The cost of mineral interests and their related direct exploration expenditures are deferred until the interests are placed into production, sold or abandoned. These deferred expenditures will be amortized on a unit-of-production basis over the estimated useful life of the interests following the commencement of production, or written-off if the interests are sold, allowed to lapse, or are abandoned. Mineral interest option payments are recorded when receivable, and are charged against the related mineral interests' costs. Option payments received in excess of costs incurred are disclosed as revenue.

Cost includes the cash consideration and the fair market value of common shares issued on the acquisition of mineral interests. The recorded costs of mineral interests and their related deferred exploration expenditures represent costs incurred, and are not intended to reflect present or future values. The Company does not accrue the estimated future costs of maintaining its mineral interests in good standing.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

a) Mineral Interests And Deferred Exploration Expenditures (Cont'd)

The Company reviews capitalized costs on its mineral interests on a periodic basis, or annually, and will recognize an impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the interests or from sale of the interests. Management's assessment of the interests' estimated current fair market value is also based upon its review of other property transactions in the same geographic area.

Although the Company has taken steps to verify title to mineral interests in which it has an interest in accordance with industry standards for the current stage of exploration of such interests, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, and may be affected by undetected defects and non-compliance with regulatory requirements.

b) Environmental Expenditures

The Company adopted the new standard of accounting for asset retirement obligations whereby the Company estimates the fair value of site restoration and clean-up costs on acquisition of mineral interests and reflects this amount in the cost of the mineral interest acquired. The new standard requires the recognition of a liability for obligations associated with the retirement of assets when the liability is incurred. A liability is recognized initially at fair value if a reasonable estimate of the fair value can be made, and the resulting amount would be capitalized as part of the asset. The liability is accreted over time through periodic charges to operations or mineral interest costs. In subsequent years, the Company adjusts the carrying amounts of the assets and the liabilities for changes in estimates of the amount or timing of underlying future cash flows.

It is reasonably possible that the Company's estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis. As at March 31, 2007, the Company has not recorded any asset retirement obligations.

c) Equipment And Amortization

Equipment is recorded at cost and is amortized over its estimated useful life on the declining balance method at the following rates:

Computer equipment	30%
Software	100%
Office equipment	20%

In the year of acquisition, one half of the above rates are applied, and in the year of disposal no amortization is claimed.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

d) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the reporting periods.

The Company's current items involving substantial measurement uncertainty are the carrying costs of mineral interests and their related deferred exploration expenditures and the provision for future site restoration and abandonment costs and the determination of stock-based compensation. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

e) Stock-Based Compensation

The Company adopted the recommendations of CICA Handbook Section 3870, stock-based compensation and other stock-based payments, effective for all awards granted. The standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method. The fair value of stock options is determined by the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of share capital is determined by the quoted market price of the Company's common shares.

f) Flow - Through Common Shares

The Company adopted the recommendations of CICA Handbook EIC 146 relating to flow-through shares effective for all flow-through share agreements dated after March 19, 2004. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resource expenditures. When resource expenditures are renounced to the investors, and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) thereby reducing share capital. The Company records the initial share issuances by crediting share capital for the full value of the cash consideration received.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

g) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences) and on unclaimed losses carried forward. Future income tax assets and liabilities are measured using the substantially enacted tax rates expected to be in effect when the temporary differences are likely to reverse or when losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

h) Loss Per Share

The Company calculates loss per share using the treasury stock method. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations.

i) Deferred Financing Charges

Costs for legal, agent and sponsorship fees on account of the Company's prospectus and initial public offering ("IPO") have been deferred. These costs will be charged against share capital when the related common shares are issued.

**4. MINERAL INTERESTS**

a) Chuchi Property

The Chuchi Property is located approximately 90 kilometres north-east of Fort James in the Omineca Mining Division of British Columbia. The optioned property is comprised of nineteen mineral claims totaling approximately 850 hectares.

The Company signed an option agreement on October 25, 2004 to earn a 100% interest in the property subject to a three percent net smelter return royalty ("NSR"). To exercise the option, the Company must make, in stages, cash payments of \$125,000 and issue 400,000 common shares of the Company to the optionors as follows:

i) Cash Payments

- \$20,000 on execution of the agreement (paid);
- a further \$20,000 on or before October 25, 2005 (paid);
- a further \$35,000 on or before October 25, 2006 (paid);
- a further \$50,000 on or before October 25, 2007;
- annual advance royalties of \$20,000 from October 26, 2008 ceasing in the year in which commercial production commences.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

- a) Chuchi Property (Cont'd)
- ii) Share Consideration
- 100,000 common shares upon completion of the Company's IPO (issued);
  - a further 100,000 common shares on or before October 25, 2005 (issued);
  - a further 100,000 common shares on or before October 25, 2006 (issued);
  - a further 100,000 common shares on or before October 25, 2007.

The agreement provides that if the Company does not complete its IPO by May 31, 2005, the Company could extend its option by making additional cash payments of \$3,000 per month commencing June 2005. The Company notified the optionors of its election to extend the option. Payments totaling \$102,000, have been paid by the Company to the optionors up to March 31, 2006.

The NSR can be reduced to one percent by paying \$2,000,000 to the optionors. The optionors will receive a further 200,000 common shares of the Company upon the commencement of commercial production.

The Company also acquired one mineral claim totaling approximately 2,377 hectares of additional "protection" ground in December 2004 via staking.

The Company paid \$3,500 for a reclamation bond pursuant to regulatory requirements against potential reclamation obligations relating to exploration work on the Chuchi mineral interest.

The following expenditures have been incurred by the Company to March 31, 2007 on the Chuchi Property:

Acquisition costs	
Option payments, claims staking and assessment work filed	\$123,442
Shares issued (200,000 shares at \$0.28 per share)	85,000
	<hr/> 208,442

b) Newton Hill Property

On June 26, 2004, as amended October 7, 2005, Tywell Management Inc. ("Tywell"), a company controlled by a director of the Company, signed an option agreement to acquire a 100% interest in the "Newton 1" mineral claim subject to a two percent NSR from two prospectors. The Newton 1 claim consists of twenty claim units being approximately 410 hectares which is located 105 kilometres west-south-west of Williams Lake on the Chilcotin Plateau in the Clinton Mining Division of British Columbia.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

b) Newton Hill Property (Cont'd)

Effective July 20, 2004, the option agreement was assigned by Tywell to the Company. To exercise the option, the Company must make, in stages, cash payments of \$120,000, issue 500,000 common shares of the Company to the optionor, and incur not less than \$750,000 in exploration expenditures on the mineral interest as follows:

i) Cash Payments

- \$6,000 on execution of this agreement (paid);
- a further \$6,000 six months after June 26, 2004 (paid);
- a further \$12,000 on or before June 26, 2005 (paid);
- a further \$12,000 on or before June 26, 2006 (paid);
- a further \$12,000 on or before June 26, 2007;
- a further \$12,000 on or before June 26, 2008;
- a further \$60,000 on or before June 26, 2009.

ii) Share Consideration

- 100,000 common shares on or before June 26, 2005 (issued);
- a further 100,000 common shares on or before June 26, 2006 (issued);
- a further 100,000 common shares on or before June 26, 2007;
- a further 100,000 common shares on or before June 26, 2008;
- a further 100,000 common shares on or before June 26, 2009.

iii) Expenditure Commitment

- \$50,000 on or before June 26, 2005; (completed)
- a further \$150,000 on or before June 26, 2006 (completed);
- a further \$150,000 on or before June 26, 2007 (completed);
- a further \$150,000 on or before June 26, 2008 (completed);
- a further \$250,000 on or before June 26, 2009.

The NSR can be purchased at any time by the Company for \$1,200,000.

The Company has acquired a further eight mineral claims totaling approximately 3,700 hectares around Newton 1 in August 2004 via staking.

The Company paid \$10,000 for a reclamation bond pursuant to regulatory requirements against potential reclamation obligations relating to exploration work on the Newton Hill mineral interest.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

b) Newton Hill Property (Cont'd)

The following expenditures have been incurred by the Company to March 31, 2007 on the Newton Hill Property:

Acquisition costs	
Option payments, claims staking and assessment work filed	\$41,048
Liability to issue shares (100,000 shares at \$0.25 per share)	57,000
	<hr/>
	\$98,048

c) Silver Bay Property

The Silver Bay Property is located on the Crawford Peninsula at Kootenay Lake approximately thirteen kilometres from the town of Riondel in south-west British Columbia in the Slocan Mining Division of British Columbia. The optioned mineral interest is comprised of twenty-two mineral claims totaling approximately 4,275 hectares.

The Company signed an option agreement on August 31, 2004 to acquire a 100% interest in the property subject to a two percent NSR. To exercise this option, the Company must make, in stages, cash payments of \$50,000, issue 100,000 common shares of the Company to the optionor, and incur not less than \$350,000 in exploration expenditures on the mineral interest as follows:

i) Cash Payments

- \$3,500 on execution of the agreement (paid);
- a further \$5,000 on or before August 31, 2005 (paid);
- a further \$7,500 on or before August 31, 2006 (paid);
- a further \$10,000 on or before August 31, 2007;
- a further \$12,000 on or before August 31, 2008;
- a further \$12,000 on or before August 31, 2009;

ii) Share Consideration

- 20,000 common shares on execution of this agreement (issued);
- a further 20,000 common shares on or before August 31, 2005 (issued);
- a further 60,000 common shares on or before August 31, 2009.

iii) Expenditure Commitment

- \$20,000 on or before August 31, 2005; (completed)
- a further \$50,000 on or before August 31, 2006 (completed);
- a further \$80,000 on or before August 31, 2007;
- a further \$100,000 on or before August 31, 2008;
- a further \$100,000 on or before August 31, 2009.

The NSR can be purchased at any time by the Company for \$1,200,000.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

c) Silver Bay Property (Cont'd)

The following expenditures have been incurred by the Company to March 31, 2007 on the Silver Bay Property:

Acquisition costs	
Option payments paid	\$ 16,000
Shares issued (40,000 shares at \$0.25 per share)	10,000
	<hr/> \$26,000

d) Pacococha Property

On March 22, 2007 the Company announced that its wholly-owned subsidiary Minera High Ridge del Peru S.A.C. was granted an option to acquire a 100% interest in 37 mining concessions located within the Matucana cadastral sheet 24-k held by Sindicato Minero Pacococha S.A. and Compania Minera Sunicancha S.A. These assets totalling 1223.75 hectares are all in good standing.

The new acquisitions are located within old and active mining districts SE of San Mateo approximately 125 kilometres ENE of Lima in the Province of Huarochiri, Department of Lima. The concessions are within the Pacococha district and can be accessed along the well maintained Central Highway to the town of San Mateo, 100 kilometres east of Lima, with the remaining distance to the concessions being by gravel and dirt roads, and trails.

The Companies' newly acquired concessions form two separate groupings. The larger and relatively untouched contiguous group of claims, the Rosicler-El Domo property, includes an over three kilometres long, largely exposed mineralized quartz vein system and the related alteration zone named Rosicler, as well as associated, strongly altered volcanic dome (El Domo).

The second group of concessions is referred to as the Pacococha-Germania claims and includes several vein systems. Most veins have been previously mined, but none were drilled, and their potential at depth, below the lowermost drift and/or bottom of the nearest valley, is unknown. All veins show a strong mineral zoning, with different segments of the veins being richer in different minerals.

As consideration for the Rosicler-El Domo and Pacococha-Germania concessions, the Company must pay the aggregate sum of US \$6,000,000 to the vendors and issue a total of 3,000,000 common shares of High Ridge to the vendors. The Company is obligated to make the payments of cash and the issuance of common shares over 5 ½ years. The vendors have retained a 2.5% net smelter royalty ("NSR") and High Ridge has the option to purchase a 1.5% NSR for US \$1,000,000.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

d) Pacococha Property (Cont'd)

Finders' fees, payable in cash and stock, and calculated on the basis of 5% of the value of the entire transaction (US \$300,000 and 150,000 High Ridge shares) are payable on a pro-rated basis in accordance with the payment schedule established between the Company and the vendors.

i) Cash payments

US\$6 million to Sindicato Minero Pacococha S.A. and Compania Minera Sunicancha S.A., each as to 50%, on the following basis:

- the sum of US \$10,000 on February 12, 2007 (paid);
- the sum of US \$5,000 on February 27, 2007 (paid);
- the sum of US \$10,000 on March 12, 2007 (paid);
- the sum of US \$5,000 on March 27, 2007 (paid);
- the sum of US \$5,000 on April 11, 2007 (paid);
- the sum of US \$5,000 on April 26, 2007 (paid);
- the sum of US \$5,000 on May 11, 2007 (paid);
- the sum of US \$5,000 on May 25, 2007 (paid);
- the sum of US \$50,000 on July 12, 2007;
- the sum of US \$50,000 on November 12, 2007;
- the sum of US \$350,000 on March 12, 2008;
- the sum of US \$100,000 on September 12, 2008;
- the sum of US \$150,000 on March 12, 2009;
- the sum of US \$225,000 on September 12, 2009;
- the sum of US \$275,000 on March 12, 2010;
- the sum of US \$350,000 on September 12, 2010;
- the sum of US \$450,000 on March 12, 2011;
- the sum of US \$550,000 on September 12, 2011;
- the sum of US \$650,000 on March 12, 2012;
- the sum of US \$2,750,000 on September 12, 2011.

ii) Share Consideration

3,000,000 Shares to Sindicato Minero Pacococha S.A. and Compania Minera Sunicancha S.A., each as to 50%, on the following basis:

- 300,000 Shares on or before September 12, 2007;
- 300,000 Shares on or before March 12, 2008;
- 300,000 Shares on or before September 12, 2008;
- 300,000 Shares on or before March 12, 2009;

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. MINERAL INTERESTS (CONT'D)**

d) Pacococha Property (Cont'd)

- 300,000 Shares on or before September 12, 2009;
- 300,000 Shares on or before March 12, 2010;
- 300,000 Shares on or before September 12, 2010;
- 300,000 Shares on or before March 12, 2011;
- 300,000 Shares on or before September 12, 2011;
- 300,000 Shares on or before March 12, 2012.

iii) Finder's Fee

150,000 Shares to Mr. Venturi, issuable according to the schedule above; and US \$300,000 to Mr. Venturi, payable according to the schedule above.

e) Chanape Property

The Company entered into an option to acquire a 100% interest (news release dated: February 8, 2007) in the Chanape concessions ("Chanape") in Peru. The Chanape property consists of 20 mining concessions, which are all in good standing, totalling 808.34 hectares - located within the Matucana cadastral sheet 24-k.

The Chanape project is located in the district of San Damián, in the province of Huarochiri and department of Lima. It is located 138 km from Lima and can be accessed by road. The first 100 km east of Lima is along the well maintained paved Central Highway to the town of San Mateo; the remaining 38 km from San Mateo to the Chanape property is via gravel roads.

As consideration for the Chanape concessions, the Company must pay the aggregate sum of US \$2,000,000 to the vendor and issue a total of 1,000,000 common shares of the Company to the vendor. The Company is obligated to make the payments of cash and the issuance of common shares in semi-annual payments over a five year period, with the final payment and issuance due February 5, 2012. The Company has made its first financial commitment of US \$50,000 to the vendor and the next payment of US \$50,000 is due on or before August 5, 2007. The first tranche of 100,000 High Ridge common shares is due to be issued to the vendor on or before August 5, 2007. The vendor has retained a 2.5% net smelter royalty ("NSR") and the Company has the option to purchase a 1.5% NSR for US \$1,000,000. No finders' fees were payable in connection with this transaction.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**4. MINERAL INTERESTS (CONT'D)**

e) Chanape Property (Cont'd)

i) Cash payments

US\$2 million to Mr. Venturi, on the following basis:

- the sum of US \$50,000 on February 5, 2007 (paid);
- the sum of US \$50,000 on or before August 5, 2007;
- the sum of US \$50,000 on or before February 5, 2008;
- the sum of US \$100,000 on or before August 5, 2008;
- the sum of US \$100,000 on February 5, 2009
- the sum of US \$150,000 on or before August 5, 2009;
- the sum of US \$150,000 on February 5, 2010;
- the sum of US \$200,000 on or before August 5, 2010;
- the sum of US \$200,000 on February 5, 2011;
- the sum of US \$950,000 on or before February 5, 2012.

ii) Share Consideration

1,000,000 Shares to Mr. Venturi, on the following basis:

- 100,000 Shares on or before August 5, 2007;
- 100,000 Shares on or before February 5, 2008;
- 100,000 Shares on or before August 5, 2008;
- 100,000 Shares on February 5, 2009
- 100,000 Shares on or before August 5, 2009;
- 100,000 Shares on February 5, 2010;
- 100,000 Shares on or before August 5, 2010;
- 100,000 Shares on February 5, 2011;
- 100,000 Shares on August 5, 2011;
- 100,000 Shares on or before February 5, 2012.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**5. EQUIPMENT**

	March 31, 2007 (unaudited)		Dec. 31, 2006 (audited)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 32,156	\$ 4,706	\$ 27,450	\$ 11,853
Computer software	4,435	1,462	2,973	907
Office furniture and equipmen	23,613	3,590	20,022	19,549
	\$ 60,203	\$ 9,758	\$ 50,445	\$ 32,309

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**6. SHARE CAPITAL**

- a) Authorized: Unlimited number of common shares without par value
- b) Common Shares Issued

		<u>Shares</u>	<u>Amount</u>
Balance, December 31, 2005		1	1
For Cash			
Escrow shares at \$0.0001/share	i)	4,800,000	480
Seed shares at \$0.225/share	ii)	1,312,609	295,337
Flow-through shares at \$0.35/share	iii)	274,428	96,050
Tax effect of flow-through shares	iii)	-	(34,693)
Initial Public Offering, February 24, 2006	iv)	5,000,000	1,500,000
Corporate finance fee	iv)	100,000	30,000
Share issuance costs		-	(356,068)
Warrants exercised	v)	128,900	38,670
Private placement	vi)	768,687	307,475
Contributed surplus allocated on warrant exercise		-	16,467
For Acquisitions			
Property payments (Note 4)		540,000	152,000
<hr/>			
Balance, December 31, 2006		12,924,625	\$ 2,045,719
For Cash			
Options exercised	vii)	312,500	93,750
Warrants exercised	viii)	842,500	252,750
Contributed surplus allocated on option exercise		-	68,444
Contributed surplus allocated on warrant exercise		-	99,880
<hr/>			
Balance, March 31, 2007		14,079,625	\$ 2,560,543
<hr/>			

i) Escrow Shares

The Company allotted, and reserved for issuance to the directors of the Company, 4,800,000 common shares at a price of \$0.0001 per share for total cash proceeds of \$480. These shares, and 493,450 seed shares subscribed for by the directors of the Company, were placed in escrow pursuant to the Company's agreement with its transfer agent. The shares subject to escrow will be released pro rata to the shareholders as to 10% upon issuance of notice of final receipt by the TSXV of the Company's IPO, and as to the remainder in six equal tranches of 15% every six months for a period of 36 months. As at March 31, 2006, the Company had 4,764,186 shares in escrow.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**6. SHARE CAPITAL (CONT'D)**

b) Common Shares Issued (Cont'd)

ii) Seed Shares

During fiscals 2004 and 2005, the Company re-priced seed share subscriptions prices from \$0.25 to \$0.225 per share. A total of \$295,338 was raised through seed share financing with the Company issuing 1,312,609 shares.

iii) Flow-through shares

In fiscal 2005, the Company raised \$96,050 via issuance of 274,428 flow-through shares at a price of \$0.35 per flow-through share. A credit for \$34,693 was record against future income recovery.

iv) Initial Public Offering

On February 24, 2006, the Company completed its IPO on the TSXV by issuing to the public 5,000,000 units at \$0.30 per unit, to net the Company \$1,310,456 after commissions, legal and sponsorship fees of \$194,404. Each unit sold is comprised of one share and one-half of a transferable share purchase warrant. Two half warrants are required to purchase one common share of the Company until February 24, 2007 at \$0.45 per share. The Company also issued to its agents an additional 100,000 units at \$0.30 per unit as corporate finance fees, the units have the same terms as the IPO units.

The Company's agents were granted non-transferable agent share purchase warrants entitling the agents to purchase up to 20% of the total number of shares sold through the IPO, being 1,000,000 warrants. One share purchase warrant is required to purchase one common share of the Company until February 24, 2007 at \$0.30 per share. The Company recorded the fair value of these warrants, \$118,553, to share issuance costs.

v) Warrants Exercised

During the twelve month period ended December 31, 2006, a total of 128,900-agent warrants were exercised for proceeds of \$38,670. A pro-rated charge to share capital was transferred from contributed surplus due to the exercise of agents' warrants.

vi) Private Placement

On June 28, 2006, the Company completed a private placement raising a total of \$307,475 through the issuance of 768,687 units at a price of \$0.40 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. One whole warrant entitles the holder to purchase one further common share of the Company at a price of \$0.50 until June 28, 2007.

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**6. SHARE CAPITAL (CONT'D)**

vii) Options Exercised

During the three month period ended March 31, 2007, a total of 312,500 stock options were exercised at a price of \$0.30 per option for proceeds of \$93,750.

viii) Warrants Exercised

During the three month period ended March 31, 2007, a total of 842,500 share purchase warrants were exercised for proceeds of \$842,500.

c) Stock Options

The Company has a 10% rolling incentive stock option plan for the benefit of its directors, officers, employees and consultants, whereby options to purchase common shares of the Company may be granted from time to time, provided that the maximum number of options that are outstanding at any time shall not exceed 10% of the issued and outstanding common shares of the Company.

Changes to the balance of options outstanding as at the three months ended March 31, 2007 and the year ended December 31, 2006 are as follows

	Options	Granted Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Options outstanding, December 31, 2005	800,000	0.30	5.00
Granted	580,000	0.30	2.50
Cancelled/expired	(250,000)	0.30	-
Options outstanding, December 31, 2006	1,130,000	0.30	2.95
Granted	450,000	0.34	1.88
Exercised	(312,500)	0.30	-
Cancelled/expired	(37,500)	-	-
March 31, 2007 (unaudited)	1,230,000	\$ 0.32	3.19

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**6. SHARE CAPITAL (CONT'D)**

c) Stock options (Cont'd)

Option expiry dates are as follows:

Exercise price	Number		Expiry
	Outstanding at Mar. 31, 2007	Exercisable at Mar. 31, 2007	
\$ 0.30	550,000	550,000	March 1, 2011
\$ 0.30	200,000	200,000	March 1, 2011
\$ 0.30	30,000	30,000	July 27, 2011
\$ 0.30	150,000	-	February 8, 2009
\$ 0.30	100,000	-	February 15, 2009
\$ 0.40	200,000	200,000	October 25, 2011
	1,230,000	980,000	

d) Share Purchase Warrants

For the three months ended March 31, 2007 and the year ended December 31, 2006, share purchase warrants changes are as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Balance December 31, 2005 (audited)	-	\$ -	-
Issued	3,934,339	0.42	0.18
Exercised	(128,900)	0.30	-
Balance December 31, 2006	3,805,439	\$ 0.50	0.18
Exercised	(842,500)	(0.30)	-
Expired	(2,578,600)	(0.30)	-
Balance, March 31, 2007	384,339	\$ 0.50	0.25

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**6. SHARE CAPITAL (CONT'D)**

d) Share Purchase Warrants (Cont'd)

Warrant expiry dates are as follows:

Exercise price	Number Outstanding at Mar. 31, 2007	Expiry
\$ 0.50	384,339	June 30, 2007
	384,339	

**7. CONTRIBUTED SURPLUS**

During the years ended December 31, 2006 and December 31, 2005, the Company executed a number of transactions involving share purchase options granted to consultants and key personnel along with agent warrants issued during the IPO. The Company recorded contributed surplus arising from these transactions as follows:

Balance, December 31, 2005	\$	182,543
Value assigned to agents' warrants	i)	118,553
Stock-based compensation	ii)	130,926
Agent warrant exercise - warrant valuation		(16,467)
Balance, December 31, 2006		415,555
Stock-based compensation	iii)	35,040
Option exercise - option valuation		(68,444)
Warrant exercise - warrant valuation		(99,880)
Balance, March 31, 2007	\$	282,271

- i) During the year ended December 31, 2006, the Company assigned a value of \$118,553 to the warrants issued to the agent as part of the initial public offering.
- ii) During the year ended December 31, 2006, the Company recorded stock-based compensation expense of \$130,926 for the grant of 542,500 vested stock options. The options were granted to consultants, officers and directors of the Company.

**HIGH RIDGE RESOURCES INC.  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007**

**7. CONTRIBUTED SURPLUS (CONT'D)**

- iii) During the three month period ended March 31, 2007, the Company recorded stock-based compensation expense of \$35,040 for the grant of 200,000 vested stock options. The options were granted to consultants of the Company.

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. The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2007</u>	<u>2006</u>
Risk-free interest rate	4.23%	3.9%
Volatility	102%	100%
Expected life of options (years)	1	2
Dividend rate	0%	0%

**8. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The carrying values of the financial instruments approximate their fair values, due to the relatively short period to maturity of these instruments. The amount due to related parties is not susceptible to fair market valuation as this liability is unsecured, non-interest bearing and has no set terms of repayment.

**9. RELATED PARTY TRANSACTIONS**

During the three month period ended March 31, 2007 transactions incurred in the normal course of business with companies controlled by directors of the Company or companies with directors in common were as follows:

	<u>2007</u>	<u>2006</u>
Consulting i)	\$39,213	\$ 10,000
Various deferred exploration expenditures	\$ -	\$ 2,515
Deferred geological and geophysical	\$ -	\$ 14,751

**HIGH RIDGE RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**9. RELATED PARTY TRANSACTIONS (CONT'D)**

i) Pursuant to a consulting agreement dated October 1, 2004, the Company is committed to paying \$2,500 per month for consulting services charged by a management company controlled by a director and officer of the Company. On June 16, 2006, the compensation was increased to \$7,000 per month for a term of one year. For the three months ended March 31, 2007, a total of \$21,000 (2006 - \$10,000) was paid.

During the three month period ended March 31, 2007, the Company paid an officer and director \$7,500 (2006 - \$2,500) for bookkeeping services, and an officer \$10,713 (2006 - nil) for administrative services.

**10. SUBSEQUENT EVENTS**

a) Private Placement

The Company closed a brokered private placement of three million units at 45 cents per unit, for gross proceeds of approximately \$1.35-million.

Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of 18 months after May 28, 2007, at a price of 60 cents per common share, subject to an acceleration provision such that if, at any time four months or more after the closing, the weighted average trading price per High Ridge share on the TSX Venture Exchange is 90 cents or higher for 10 consecutive trading days, then High Ridge may give the investors notice that the warrants must be exercised or they will expire within 30 days.

Bolder Investment Partners acted as agent for the financing and received an 8-per-cent commission, a portion of which was paid in the form of 19,110 units; a corporate finance fee consisting of 100,000 units; a \$5,000 work fee; and agent's warrants, which entitle Bolder to purchase 300,000 common shares exercisable at the offering price for a period of 18 months following closing of the offering. All securities are subject to a four-month hold period, which will expire on Sept. 29, 2007.

b) Property Acquisition

The Company was granted an option to acquire a 100-per-cent interest in 11 mining concessions comprising the Vetaspata gold property covering approximately 42.5 square kilometres in the Puno region of southeastern Peru. The property is located approximately 850 kilometres southeast of the capital, Lima, and 160 kilometres northeast of Juliaca.

As consideration for the Vetaspata concessions, High Ridge must pay the total sum of \$250,000 (U.S.) to the vendors. High Ridge is obligated to make the payments of cash over 4-1/2 years. One-time finders' fees, payable in cash and stock, are \$10,000 (U.S.) and 25,000 High Ridge shares respectively.

## **HIGH RIDGE RESOURCES INC.**

Management Discussion and Analysis  
For the Three Months Ended March 31, 2007

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### **Management Discussion and Analysis**

The following management discussion and analysis is prepared as at May 28, 2007 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006 and the unaudited financial statements for the three month period ended March 31, 2007. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and the measurement currency is in Canadian dollars.

### **Forward Looking Statements**

This MDA contains certain information that may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### **Description of Business**

High Ridge Resources Inc. (the "Company") is an exploration stage company engaged primarily in the exploration and development of its mineral properties. At the time of these financial statements it has not been determined whether these properties contain economically recoverable ore reserves. The recoverability of the amounts incurred to date on these properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the required financing to complete the development of the properties, and the future proceeds from the disposition of those reserves.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As at March 31, 2007, the Company had working capital of \$314,000 and had incurred losses totalling \$1,125,000.

The Company's ability to continue as a going concern is dependent upon successful achievement of additional financing, and upon its ability to realize profitable operations. Management intends to seek further funds through public offerings to finance its ongoing exploration activities. These financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

### **Exploration Properties**

As at March 31, 2007, the Company's exploration properties are comprised of:

#### **1) Chuchi Project – British Columbia**

The Company entered into an agreement dated October 24, 2004, with Lorne B. Warren, John M. Mirko and Donna Luck (the "Optionors"), whereby the Company was granted the exclusive option to acquire 100% interest in 19 mineral claims comprising 38 units located in the Omineca Mining Division of British Columbia.

## **HIGH RIDGE RESOURCES INC.**

Management Discussion and Analysis  
For the Three Months Ended March 31, 2007

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The 850 hectare Chuchi Property is situated approximately 90 km north of Fort St. James in central British Columbia. Topography is moderate to moderately rugged and the principal areas of interest are at an altitude of approximately 1300 m to 1500 m. The property has road access, railroads and high capacity electrical transmission lines are within 150 road-km at the resource-based communities of Fort St. James and Mackenzie, and is located 32km northwest of the Mt. Milligan copper-gold deposit recently acquired by Atlas-Cromwell. The Company staked an additional 2,377 hectares adjacent to the original claims (bringing the Company's land holdings to 9,753 hectares) in the fiscal 2006.

The Company can earn a 100% interest in the property by paying the Optionors an aggregate of \$125,000 and issuing a total of 400,000 common shares in stages over a 36 month period. A 3% net smelter return royalty can be reduced to 1% by a payment of \$2,000,000 to the Optionors. The Optionors will receive a further 200,000 common shares of the Company upon the commencement of commercial production.

Previous explorers of the area now encompassed by the property undertook various geotechnical surveys that resulted in the discovery and partial delineation of a significant low-grade porphyry copper-gold deposit. An extensive review of the exploration data has revealed that the deposit has not been fully delineated and that several large prospective areas remain to be explored. Significant prior drill results on the northeastern edge of the property include 158m of 0.22% copper and 0.10 g/t gold, 265m of 0.20% copper and 0.12 g/t gold, and 208m of 0.22% copper and 0.12 g/t gold.

Eighteen kilometers of line-cutting was performed over approximately 15.6 hectares of ground in August 2005. In October 2005, grid access and road refurbishment was carried out over 7 km of road. A ground magnetometer meter survey was completed over the new grid.

The Company's progress at Chuchi received a boost in 2006 as the result of acquiring historical geophysical data that was brought to light during the process of putting out for tender contracts to execute our 2006/2007 work program. The Company purchased IP/EM/soil data from Pacific Geophysical Ltd., and realized a significant cost saving as opposed to performing the work over the season. The Company continues to evaluate the data and expects to be able to combine Phases I and II into a greater, more productive field effort.

### **2) Newton Hill Project – British Columbia**

On June 26, 2004, as amended October 7, 2005, Tywell Management Inc. ("Tywell"), for the Company, acquired the "Newton 1" mineral claim from prospectors Andrew Schmidt and Rudi Durfeld (the "Optionors"). The Newton 1 claim consists of twenty claim units covering approximately 410 hectares. They are located 105 km west-south-west of Williams Lake, British Columbia on the Chilcotin Plateau in the Clinton Mining Division. To exercise the option the Company must make, in stages, cash payments totalling \$120,000, issue an aggregate of 500,000 common shares to the Optionors and incur not less than \$750,000 exploration expenditures on the properties. The Company staked an additional 3,700 hectares in fiscal 2005.

The property covers roughly a 2 km diameter hydrothermal alteration system centered on Newton Hill. Interest in the property has increased as a result of extensive exploration on the Prosperity (Fish Lake) Deposit located 40 km to the south of Newton Hill, in a similar geologic setting.

The Phase I program completed in June 2006, provided the Company with encouraging drill

## **HIGH RIDGE RESOURCES INC.**

Management Discussion and Analysis  
For the Three Months Ended March 31, 2007

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results. The program consisted of 11 drill holes, the best of which, DDH 06-12, averaged 2.33

grams per tonne (g/t) gold over 49 metres from 161 and 210 metres, still in gold mineralization, including two metres of 15.87 g/t gold from 185 to 187 metres. Drill hole DDH 06-12 is in oxidized rock throughout, and ends at 210 metres in gold mineralization. Copper in oxide form through the 49-metre gold intersection averaged 1,598 parts per million (0.15 per cent Cu). The Company intends to conduct a Phase II program comprising of trenching and additional drilling in 2007/2008.

### **3) Silver Bay Project – British Columbia**

The Company entered into an agreement dated August 31, 2004 with Bruce Doyle (the "Optionor") whereby the Company was granted the exclusive option to acquire a 100% interest in 22 mineral claims covering 4,275 acres located in the Slocan Mining Division of British Columbia and known as the Silver Bay Property (the "Silver Bay Option"). In order to exercise the Silver Bay Option the Company must pay the sum of \$50,000, issue a total of 100,000 common shares in the capital of the Company to the Optionor, and complete \$350,000 of exploration expenditures.

The Optionor has also retained a royalty equal to 2% of net smelter returns ("NSR"), which the Company has the option to purchase the NSR at any time for the sum of \$1,200,000, exclusive of any NSR payments made prior to the date of purchase.

The Silver Bay property is located in the vicinity of Nelson, BC, on the east-shore of Kootenay Lake. The property lies on the Crawford Peninsula 13km south from Ridel and the past-producing Bluebell Mine, a well-know AG-ZN-PB (silver-lead-zinc) deposit. Previous exploration work on the property by Teck-Cominco Ltd. and other companies suggests a favourable setting for the fracture and bedding-hosted, Zn-Pb replacement mineralization. The potential of the Silver Bay Property is directly linked to its location relative to the Bluebell Mine.

In July 2005, detailed geological mapping was conducted on the property resulting in a better understanding of the structure. Several previously known sulphide boulders were revisited and additional boulders were found. Many new outcrops with mineralized layers within the meta-sedimentary sequence were located and examined.

In the fall of 2006, the Company engaged SJ Geophysics Ltd. to conduct a surface UTEM3 survey. The purpose of the survey was to measure the response from possible mineralized structures, know from airborne survey and sulphide boulders on the ground, and to evaluate this response to a significant depth. The report stated strong conductive responses in both areas surveyed, which warrants follow-up geophysical work along with drilling.

Following the very encouraging results from two independent UTEM loops on the Silver Bay property, High Ridge plans on expanding the deep EM survey over the main portion of the project area. Results from the expanded EM survey are going to be used to plan the subsequent deep drill hole program.

### **4) Peruvian Properties**

#### **a) Chanape - Peru**

**HIGH RIDGE RESOURCES INC.**

Management Discussion and Analysis  
For the Three Months Ended March 31, 2007

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The Company entered into an agreement to acquire a 100-per-cent interest in the Chanape concessions in Peru. The Chanape property consists of 20 mining concessions, which are all in good standing, totalling 808.34 hectares - located within the Matucana cadastral sheet 24-k.

## **HIGH RIDGE RESOURCES INC.**

Management Discussion and Analysis  
For the Three Months Ended March 31, 2007

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The Company has obtained numerous internal reports, planes and sections for Chanape prepared by geologists of the Banco Minero, Pacococha mine and Milpo, as well as several publications on the geology of the Chanape area by INGEMMET (Peru's geological survey).

The Chanape project is located in the district of San Damian, in the province of Huarochiri and department of Lima. It is located 138 kilometres (km) from Lima and can be accessed by road. The first 100 km east of Lima is along the well-maintained paved Central Highway to the town of San Mateo; the remaining 38 km from San Mateo to the Chanape property is via gravel roads.

Chanape is the only known gold-producing property in the area and occupies elevations between 4,300 metres (m) and 4,900 m. Numerous mineralized, gold-rich polymetallic veins and intrusive breccia pipes have been mapped within the property on two opposing sides of Chanape Creek (that is, Tumialan, 1982; Ly et al., 1997 and 1999).

The Chanape area is part of an old and active mining district located southeast of San Mateo. This region has been explored and mined since the colonial period, but more extensive mining development began in 1950 with the building of the access gravel road from the Central Highway to the Pacococha mining area. Various facilities including hotels, phones and Internet, as well as manpower are available in San Mateo.

Coricancha mine, formerly the Tamboraque mine, is the largest nearby active mine and is wholly owned by Gold Hawk Resources Inc. Gold Hawk currently mines a set of mineralized veins similar to Chanape and owns a processing facility located just south of San Mateo. Coricancha and several smaller independent and active mines are situated near the gravel road leading to Chanape.

As consideration for the Chanape concessions, the Company must pay the total sum of \$2-million (U.S.) to the vendor and issue a total of one million common shares of High Ridge to the vendor. The Company is obligated to make the payments of cash and the issuance of common shares in semi-annual payments over a five-year period, with the final payment and issuance due Feb. 5, 2012. The Company has made its first financial commitment of \$50,000 (U.S.) to the vendor and the next payment of \$50,000 (U.S.) is due on or before Aug. 5, 2007. The first tranche of 100,000 High Ridge common shares is due to be issued to the vendor on or before Aug. 5, 2007. The vendor has retained a 2.5-per-cent net smelter return (NSR) royalty and the Company has the option to purchase a 1.5-per-cent NSR for \$1-million (U.S.). No finders' fees were payable in connection with this transaction.

The Company has retained the services of M. Kalinaj, a consulting geologist from Lima, to complete an independent NI 43-101-compliant report on the Chanape property.

In addition to Chanape concessions, the Company has staked approximately 10,000 additional hectares of highly prospective ground in the area, for a total of just under 11,000 hectares. Approximately 4,000 hectares of this total includes the overstaking of old-style randomly oriented claims. The Company is in discussions with other groups to acquire additional advance-stage land packages in Peru.

### **b) Pacococha – Sunicancha - Peru**

On March 22, 2007, the Company announced that its wholly-owned subsidiary Minera High Ridge del Peru S.A.C. was granted an option to acquire a 100% interest in 37 mining concessions located within the Matucana cadastral sheet 24-k held by Sindicato Minero Pacococha S.A. and Compania Minera Sunicancha S.A. These assets totaling 1223.75 hectares are all in good standing.

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The new acquisitions are located within old and active mining districts SE of San Mateo approximately 125 kilometres ENE of Lima in the Province of Huarochiri, Department of Lima. The concessions are within the Pacococha district and can be accessed along the well maintained Central Highway to the town of San Mateo, 100 kilometres east of Lima, with the remaining distance to the concessions being by gravel and dirt roads, and trails.

The Company has obtained numerous internal reports, maps, plans and sections prepared by former geologists and consultants of the Pacococha Mine and Milpo, which cover the newly acquired properties. The following information has been taken from these reports which were not prepared in accordance with the requirements of NI 43-101. References to the authors and dates of the reports are indicated in parentheses.

The Companies' newly acquired concessions form two separate groupings. The larger and relatively untouched contiguous group of claims, the Rosicler-El Domo property, includes an over three kilometre long, largely exposed mineralized quartz vein system and the related alteration zone named Rosicler, as well as associated, strongly altered volcanic dome (El Domo).

The second group of concessions is referred to as the Pacococha-Germania claims and includes several vein systems. Most veins have been previously mined, but none were drilled, and their potential at depth, below the lowermost drift and/or bottom of the nearest valley, is unknown. All veins show a strong mineral zoning, with different segments of the veins being richer in different minerals.

### **Rosicler-El Domo Property**

The property is located 2.5-3 kilometres NW of the Pacococha Lake. The Rosicler vein trends NE and is exposed on elevations between 4550 and 4800 metres, and has been only scarcely mined. The vein is epithermal and consists of two different mineralized sections; the SW-central section contains silver-bearing, polymetallic mineralization; the NE section is dominated by silver mineralization and anomalous gold values (Velarde, 1997; Arellano, 2005). There are two additional and little known mineralized vein systems present on this property, Virgen del Buen Paso and Midas, both of which are parallel to the Rosicler vein.

In the Rosicler vein, milky and grey quartz contains disseminated mineralization represented mainly by chalcopyrite, galena, bornite, spahalerite, and pyrite (Velarde, 1997; Miranda, 2005). Mineralization is also present as stringers in the wall-rock. In total, the reserves within the Rosicler vein are estimated to be minimum 215,000 tonnes (Arellano, 2005). The grades throughout the vein are not well determined, but the exposure created by "informal" mining in the southern segment of the vein yielded 5.3 Oz Ag/t, 2.57 % Cu, 2.5 % Pb, and 2.15 % Zn (Arellano, 2005).

### **Pacococha-Germania Claims**

The Pacococha-Germania claims encompass main sections of numerous veins, which form two sets: one southern, in the Germania area, and another, central-northern, in the Pacococha area.

#### **Germania area**

In the Germania area, the Company has obtained four known vein systems; two of them, Sin

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Complemento and Belgica V, were scarcely mined in the past, whereas the other two, Germania

and Peru, were previously mined to a certain extent. The mineralization in these veins is characterized by presence of galena, sphalerite, tetrahedrite, and lesser chalcopyrite, pyrite, pyrrhotite, arsenopyrite, and rhodochrosite.

The estimated potential of the 1500 metres long Sin Complemento vein and the ~500 metres long Belgica V vein is approximately 290,000 tonnes with average grades of 4.29 Oz Ag/Tc, 2.57 % Pb, 4.17 % Zn, 1.69 % Cu (Cayo and Davalos, 2001).

### **Pacococha area**

In the Pacococha area, the Company has acquired the main sections of the following veins: Santiago Menor and Santiago Major, BJ 19, Purisima, Diez de Mayo, and Cuatro de Julio. The Company has also secured claims surrounding the northeastern segment of the Carolina vein, the central Victoria vein, and the central-northeastern segment of the San David vein system.

Many of these veins have formed the core of the Pacococha Mine, owned by Sindicato Minero Pacococha S.A., and have been mined in the past to varying degrees (Cayo, 1993). However, the available Pacococha mine data indicates that they contain approximately 480,000 tonnes of polymetallic ore with 1.43 - 6.51 Oz Ag/Tc, 0.1 - 7.03 % Pb, 0.49 - 11.88 % Zn, and 0.84 - 3.69 % Cu (Cayo, 1993).

The foregoing grades and tonnage information are historical estimates which were not prepared in accordance with the requirements of NI 43-101. The Company has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and the Company is not treating the historical estimates as current mineral resources or mineral reserves. Accordingly, readers should use caution when considering this information and should not rely upon the accuracy of such information.

### Payments in consideration of the concessions

As consideration for the Rosicler-EI Domo and Pacococha-Germania concessions, the Company must pay the aggregate sum of US \$6,000,000 to the vendors and issue a total of 3,000,000 common shares of High Ridge to the vendors. The Company is obligated to make the payments of cash and the issuance of common shares over 5 ½ years. The vendors have retained a 2.5% net smelter royalty ("NSR") and the Company has the option to purchase a 1.5% NSR for US \$1,000,000.

Finders' fees, payable in cash and stock, and calculated on the basis of 5% of the value of the entire transaction (US \$300,000 and 150,000 High Ridge shares) are payable on a pro-rated basis in accordance with the payment schedule established between the Company and the vendors

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### Results of Operations

For the three months ended March 31, 2007, the Company incurred a net loss of \$176,000 (2006 - \$126,600). The increase in net losses this period are attributed to the Company being public a full three months while during the same period in 2006, the Company had been public for only one month. Consulting expense for management and administration for the period were \$44,000 (2006 - \$13,200). Other increases in operating expenses during the three month period were office & sundry \$6,900 (2006 - \$2,600), rent \$7,600 (2006 - \$400), telephone \$5,700 (2006 - \$2,800) and travel & business development \$24,200 (2006 - \$4,400).

During the three month period ended March 31, 2007, the Company retained an investor relations firm, the cost incurred during for the period was \$12,676 (2006 - \$3,250). The Company also incurred costs for marketing material, advertising, website development and news dissemination categorized under Shareholder Information for \$15,742 (2006 - \$10,100).

During the three month period ended March 31, 2007, Company spent a total of \$7,400 (2006 - nil) on site investigations/potential properties. A total of \$130,200 (2006 - \$33,000) was incurred on the property acquisitions during the quarter and a total of \$69,900 (2006 - \$19,600) was incurred on exploration.

### Selected Annual Information

The following selected financial information was obtained from the audited consolidated annual financial statements of the Company for 2006, 2005 and 2004, which are the years ended for the Company since its incorporation. These financial statements were audited by Beauchamp and Company, Chartered Accountants. The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore, basic and diluted losses per share are equal for the years presented.

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
a) Total Revenues	Nil	Nil	Nil
b) (Loss) before discontinued operations and extraordinary items	\$ (668,576)	\$ (252,232)	\$ (28,694)
c) Basic and diluted loss per share	\$ (0.06)	\$ (0.05)	\$ (0.01)
d) Net (loss) for the year	\$ (668,576)	\$ (252,232)	\$ (28,694)
e) Basic and diluted loss per share	\$ (0.06)	\$ (0.05)	\$ (0.01)
f) Total assets	\$ 1,600,796	\$ 516,162	\$ 166,629
g) Total long-term financial liabilities	Nil	Nil	Nil
h) Cash dividends per share for each class of share	Nil	Nil	Nil

The losses from 2004 to 2005 reflect the Company's initial start-up costs. Consulting fees and office set-up costs helped push up the loss in 2004 along with a non-cash expense charge to stock-based compensation due to the granting of stock options. There have been no revenues

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from operations to the date of this report. In 2006, the Company completed its initial public offering as well as a non-brokered private placement. The increase of total assets year over year reflects the increasing capitalization of the exploration program costs that were partially offset by the declining cash balances used to fund this program, reclamation bonds deposited with British Columbia government, and deferred financing costs associated with the initial public offering.

### Summary of Quarterly Results

The Company is a junior mineral exploration company. It has no revenues from its operations and no ongoing mining operations of any kind. In order to sustain the exploration programs, the Company raises capital primarily through the sale of its common shares. The effect of applying the treasury stock method to the Company's loss per share calculations is anti-dilutive. Therefore, basic and diluted losses per share are equal for the quarters presented.

The following information is derived from the unaudited interim financial statements of the Company that were prepared by management in accordance with Canadian GAAP.

<b>For the quarter ended</b>	<b>Mar 07</b>	<b>Dec 06</b>	<b>Sep 06</b>	<b>Jun 06</b>	<b>Mar 06</b>	<b>Dec 05</b>	<b>Sep 05</b>	<b>Jun 05</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net Loss	175,913	265,700	104,029	172,288	126,559	183,646	28,410	26,906
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss per share (basic and fully diluted)	0.01	0.03	0.01	0.02	0.02	0.03	0.01	0.01

The amount of the Company's administrative expenses is related to the level of financing and exploration programs that are undertaken. The magnitude of these expenses is a direct function of general financial market conditions as well as recent exploration achievements and prospects.

The losses are caused by the commencement and continuation of the exploration programs with no related revenues. The increase in the net loss in the 4<sup>th</sup> quarter of 2005 was due to the expensing of stock-based compensation for options granted. The net loss in the 1<sup>st</sup> quarter of 2006 includes non-cash expensing of \$50,147 due to the grant of stock options, one-time regulatory charges due to the initial public offering. Expenses are expected to increase on a quarterly basis, as the Company has completed its initial public offering and must fund its ongoing operations. The increase in the 2<sup>nd</sup> quarter loss for 2006 is due to higher consulting fees which does include some one time charges for the US 20-F registration statement and corporate development fees. In the 3<sup>rd</sup> quarter of 2006, the Company had a non-cash expense for stock-based compensation of \$13,771; consulting charges, including office and administration staff were \$41,715 for the quarter. The increase in the 4<sup>th</sup> quarter loss for 2006 is attributed mainly to stock-based compensation expense and site investigation charges. Notable expenses in the 1<sup>st</sup> quarter of 2007 are stock-based compensation \$35,040, travel & business development \$24,236 and consulting fees of \$44,000.

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### **Related Party Transactions**

During the three month period ended March 31, 2007 transactions incurred in the normal course of business with companies controlled by directors of the Company or companies with directors in common were as follows:

	<u>2007</u>	<u>2006</u>
Consulting i)	\$39,213	\$ 10,000
Various deferred exploration expenditures	\$ -	\$ 2,515
Deferred geological and geophysical	\$ -	\$ 14,751

i) Pursuant to a consulting agreement dated October 1, 2004, the Company is committed to paying \$2,500 per month for consulting services charged by a management company controlled by a director and officer of the Company. On June 16, 2006, the compensation was increased to \$7,000 per month for a term of one year. For the three months ended March 31, 2007, a total of \$21,000 (2006 - \$10,000) was paid.

During the three month period ended March 31, 2007, the Company paid an officer and director \$7,500 (2006 – \$2,500) for bookkeeping services, and an officer \$10,713 (2006 – nil) for administrative services.

### **Outstanding Share Data**

The Company has authorized an unlimited number of common shares, without par value, Refer to Note 6 of the financial statements. As March 31, 2007, the Company had 14,079,625 common shares issued, 1,230,000 share purchase options issued, and 384,339 share purchase warrants outstanding. There are no other classes of shares authorized, issued or outstanding. As of the date of this report the Company had 17,198,735 common shares issued, 3,703,449 share purchase warrants and 1,230,000 stock purchase options outstanding at various exercise prices and future dates. If all of these options and warrants were exercised, a total of 22,132,184 common shares would be issued and outstanding

### **Investor Relations**

As at March 31, 2007, the Company retained Pro-Edge Consultants to provide investor relations services. Pro-Edge receives a fee of \$5,000 per month and has been granted 250,000 stock options exercisable at a price of \$0.30 per share. The stock options vest quarterly over a 12-month period. The contract may be cancelled by either party after three months with 30 days notice.

### **Liquidity**

The Company does not have operations that generate cash flow. At March 31, 2007, the Company had \$260,000 in cash and net working capital of \$314,000. The Company plans to raise funds privately via share issuances. The Company's activities have been funded primarily by the issuance of the Company's securities. At the date of this report, the Company has approximately \$1,325,000 in cash and \$1,350,000 in net working capital.

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### **Off-Balance Sheet Arrangements**

As at March 31, 2007, and up to the effective date of this report, the Company had no off balance sheet arrangements.

### **Changes in Accounting Policies including Initial Adoption**

During the three month period ended March 31, 2007, and up to the date of this report, the Company had not instituted any changes to its accounting policies.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, amounts receivable, prepaid expenses, accounts payable. The fair value of these instruments approximates their carrying value due to their short-term maturity. The fair value of amounts due to related parties is not determinable as the amounts do not have any repayment terms.

### **Subsequent Events**

#### a) Private Placement

The Company closed a brokered private placement of three million units at 45 cents per unit, for gross proceeds of approximately \$1.35-million.

Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of 18 months after May 28, 2007, at a price of 60 cents per common share, subject to an acceleration provision such that if, at any time four months or more after the closing, the weighted average trading price per High Ridge share on the TSX Venture Exchange is 90 cents or higher for 10 consecutive trading days, then High Ridge may give the investors notice that the warrants must be exercised or they will expire within 30 days.

Bolder Investment Partners acted as agent for the financing and received an 8-per-cent commission, a portion of which was paid in the form of 19,110 units; a corporate finance fee consisting of 100,000 units; a \$5,000 work fee; and agent's warrants, which entitle Bolder to purchase 300,000 common shares exercisable at the offering price for a period of 18 months following closing of the offering. All securities are subject to a four-month hold period, which will expire on Sept. 29, 2007.

#### b) Property Acquisition

The Company was granted an option to acquire a 100-per-cent interest in 11 mining concessions comprising the Vetaspata gold property covering approximately 42.5 square kilometres in the Puno region of southeastern Peru. The property is located approximately 850 kilometres southeast of the capital, Lima, and 160 kilometres northeast of Juliaca.

As consideration for the Vetaspata concessions, High Ridge must pay the total sum of \$250,000 (U.S.) to the vendors. High Ridge is obligated to make the payments of cash over 4-1/2 years. One-time finders' fees, payable in cash and stock, are \$10,000 (U.S.) and 25,000 High Ridge shares respectively.