

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

Management Discussion and Analysis

The following interim management discussion and analysis is prepared as at January 12, 2006 and should be read in conjunction with the audited financial statements for the year ended December 31, 2004 and the Unaudited financial statements for the nine month period ended September 30, 2005. 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 may contain "forward looking statements" that reflect Nevada Geothermal Power's expectations and projections about its future results. The Company has tried, whenever possible, to identify these forward-looking statements using words such as "anticipates," "believes," "estimates," "expects," "plans," "intends," "potential" and similar expressions. These statements reflect the Company's current belief and are based upon currently available information. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company's actual results, performance or achievements to differ materially from those expressed in or implied by 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 September 30, 2005, the Company has a working capital deficit of \$8,925 and has incurred losses totalling \$97,280.

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 and private placements 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.

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

Exploration Properties

As at September 30, 2005, 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, 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.

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 and railroads and high capacity electrical transmission lines are within 150 road-km at the resource-based communities of Fort St. James and Mackenzie.

High Ridge Resources Inc. can earn a 100% interest in the property by paying the optionors \$125,000 and issuing 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.

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.

An aggressive, \$600,000 Phase 1 exploration program involving geological, geochemical and geophysical surveys and a concurrent 4500 m of diamond drilling program is proposed for the Chuchi property. A \$1,250,000 Phase 2 program of 2750 m of delineation and infill diamond drilling is also proposed, contingent upon favourable results being obtained from Phase 1. The recommendations are provided by a report written by Rebagliati Geological Consulting Ltd.

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 seven kilometers of road. A ground magnetometer meter survey was completed over the new grid.

2) Newton Hill Project – British Columbia

On June 26, 2004 Tywell Management for the company acquired the "Newton 1" mineral claims from prospectors: Andrew Schmidt and Rudi Durfeld. The Newton 1 claims consist of twenty claim units, approximately 410 hectares. They are located 105 kilometres west-south-west of Williams Lake, British Columbia on the Chilcotin Plateau in the Clinton Mining Division.

Tywell management signed an option agreement on June 26, 2004 for the company, to acquire a 100% interest in the Newton 1 mineral claims. To exercise the option the Company must make, in stages, cash payments of \$120,000 and issue 500,000 common shares, to the optionor and incur not less than \$750,000 exploration expenditures on the properties.

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

The Property was acquired to cover a roughly 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. At Prosperity, "mineable" reserves of 633,000,000 tons grading 0.253% Cu and 0.466 grams/tonne gold and 0.5 grams/tonne silver have been published (Taseko Mines Ltd., March 16, 1998). Several other porphyry style deposits or prospects have been explored in recent decades within the Chilcotin plateau area including Poison Mtn, where, historical "in situ geological reserves" of 768,315,000 tonnes grading 0.232% Cu, 0.112 grams/tonne Au with a 0.15% Cu cut-off are published in the CIMM special vol. 45.

On March 25, 2005, W.A. Howell, P. Geo was retained by the Company, to review exploration data from assessment reports and other reports documenting geological, geochemical and geophysical surveys and drilling programs on former mineral claims covering all, part of, or lying adjacent to the area covered by the current mineral claims held under option by the Company. Mr. Howell in his report recommended a Phase 1 program consisting of additional geophysical surveys, trenching, sampling, geological mapping and 3000m of diamond drilling is planned. The expected cost for the Phase 1 program is \$500,000

A phase 2 program, contingent upon phase 1 results, consisting of 5000 metres of diamond drilling is recommended. The phase 2 program is expected to cost \$800,000

3) Silver Bay Project – British Columbia

The Company entered in an agreement August 31, 2004, with Bruce Doyle (the "Optioner") whereby the Company was granted the exclusive option to acquire a 100% interest in 22 mineral claims comprising of 4,275 acres located in the Nelson Mining Division of British Columbia, known as the Silver Bay Property (the "Silver Bay Option"). In order to exercise the option the Company must pay the sum of \$50,000, issue 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 royalty, and the Company has the option to purchase the Royalty at any time for the sum of \$1,200,000, exclusive of any Royalty 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 Riedel and the past-producing Bluebell Mine, a well-know lead-zinc (ZN-PB) deposit. Previous exploration work on the property by 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.

The Company has budgeted \$100,000 for detailed prospecting, geological and structural mapping. The Company has done a limited amount of work on the property to date, primarily geological mapping.

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. Numerous samples from the boulders and these outcrops were collected for further chemical analyses.

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

Results of Operations

For the nine month period ended September 30, 2005, the Company has a loss of \$68,586. Included in the net loss were consulting fees of \$22,500 (2004 – nil) for management services provided to the Company and professional fees of \$31,319 (2004 - \$4,819) for legal and audit fees to start the IPO process. The balance of expenses, \$14,676 (2004 – 2,638), were made up of office set-up costs, general liability insurance, rent, telephone, travel and business development costs.

The Company spent a total of \$67,297 (2004 - \$14,856) on property acquisitions which includes claim staking and yearly contractual property payments. The Company spent \$131,581 (2004 - \$29,167) on geological work over the three mineral properties. Since the Company is in its early stages with limited funds, all geological work is contracted out in order to keep costs down and avoid unnecessary salary obligations.

Selected Annual Information

The following selected financial information was obtained from the audited consolidated annual financial statements of the company for 2005 which is the first year end 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.

For the year ended June 30	2005	2004	2003
a) Total Revenues	Nil	Nil	Nil
b) (Loss) before discontinued operations and extraordinary items	\$ (28,694)	n/a	n/a
c) Basic and diluted loss per share	\$ (0.01)	n/a	n/a
d) Net (loss) for the year	\$ (28,694)	n/a	n/a
e) Basic and diluted loss per share	\$ (0.01)	n/a	n/a
f) Total assets	\$ 166,629	n/a	n/a
g) Total long-term financial liabilities	Nil	Nil	Nil
h) Cash dividends per share for each class of share	Nil	Nil	Nil

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

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. There, 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.

For the quarter ended	Sep 05	Jun 05	Mar 05	Dec 04	Sep 04	Jun 04	Mar 04	Dec 03
	\$	\$	\$	\$	\$	\$	\$	\$
Net Loss	28,410	26,906	13,270	21,237	7,457	n/a	n/a	n/a
Net loss per share (basic and fully diluted)	0.01	0.01	0.01	0.01	0.00	n/a	n/a	n/a

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.

Related Party Transactions

Transactions in the normal course of business with companies controlled by directors of the Company or companies with directors in common were as follows:

	Sep 30, 2005
Consulting	\$22,500
Exploration	\$ 11,172
Geological and geophysical services	\$69,545

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 of the Company. The agreement is for a one year term and shall be automatically renewed for further one year terms unless terminated by the Company.

HIGH RIDGE RESOURCES INC.

Quarterly Report For the Nine Months
Ended September 30, 2005

Form 51-102F1

Investor Relations

As at September 30, 2005, the Company had no investor relations program. The Company does not plan to have an active investor relations program until after the initial public offering.

Liquidity

The Company does not have operations that generate cash flow. At September 30, 2005, the Company has \$93,296 in cash. As at September 30, 2005, the Company has a net working capital deficit of \$8,925. The Company plans to raise funds privately via share issuance and via initial public offering. The Company's activities have been funded primarily by the proceeds from initial funding of the Company's securities.

Off-Balance Sheet Arrangements

As at September 30, 2005 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 third quarter of fiscal 2005, and subsequent up to the date of this report the Company has not instituted any change in its accounting policies.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, amounts receivable, prepaid expenses, accounts payable and due to related parties. 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

Subsequent to September 30, 2005, the Company:

a) Stock Options

Subsequent to September 30, 2005, the Company granted a total of 800,000 stocks options with an exercise price of \$0.30 per option, to the board of directors. The stock options expire five years from the date the shares of the Company commence trading on the TSX Venture Exchange.

HIGH RIDGE RESOURCES INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005
(Unaudited)

HIGH RIDGE RESOURCES INC.
BALANCE SHEETS
AS AT SEPTEMBER 30, 2005 AND DECEMBER 31, 2004

ASSETS

	<u>Sep. 30,</u> <u>2005</u>	<u>Dec. 31,</u> <u>2004</u>
	(Unaudited)	
Current Assets		
Cash	\$ 93,296	\$ 69,526
Amounts receivable	9,056	3,654
Prepaid expenses	12,440	-
	114,792	73,180
Mineral Interests (Note 4 and Statement)	115,128	47,831
Deferred Exploration Expenditures (Statement)	215,046	44,010
Equipment (Note 5)	3,365	1,608
	\$ 448,331	\$ 166,629

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,950	\$ 22,348
Due to related parties	104,767	19,994
	123,717	42,342

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	1	1
Share Subscriptions Received (Note 7)	391,893	147,980
Liability To Issue Shares (Note 4)	30,000	5,000
Deficit	(97,280)	(28,694)
	324,614	124,287
	\$ 448,331	\$ 166,629

Approved By The Board:

"Gary W. Anderson"
Director

"Edward Low"
Director

**HIGH RIDGE RESOURCES INC.
STATEMENTS OF LOSS AND DEFICIT**

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2005	2004	2005	2004
Administrative Expenses				
Amortization	\$ 196	\$ 201	\$ 513	\$ 201
Automobile	188	-	915	-
Bank charges & interest	87	11	126	11
Consulting fees	7,500	-	22,500	-
Foreign exchange	-	-	227	-
Insurance	915	-	1,220	-
Licenses & permits	-	500	-	500
Office expenses	416	975	789	975
Professional fees	14,247	4,819	31,319	4,819
Property investigation	-	-	832	-
Regulatory & filing fees	-	-	500	-
Rent	530	951	1,451	951
Telephone	1,386	-	2,937	-
Travel & business development	2,945	-	5,257	-
Loss For The Period	28,410	7,457	68,586	7,457
Deficit, Beginning of Period	68,870	-	28,694	-
Deficit, End of Period	\$ 97,280	\$ 7,457	\$ 97,280	\$ 7,457
Loss per share	\$ 0.005	\$ 0.002	\$ 0.012	\$ 0.002
Weighted average number of shares outstanding	5,852,727	4,722,158	5,615,113	4,722,158

See accompanying notes.

**HIGH RIDGE RESOURCES INC.
STATEMENTS OF CASH FLOWS**

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2005	2004	2005	2004
CASH FLOWS FROM (USED IN): OPERATING ACTIVITIES				
Loss for the period	\$ (28,410)	\$ (7,457)	\$ (68,586)	\$ (7,457)
Items not affecting cash:				
Amortization	196	201	513	201
	(28,214)	(7,256)	(68,073)	(7,256)
Change in non-cash operating accounts:				
Amounts receivable	(5,482)	(1,949)	(5,402)	(1,949)
Accounts payable and accrued liabilities	(5,739)	4,654	(3,398)	4,654
Prepaid expenses	(9,085)	-	(12,440)	-
Net cash used in operating activities	(48,520)	(4,551)	(89,313)	(4,551)
CASH FLOWS FROM INVESTING ACTIVITIES				
Equipment	-	(2,010)	(2,270)	(2,010)
Mineral property interests	(2,772)	(9,500)	(67,297)	(9,500)
Deferred exploration expenditures	(120,472)	(29,523)	(171,036)	(29,523)
Net cash used from investing activities	(123,244)	(41,033)	(240,603)	(41,033)
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	32,758	11,753	84,773	11,753
Shares issued for cash	-	-	-	1
Share subscriptions received	192,863	55,480	268,913	55,480
Net cash provided by financing activities	225,621	67,233	353,686	67,234
(Decrease) increase in cash and equivalents	53,857	21,649	23,770	21,650
Cash and equivalents, beginning of period	39,439	1	69,526	-
Cash and equivalents, end of period	\$ 93,296	\$ 21,650	\$ 93,296	\$ 21,650

See accompanying notes.

**HIGH RIDGE RESOURCES INC.
STATEMENTS OF MINERAL INTERESTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

	<u>Balance Dec. 31, 2004</u>	<u>Additions</u>	<u>Write Down For Valuation</u>	<u>Balance Sep. 30, 2005</u>
<u>Mineral Interest Descriptions</u>				
Chuchi Property Omineca Mining Division of B.C. 100% interest	\$ 25,956	\$ 21,624	\$ -	\$ 47,580
Newton Hill Property Clinton Mining Division of B.C. 100% interest	13,375	40,673	-	54,048
Silver Bay Property Nelson Mining Division of B.C. 100% interest	8,500	5,000	-	13,500
	<u>\$ 47,831</u>	<u>\$ 67,297</u>	<u>\$ -</u>	<u>\$ 115,128</u>

See accompanying notes.

HIGH RIDGE RESOURCES INC.
STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

	Balance Dec. 31, 2004	Additions	Write Down For Valuation	Balance Sep. 30, 2005
				(Unaudited)
<u>Mineral Interest Descriptions</u>				
Chuchi Property				
Omineca Mining Division of B.C.				
Camp supplies and field equipment	\$ 876	\$ 23,463	\$ -	\$ 24,339.00
Geological and geophysical	8,430	29,501	-	37,931
Reports and maps	-	737	-	737
Travel and accommodation	-	31,493	-	31,493
	9,306	85,194	-	94,500
Newton Hill Property				
Clinton Mining Division of B.C.				
Assays	356	1,762	-	2,118
Camp supplies and field equipment	8,397	6,592	-	14,989
Geological and geophysical	22,157	31,103	-	53,260
Labour	2,200	-	-	2,200
Travel and accommodation	1,300	2,553	-	3,853
Reports and maps	-	6,167	-	6,167
	34,410	48,177	-	82,587
Silver Bay Property				
Nelson Mining Division of B.C.				
Camp supplies and field equipment	-	2,318	-	2,318
Geological and geophysical	294	32,608	-	32,902
Travel and accommodation	-	2,739	-	2,739
	294	37,665	-	37,959
	\$ 44,010	\$ 171,036	\$ -	\$ 215,046

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

1. INCORPORATION AND NAME CHANGE

The Company was incorporated under the Business Corporations Act (British Columbia) on June 24, 2004 as 0698428 B.C. Ltd. Effective July 20, 2004, the Company changed its name to High Ridge Resources Inc. from 0698428 B.C. Ltd.

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 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. 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.

These financial statements have been prepared on a going concern basis, which assume the realization of assets and the discharge of liabilities in the normal course of business. As at September 30, 2005, the Company has a working capital deficiency of \$8,925 and has incurred losses totaling \$97,280.

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada 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 costs 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.

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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 managements' 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 periods, 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.

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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%
Office equipment	20%

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 records compensation expense associated with stock options granted using a fair value method and records the expense as the options vest with the recipients. The proceeds received by the Company on the exercise of stock options are credited to share capital.

f) Flow - Through Common Shares

The Company adopted the new standard of accounting 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
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

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 statements 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.

4. MINERAL INTERESTS

a) Chuchi Property

The Chuchi Property is located approximately 90 kilometres north-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 over three years as follows:

i) Cash Payments

- \$20,000 on execution of the agreement (paid);
- a further \$20,000 on or before October 25, 2005 (subsequently paid);
- a further \$35,000 on or before October 25, 2006;
- a further \$50,000 on or before October 25, 2007.

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

4. MINERAL INTERESTS (CONT'D)

a) Chuchi Property (Cont'd)

ii) Share Consideration

- 100,000 common shares upon completion of the Company's initial public offering (the "IPO")
- a further 100,000 common shares on or before October 25, 2005;
- a further 100,000 common shares on or before October 25, 2006;
- 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. During the period ended June 30, 2005, the Company notified the optionors of its election to extend the option. Payments totalling \$12,000 have been paid by the Company to the optionors for the period from June to September 2005.

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 has acquired approximately 6,500 hectares of additional "protection" ground via staking.

The following expenditures have been incurred by the Company to September 30, 2005 on the Chuchi Property:

Acquisition costs	
Option payments and claims staking	\$ 47,580

b) Newton Hill Property

On June 26, 2004 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 .

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 and issue 500,000 common shares of the Company to the optionor and incur not less than \$750,000 in exploration expenditures on the property as follows:

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

4. MINERAL INTERESTS (CONT'D)

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 ;
- 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 (to be issued);
- a further 100,000 common shares on or before June 26, 2006;
- 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;
- a further \$150,000 on or before June 26, 2007;
- a further \$150,000 on or before June 26, 2008;
- a further \$250,000 on or before June 26, 2009.

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

The Company has acquired a further 2,215 hectares around Newton 1 in August 2004 via staking.

The following expenditures have been incurred by the Company to September 30, 2005 on the Newton Hill Property:

Acquisition costs	
Option payments and claims staking	\$ 29,048
Liability to issue shares (100,000 shares at \$0.25 per share)	25,000
	<hr/> \$ 54,048

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

4. MINERAL INTERESTS (CONT'D)

c) Silver Bay Property

The Silver Bay Property is located on the Crawford Peninsula at Kootenay Lake approximately thirteen kilometres from the town of Riindel in south-west British Columbia. The optioned property is comprised of twenty-two mineral claims totaling approximately 1,730 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 and issue 100,000 common shares of the Company to the optionor and incur not less than \$350,000 in exploration expenditures on the property 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;
- 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 (to be issued);
- a further 20,000 common shares on or before August 31, 2005 (to be issued);
- a further 60,000 common shares on or before August 31, 2009.

iii) Expenditure Commitment

- \$20,000 on or before August 31, 2005;
- a further \$50,000 on or before August 31, 2006;
- 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 by the Company for \$1,200,000.

The following expenditures have been incurred by the Company to September 30, 2005 on the Silver Bay Property:

Option payment paid	\$ 3,500
Liability to issue shares (40,000 shares at \$0.25 per share)	<u>10,000</u>
	\$ 13,500

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

5. EQUIPMENT

	Cost	Accumulated Amortization	Sep. 30, 2005 (Unaudited)	Net Book Value Dec. 31, 2004
Computer equipment	\$ 2,010	\$ 764	\$ 1,246	\$ 1,608
Office equipment	2,270	151	2,119	-
	<u>\$ 4,280</u>	<u>\$ 915</u>	<u>\$ 3,365</u>	<u>\$ 1,608</u>

6. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value

b) Common Shares Issued

	<u>Shares</u>	<u>Amount</u>
For Cash		
Share issued at \$0.25/share	1	\$ 1
Balance, December 31, 2004 and September 30, 2005 (Unaudited)	1	\$ 1

7. SHARE SUBSCRIPTIONS RECEIVED

	<u>Shares To Be Issued</u>	<u>Amount</u>
For Cash:		
Escrow shares at \$0.0001/share	4,800,000	\$ 480
Seed shares at \$0.25/share	590,000	147,500
Balance, December 31, 2004	5,390,000	147,980
For Cash:		
Seed shares at \$0.225/share	473,835	106,613
Seed shares at \$0.25/share	165,000	41,250
Flow-through shares at \$0.35/share	274,428	96,050
Additional shares issued due to re-pricing of seed shares	83,885	-
Balance, September 30, 2005 (Unaudited)	<u>6,387,148</u>	<u>\$ 391,893</u>

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005

7. SHARE SUBSCRIPTIONS RECEIVED (CONT'D)

The above common shares will be issued by the Company upon receipt of the Company's prospectus filed with the British Columbia, Alberta and Ontario Securities Commissions and upon completion of the Company's IPO.

Agency Agreement

Pursuant to an agency agreement dated August 31, 2005 and prospectus filed with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission, the Company is offering 1,500,000 units as an IPO at \$0.30 per unit. Each unit will consist of one share and one-half of a non-transferable share purchase warrant, with each warrant exercisable for a common share at \$0.45 per share for a period of twelve months from the date the shares are first listed for trading on the TSXV. In addition, the agent will receive a commission of 8% of the gross proceeds raised, a non-refundable work fee of \$10,000 plus taxes, a corporate finance fee of \$15,000 plus taxes, and the Company will pay the reasonable expenses of the agent in connection with the offering. Upon completion of the offering, the agent, Bolder Investment Partners, Ltd., will be granted agent warrants entitling the agent to purchase up to 20% of the total number of shares sold through the IPO. The agent warrants will be exercisable into one common share of the Company at the IPO price for a twelve month period from the date the shares are first listed for trading on the TSXV.

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. The Company must execute an escrow agreement with a transfer agent (to be appointed) in the form prescribed by the applicable regulatory authorities.

8. STOCK OPTIONS

The Company has a 10% rolling incentive stock option plan for the benefit of directors, officers, employees and consultants of the Company, 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.

The stock option plan is subject to the regulatory consent of the TSX Venture Exchange ("TSXV").

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005

9. 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 fair value of the financial instruments approximates their carrying value, due to the relatively short period to maturity of these instruments.

10. RELATED PARTY TRANSACTIONS

Transactions in the normal course of business with companies controlled by directors of the Company or companies with directors in common were as follows:

	<u>Sep. 30,</u> <u>2005</u>	<u>Dec. 31,</u> <u>2004</u>
	(Unaudited)	
Consulting	\$ 22,500	\$ 6,500
Exploration	\$ 11,832	\$ 18,977
Geological and geophysical services	\$ 69,545	\$ 13,272

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 of the Company. The agreement is for a one year term and shall be automatically renewed for further one year terms unless terminated by the Company.

11. INCOME TAXES

No provision for recovery of income taxes was made in 2005 and 2004 because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$89,690 (December 31, 2004 - \$21,617) which expire in various years to 2015 as follows:

2011	\$ 21,617
2015	\$ 68,073

In addition, the Company has undeducted resource related expenses of approximately \$330,174 (December 31, 2004 - \$91,841) available for deduction against future Canadian taxable income. These expenses have no expiration date. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

HIGH RIDGE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENED SEPTEMBER 30, 2005

12. SUBSEQUENT EVENTS

a) Stock Options

Subsequent to September 30, 2005, the Company granted a total of 800,000 stocks options with an exercise price of \$0.30 per option, to the board of directors. The stock options expire five years from the date the shares of the Company commence trading on the TSX Venture Exchange.