

HIGH RIDGE RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

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AUDITORS' REPORT

To the Shareholders of
High Ridge Resources Inc.

We have audited the consolidated balance sheets of High Ridge Resources Inc. as at December 31, 2006 and 2005 and the consolidated statements of loss and deficit, cash flows, mineral interests and deferred exploration expenditures for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
March 30, 2007

"Beauchamp & Company"
Chartered Accountants

**HIGH RIDGE RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2006 AND 2005**

ASSETS

	<u>2006</u>	<u>2005</u>
Current Assets		
Cash and cash equivalents (Note 3b))	\$ 320,187	\$ 24,503
Amounts receivable	10,841	14,244
BC METC receivable	102,374	-
Prepaid expenses	12,976	1,525
	446,378	40,272
Reclamation Bonds (Note 4)	17,000	13,500
Mineral Interests (Note 4 and Statement)	332,490	182,039
Deferred Exploration Expenditures (Statement)	772,619	237,903
Equipment (Note 5)	32,309	3,169
Deferred Finance Charges (Note 3m))	-	39,279
	\$ 1,600,796	\$ 516,162

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 82,347	\$ 43,045
Due to related parties (Note 9)	6,677	154,324
	89,024	197,369

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	2,045,719	1
Share Subscriptions Received	-	357,175
Liability To Issue Shares	-	60,000
Contributed Surplus (Note 7)	415,555	182,543
Deficit	(949,502)	(280,926)
	1,511,772	318,793
	\$ 1,600,796	\$ 516,162

Going Concern (Note 2)
Commitments (Note 11)
Subsequent Events (Note 13)

Approved By The Board:

"Gary Anderson" Director

"Ed Low" Director

See accompanying notes.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Administrative Expenses		
Amortization of equipment	\$ 5,773	\$ 709
Automobile	820	1,075
Bank charges and interest	621	327
Consulting and management (Note 9)	169,684	30,000
Insurance	2,838	-
Investor relations	49,287	-
Licenses and permits	227	550
Office and sundry	17,037	5,479
Professional fees	47,218	33,419
Property investigations	83,872	832
Regulatory and transfer agent fees	42,875	19,730
Rent	24,616	1,981
Shareholder information	35,711	-
Stock-based compensation (Note 7)	130,926	182,543
Telephone	14,282	4,187
Travel and business development	48,583	5,890
Loss Before Other Income (Expense)	(674,370)	(286,722)
Other Income (Expense)		
Interest income	5,749	-
Foreign exchange gain (loss)	272	(203)
Loss on disposal of equipment	(227)	-
	5,794	(203)
Loss Before Income Taxes	(668,576)	(286,925)
Future Income Tax Recovery (Note 10)	-	34,693
Loss For The Year	(668,576)	(252,232)
Deficit, Beginning Of Year	(280,926)	(28,694)
Deficit, End Of Year	\$ (949,502)	\$ (280,926)
Loss Per Share	\$ (0.06)	\$ (0.05)
Weighted Average Shares Outstanding	11,571,770	5,860,812

See accompanying notes.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash Provided By (Used For):		
Operating Activities		
Loss for the year	\$ (668,576)	\$ (252,232)
Items not requiring (providing) cash:		
Amortization of equipment	5,773	709
Stock-based compensation	130,926	182,543
Loss on disposal of equipment	227	-
Future income tax recovery	-	(34,693)
	(531,650)	(103,673)
Change in non-cash working capital items:		
Decrease (Increase) in amounts receivable	3,402	(10,590)
Increase in BC METC receivable	(102,374)	-
Increase in prepaid expenses	(11,451)	(1,525)
(Decrease) Increase in accounts payable and accrued liabilities	(13,443)	59,953
Cash used for operating activities	(655,516)	(55,835)
Investing Activities		
Acquisition of reclamation bonds	(3,500)	(13,500)
Acquisition of mineral interests for cash	(66,362)	(77,253)
Payment of deferred exploration expenditures	(621,707)	(130,053)
Proceeds on disposal of equipment	1,816	-
Acquisition of equipment	(36,956)	(2,270)
Cash used for investing activities	(726,709)	(223,076)
Financing Activities		
Payment of deferred finance charges	-	(10,000)
Issuance of shares for cash, net of share issue costs	1,677,909	-
Receipt of share subscriptions	-	243,888
Cash provided by financing activities	1,677,909	233,888
Increase (Decrease) In Cash And Cash Equivalents	295,684	(45,023)
Cash And Cash Equivalents, Beginning Of Year	24,503	69,526
Cash And Cash Equivalents, End Of Year	\$ 320,187	\$ 24,503
Supplemental Information		
Shares issued for non-cash consideration:		
Mineral interests (300,000 common shares)	\$ 92,000	\$ -
Share issue costs (including 100,000 common shares)	\$ 148,553	\$ -
Liability to issue shares for non-cash consideration:		
Mineral interests (220,000 common shares)	\$ -	\$ 55,000

See accompanying notes.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENT OF MINERAL INTERESTS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance Dec. 31, <u>2005</u>	Current Year Costs <u>Incurred</u>	Write Down For <u>Valuation</u>	Balance Dec. 31, <u>2006</u>
<u>Mineral Interest Descriptions</u>				
Chuchi Property Omineca Mining Division of B.C. 100% option or ownership interests	\$ 109,491	\$ 98,951	\$ -	\$ 208,442
Newton Hill Property Clinton Mining Division of B.C. 100% option or ownership interests	54,048	44,000	-	98,048
Silver Bay Property Slocan Mining Division of B.C. 100% option interest	18,500	7,500	-	26,000
	\$ 182,039	\$ 150,451	\$ -	\$ 332,490

See accompanying notes.

**HIGH RIDGE RESOURCES INC.
STATEMENT OF MINERAL INTERESTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance Dec. 31, <u>2004</u>	Current Year Costs <u>Incurred</u>	Write Down For <u>Valuation</u>	Balance Dec. 31, <u>2005</u>
<u>Mineral Interest Descriptions</u>				
Chuchi Property Omineca Mining Division of B.C. 100% option or ownership interests	\$ 25,956	\$ 83,535	\$ -	\$ 109,491
Newton Hill Property Clinton Mining Division of B.C. 100% option or ownership interests	13,375	40,673	-	54,048
Silver Bay Property Slocan Mining Division of B.C. 100% option interest	8,500	10,000	-	18,500
	\$ 47,831	\$ 134,208	\$ -	\$ 182,039

See accompanying notes.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Mineral Interest Descriptions</u>	<u>Balance</u> <u>Dec. 31,</u> <u>2005</u>	<u>Current</u> <u>Year</u> <u>Expenditures</u> <u>Incurred</u>	<u>Write</u> <u>Down For</u> <u>Valuation</u>	<u>Balance</u> <u>Dec. 31,</u> <u>2006</u>
Chuchi Property				
Omineca Mining Division of B.C.				
Camp and field supplies	\$ 17,145	\$ 752	\$ -	\$ 17,897
Equipment rental	870	-	-	870
Geological and geophysical (Note 9)	42,069	31,745	-	73,814
Line cutting and grid preparation	32,943	-	-	32,943
Reports and maps	9,677	1,140	-	10,817
Transportation and accommodations	13,663	-	-	13,663
Grant recoveries (Note 3e))	-	(5,270)	-	(5,270)
	116,367	28,367	-	144,734
Newton Hill Property				
Clinton Mining Division of B.C.				
Assays	2,119	21,568	-	23,687
Camp and field supplies	14,413	59,502	-	73,915
Drilling	-	353,732	-	353,732
Field equipment	576	5,924	-	6,500
Geological and geophysical (Note 9)	53,886	39,449	-	93,335
Labour	2,200	21,373	-	23,573
Transportation	3,853	11,335	-	15,188
Reports and maps	6,532	3,244	-	9,776
Grant recoveries (Note 3e))	-	(82,903)	-	(82,903)
	83,579	433,224	-	516,803
Silver Bay Property				
Slocan Mining Division of B.C.				
Assays	-	1,014	-	1,014
Camp and field supplies	968	6,250	-	7,218
Equipment rental	1,350	1,040	-	2,390
Geological and geophysical (Note 9)	32,901	41,800	-	74,701
Line cutting and grid preparation	-	24,430	-	24,430
Reports and maps	-	979	-	979
Transportation and accommodations	2,738	11,813	-	14,551
Grant recoveries (Note 3e))	-	(14,201)	-	(14,201)
	37,957	73,125	-	111,082
	\$ 237,903	\$ 534,716	\$ -	\$ 772,619

See accompanying notes.

HIGH RIDGE RESOURCES INC.
STATEMENT OF DEFERRED EXPLORATION EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance Dec. 31, 2004	Current Year Expenditures Incurred	Write Down For Valuation	Balance Dec. 31, 2005
<u>Mineral Interest Descriptions</u>				
Chuchi Property				
Omineca Mining Division of B.C.				
Camp and field supplies	\$ -	\$ 17,145	\$ -	\$ 17,145
Equipment rental	-	870	-	870
Geological and geophysical (Note 9)	876	41,193	-	42,069
Line cutting and grid preparation	-	32,943	-	32,943
Reports and maps	8,430	1,247	-	9,677
Transportation and accommodations	-	13,663	-	13,663
	9,306	107,061	-	116,367
Newton Hill Property				
Clinton Mining Division of B.C.				
Assays	356	1,763	-	2,119
Camp supplies	8,397	6,016	-	14,413
Field equipment	-	576	-	576
Geological and geophysical (Note 9)	22,157	31,729	-	53,886
Labour	2,200	-	-	2,200
Transportation	1,300	2,553	-	3,853
Reports and maps	-	6,532	-	6,532
	34,410	49,169	-	83,579
Silver Bay Property				
Slocan Mining Division of B.C.				
Camp and field supplies	-	968	-	968
Equipment rental	-	1,350	-	1,350
Geological and geophysical (Note 9)	294	32,607	-	32,901
Transportation and accommodations	-	2,738	-	2,738
	294	37,663	-	37,957
	\$ 44,010	\$ 193,893	\$ -	\$ 237,903

See accompanying notes.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. INCORPORATION

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 consolidated 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 December 31, 2006, the Company had a deficit of \$949,502 and working capital of \$357,354. 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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

a) Basis Of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera High Ridge Del Peru S.A.C. ("Minera") (a Peruvian corporation). Minera was incorporated by the Company during the year ended December 31, 2006, and subsequent to the year end acquired the rights to various mineral concessions in Peru (See Note 13). All significant inter-company balances and transactions were eliminated on consolidation.

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include all adjustments consisting of normal recurring accruals that management believes are necessary for a fair presentation of the Company's financial position as at December 31, 2006 and the results of its operations for the year ended December 31, 2006.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Cash And Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing securities with maturities of three months or less at the time of purchase.

c) 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.

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.

d) Asset Retirement Obligations

The Company applies the 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 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

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Asset Retirement Obligations (Cont'd)

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 December 31, 2006 and 2005, the Company did not have any legal obligations associated with the retirement of its tangible long-lived assets.

e) Grant Recoveries

Grant recoveries represent British Columbia Mining Exploration Tax Credit claim refunds of 20% of eligible exploration expenditures incurred. These grants are for qualifying exploration expenditures at a grassroots level for mineral interests in the Province of British Columbia.

f) Equipment And Amortization

Equipment disclosed in note 5 is recorded at cost and is amortized over its estimated useful lives on the declining balance method at the following rates:

Computer equipment	30%
Computer 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.

g) Use Of Estimates

The preparation of consolidated 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 consolidated financial statements, as well as the reported amounts of revenues earned and expenses incurred during the year. Actual results could differ from those estimates.

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

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Stock-Based Compensation And Share Purchase Warrants

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. The fair value of stock options and share purchase warrants 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.

i) Flow - Through Common Shares

The Company applies the accounting pronouncement of CICA Handbook EIC 146 in respect of its accounting for all flow-through renunciations. 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.

j) 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 consolidated 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 year 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.

k) 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. Loss per share data is computed by dividing loss for the year by the weighted average number of common shares and common share equivalents outstanding during the year. Shares issuable upon the exercise of share purchase warrants and stock options were excluded from the computation of loss per share because their effect would be anti-dilutive.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Foreign Currency Translation

Monetary assets and liabilities expressed in foreign currency are translated at the year end rates of exchange. All other assets and liabilities are translated at the rate prevailing on the dates the assets were acquired, or the liabilities were incurred. Revenues and expenses are translated at the average rate of exchange for the year. Translation gains and losses for the year are included in the consolidated statements of operations.

m) Deferred Finance Charges

Costs for legal, agent and sponsorship fees on account of the Company's prospectus and initial public offering ("IPO") were deferred as at December 31, 2005 as the Company's IPO closed on February 24, 2006. These costs were charged in 2006 against share capital when the related common shares were issued.

4. MINERAL INTERESTS

a) Chuchi Property

The Chuchi Property is located approximately 90 kilometres north-north-east of Fort St. James in the Omineca Mining Division of British Columbia. The optioned property is comprised of nineteen mineral claims totaling approximately 858 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.

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.

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

a) Chuchi Property (Cont'd)

The agreement provided that if the Company did 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 previously notified the optionors of its election to extend the option. Payments totaling \$27,000 were paid by the Company to the optionors pursuant to this clause of the agreement.

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 6,500 hectares of additional "protection" ground in December 2004 via staking, and 6 mineral claims totaling approximately 2,378 hectares in May 2006.

The Company paid \$7,000 for reclamation bonds 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 December 31, 2006 on the Chuchi Property:

Acquisition costs	
Option payments, claims staking and assessment work filed	\$ 123,442
Shares issued (300,000 shares at \$0.25 - \$0.30 per share)	85,000
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	\$ 208,442
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b) Newton Hill Property

On June 26, 2004, as amended October 7, 2005, Tywell Management Inc. ("Tywell"), a company controlled by a now former 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, 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:

HIGH RIDGE RESOURCES INC.
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4. MINERAL INTERESTS (CONT'D)

b) Newton Hill Property (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 (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 3,703 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.

The following expenditures have been incurred by the Company to December 31, 2006 on the Newton Hill Property:

Acquisition costs

Option payments, claims staking and assessment work filed	\$ 41,048
Shares issued (200,000 shares at \$0.25 - \$0.32 per share)	57,000
	<hr/>
	\$ 98,048

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 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 1,900 hectares.

The Company signed an option agreement on August 31, 2004, as amended October 7, 2005, 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.

The following expenditures have been incurred by the Company to December 31, 2006 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
	<hr/> <hr/>

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

5. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2006</u>	<u>2005</u>
Computer equipment	\$ 15,028	\$ 3,175	\$ 11,853	\$ 1,126
Computer software	1,814	907	907	-
Office furniture and equipment	22,125	2,576	19,549	2,043
	<u>\$ 38,967</u>	<u>\$ 6,658</u>	<u>\$ 32,309</u>	<u>\$ 3,169</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 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	iv) 5,000,000	1,500,000
Corporate finance fee	iv) 100,000	30,000
Exercise of share purchase warrants	v) 128,900	38,670
Contributed surplus allocated on warrant exercise	v) -	16,467
Private placement	vi) 768,687	307,475
Issued for mineral interests	(Note 4) 540,000	152,000
Share issue costs	-	(356,068)
Balance, December 31, 2006	12,924,625	\$ 2,045,719

i) Escrow Shares

The Company allotted and issued 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 common shares, and 493,540 seed and flow-through shares issued to the directors of the Company, were placed in escrow pursuant to the Company's agreement with its transfer agent. The common shares subject to escrow are 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 December 31, 2006, the Company had 3,970,155 common shares in escrow.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (CONT'D)

b) Common Shares Issued (Cont'd)

ii) Seed Shares

During the years ended December 31, 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 common shares.

iii) Flow-Through Shares

During the year ended December 31, 2005, the Company raised \$96,050 via issuance of 274,428 flow-through shares at a price of \$0.35 per flow-through shares. A charge was recorded for \$34,693 in that year to recognize the future income tax liability.

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 \$1,305,596 after commissions, legal and sponsorship fees of \$194,404. Each unit is comprised of one common share and one-half of one transferable common 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, with the units having 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 common 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, being \$118,553, as share issue costs.

v) Warrants Exercised

During the year ended December 31, 2006, a total of 128,900 agents' warrants were exercised for cash proceeds of \$38,670. A pro-rated charge to share capital was transferred from contributed surplus on 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. A finder's fee of \$4,120 in cash was paid in respect of this private placement.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (CONT'D)

c) Stock Options

The Company has a stock option plan available to personal grantees only whereby a “rolling” maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The term of the stock options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the stock options are determined by the board of directors, but shall not be less than the closing price of the Company’s common shares on the day preceding the day on which the directors grant the stock options, less any discount permitted by the TSXV. The stock options vest immediately on the date of grant unless otherwise required by the TSXV, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant. Other terms and conditions are as follows: all stock options are non-transferable; no more than 5% of the issued options may be granted to any one individual in any 12 month period; no more than 2% of the issued options may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company’s issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company’s common shares.

As at December 31, 2006, the stock options held by directors, officers and consultants of the Company are as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Options Outstanding, December 31, 2004	-	-	-
Granted	800,000	\$0.30	5.00
Options Outstanding, December 31, 2005	800,000	\$0.30	5.00
Granted	580,000	\$0.30	2.50
Cancelled	(250,000)	(\$0.30)	-
Options Outstanding, December 31, 2006	1,130,000	\$0.30	2.95
Options Exercisable, December 31, 2006	1,092,500		

The fair value of the 580,000 options granted during the year ended December 31, 2006 (2005 - 800,000) has been estimated at the date of grant using a Black-Scholes option pricing model. The estimated fair value of the options is expensed over the vesting period. The current year’s valuation was calculated with the following assumptions: weighted average risk free interest rate of 3.90 - 4.25% (2005 - 3.80%); volatility of the expected market price of the Company’s share capital of 100% (2005 - 100%); a weighted average expected life of the options of 1-5 years (2005 - 5.0 years) and no expectation for the payment of dividends.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (CONT'D)

c) Stock Options (Cont'd)

As at December 31, 2006 the Company has the following stock options outstanding:

Exercise Price Per Share	Expiry Date	Balance Dec. 31, 2005			Expired/Cancelled	Balance Dec. 31, 2006
		Granted	Exercised			
\$0.30	March 10, 2007	-	200,000	-	-	200,000
\$0.30	March 16, 2007	-	150,000	-	-	150,000
\$0.30	March 1, 2011	800,000	-	-	(250,000)	550,000
\$0.30	March 1, 2011	-	200,000	-	-	200,000
\$0.30	July 27, 2011	-	30,000	-	-	30,000
		<u>800,000</u>	<u>580,000</u>	<u>-</u>	<u>(250,000)</u>	<u>1,130,000</u>

Subsequent to year end, the Company granted 200,000 stock options to February 22, 2009 at an exercise price of \$0.40 per share to two consultants. In addition, the Company granted 150,000 stock options to February 8, 2009, and an additional 100,000 stock options to February 15, 2009, both at an exercise price of \$0.30 per share to the Company's investor relations consultant disclosed in note 11b). The 250,000 options at \$0.30 per share will vest in stages over a twelve month period in accordance with the Company's stock option plan.

d) Share Purchase Warrants

For the years ended December 31, 2006 and 2005, share purchase warrants changes are as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average No. Of Years to Expiry
Balance, December 31, 2004 and 2005	-	\$ -	-
Issued	3,934,339	0.42	0.18
Exercised	(128,900)	(0.30)	-
Balance, December 31, 2006	<u>3,805,439</u>	<u>\$ 0.42</u>	<u>0.18</u>

As at December 31, 2006 the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	Balance Dec. 31, 2005			Expired/Cancelled	Balance Dec. 31, 2006
		Issued	Exercised			
\$0.30	February 24, 2007	-	1,000,000	(128,900)	-	871,100
\$0.45	February 24, 2007	-	2,550,000	-	-	2,550,000
\$0.50	June 28, 2007	-	384,339	-	-	384,339
		<u>-</u>	<u>3,934,339</u>	<u>(128,900)</u>	<u>-</u>	<u>3,805,439</u>

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

7. CONTRIBUTED SURPLUS

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

Balance, December 31, 2004		\$ -
Stock-based compensation	i)	182,543
<hr/>		
Balance, December 31, 2005		182,543
Value assigned to agents' warrants	ii)	118,553
Stock-based compensation	iii)	130,926
Agent warrant exercise - warrant valuation		(16,467)
<hr/>		
Balance, December 31, 2006		\$ 415,555
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- i) The Company recorded stock-based compensation expense of \$182,543 on the grant of 800,000 stock options issued to directors and officers of the Company during the year ended December 31, 2005.
- ii) 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 IPO.
- iii) 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.

Option pricing methods 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 assumptions disclosed in note 6c).

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, 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 risks 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.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

8. FINANCIAL INSTRUMENTS (CONT'D)

Net smelter royalties (“NSR”) and related purchase provisions associated with mineral interests represent derivatives that are financial instruments. The fair value of such instruments, where reserves and economic feasibility have not been established, cannot be readily determined with reliability. Accordingly, management has not made a determination of fair value for these financial instruments.

9. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2006 and 2005 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>2006</u>	<u>2005</u>
Consulting (see i below)	\$ 124,943	\$ 30,000
Various deferred exploration expenditures (see ii below)	\$ 75,910	\$ 16,874
Deferred geological and geophysical (see ii below)	\$ 72,281	\$ 81,864

- 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 of the Company. On July 1, 2006, a new consulting agreement was entered into increasing the management consulting fee to \$7,000 per month for a one year term to June 30, 2007. Thereafter, this agreement will be renewable by the mutual agreement of the Company and the director for successive twelve month periods.

During the year ended December 31, 2006, the Company paid an officer and director \$25,000 (2005 - \$Nil) for bookkeeping services, an officer \$23,455 (2005 - \$Nil) for administrative services and a director \$19,488 (2005 - \$Nil) for consulting services.

- ii) These balances represent amounts paid or payable to a company controlled by a former director of the Company relating to mineral interests’ exploration and property investigations.

As at December 31, 2006 and 2005, the amounts disclosed in the Company’s consolidated balance sheet as due to related parties are comprised of the unpaid balances of the above costs incurred, including related taxes. These balances are unsecured, non-interest bearing, and have no set terms of repayment.

10. INCOME TAXES

No provision for recovery of income taxes was made in 2006 and 2005 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 \$634,176 (2005 - \$108,426) which expire in various years to 2026 as follows:

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

10. INCOME TAXES (CONT'D)

2011	\$ 21,617
2015	\$ 86,809
2026	\$ 525,750

In addition, the Company has undeducted resource related expenses of approximately \$1,009,059 (2005 - \$332,452) 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 consolidated 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.

	<u>2006</u>	<u>2005</u>
Loss before income taxes	\$ (668,576)	\$ (286,925)
Tax rate	<u>34.12%</u>	<u>35.62%</u>
Calculated income tax recovery	(228,118)	(102,203)
Share issue costs deductible for tax purposes	(81,040)	-
Items not deductible for tax purposes	67,777	67,806
Change in effective tax rates	332	-
Increase (Decrease) in valuation allowance	<u>241,049</u>	<u>(296)</u>
Future income tax recovery	<u>\$ -</u>	<u>\$ (34,693)</u>

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

	<u>2006</u>	<u>2005</u>
Future income tax assets		
Deferred exploration expenditures flown through	\$ (32,293)	\$ (30,750)
Non-capital loss carry forwards	216,381	38,621
Share issue costs deductible for tax purposes	<u>64,832</u>	<u>-</u>
	248,920	7,871
Valuation allowance for future income tax assets	<u>(248,920)</u>	<u>(7,871)</u>
	<u>\$ -</u>	<u>\$ -</u>

11. COMMITMENTS

- a) On October 1, 2004, the Company entered into an agreement for the provision of management services with a company controlled by an officer and director of the Company. Compensation under the agreement is for \$2,500 per month for a term of one year and was automatically renewed during the year ended December 31, 2005 for a further one-year term. On July 1, 2006, the compensation was increased to \$7,000 per month for a term of one year.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

11. COMMITMENTS (CONT'D)

- b) Effective January 31, 2007, the Company entered into a one year investor relations agreement requiring payments of \$5,000 per month plus expenses and taxes unless sooner terminated in accordance with the provisions of the agreement. This agreement remains subject to the acceptance of the TSXV.
- c) The Company has entered into an operating lease for office premises and various mineral interest option agreements. The minimum annual commitments in each of the next five years and thereafter are as follows:

2007	\$ 122,394
2008	169,383
2009	367,677
2010	45,383
2011	45,383
2012 and thereafter	45,383

12. SEGMENTED INFORMATION

	<u>2006</u>	<u>2005</u>
Assets by geographic segment:		
Canada	\$ 1,594,074	\$ 516,162
Peru	<u>6,722</u>	<u>-</u>
	<u>\$ 1,600,796</u>	<u>\$ 516,162</u>

The Company operates in one industry segment, namely mineral resource exploration in Canada and Peru.

13. SUBSEQUENT EVENTS

- a) Mineral Interests

Chanape Property, Peru

The Company's wholly-owned subsidiary entered into a mineral interest agreement dated February 7, 2007 to acquire an option on certain mineral claims located in central Peru. The agreement grants Minera High Ridge Del Peru S.A.C. the right to acquire 100 per cent of the title to the mineral concessions for \$2,000,000US and 1,000,000 common shares of the Company in stages over five years. The Company paid \$50,000US on February 5, 2007 pursuant to this agreement. The optionors retain a 2.5% NSR and the Company has an option to purchase a 1.5% NSR for \$1,000,000US.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. SUBSEQUENT EVENTS (CONT'D)

a) Mineral Interests (Cont'd)

Pacococha Property, Peru

The Company's wholly-owned subsidiary entered into a mineral interest agreement dated March 12, 2007 to acquire an option on certain mineral claims located in central Peru. The agreement grants Minera High Ridge Del Peru S.A.C. the right to acquire a 100% interest in 37 mining concessions for \$6,000,000US and 3,000,000 common shares of the Company in stages over 66 months. The optionors retain a 2.5% NSR and the Company has an option to purchase a 1.5% NSR for \$1,000,000US. In addition, the Company will have the right to buy back 1,500,000 common shares which may be issued pursuant to this agreement.

The Company will also pay finder's fees, in cash and in common shares. The finder's fees are calculated on the basis of 5% of the value of the entire transaction, being \$300,000US and 150,000 common shares of the Company and an additional \$50,000US and are payable on a pro-rated basis in accordance with the payment schedule with the optionors.

b) Share Issuances

The Company issued 312,500 shares at \$0.30 per share upon the exercise of stock options. Cash proceeds of \$93,750 were received by the Company. The Company issued 842,500 shares at \$0.30 per share upon the exercise of agent's warrants. Cash proceeds of \$252,750 were received by the Company. A total of 2,578,600 share purchase warrants expired unexercised on February 24, 2007. As at March 30, 2007, the issued and outstanding shares of the Company are 14,079,625.

c) Commitment

On January 18, 2007, the Company entered into an agreement with its Vice President of Exploration for the provision of geological services. The agreement requires remuneration of \$10,000 per month for a one year term and thereafter may be revised and renewed for additional terms by the mutual agreement of the parties.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2006

Management Discussion and Analysis

The following management discussion and analysis is prepared as at April 4, 2007 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006. 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 December 31, 2006, the Company had working capital of \$357,354 and had incurred losses totalling \$949,502.

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 December 31, 2006, 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 Year Ended December 31, 2006

The 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 9,736 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 mineralization. An extensive review of the exploration data has revealed that the porphyry system has not been fully delineated and that several large prospective areas remain to be explored. Significant prior drill results on the north-eastern 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, along with completing a ground magnetometer survey 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 a 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 commence Phase I of exploration activities including soil sampling, trenching, and diamond drilling in 2007.

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 500 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 3,613 hectares in fiscal 2005.

The property includes 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.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2006

The Phase I program completed in June 2006, provided the Company with encouraging drill 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 meters, including two meters of 15.87 g/t gold from 185 to 187 meters. Drill hole DDH 06-12 ends at 210 meters in gold mineralization. Copper sulfides form through the 49 meter gold intersection, averaged 1,598 parts per million (0.15 percent 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 4,695 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 Riedel 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.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2006

4) Peruvian Properties

Subsequent to December 31, 2006 and up to the date of this report,

a) The Company has entered into an agreement to acquire a 100-per-cent interest (news release in Stockwatch dated Feb. 8, 2007) in the Chanape concessions in Peru. The Chanape property consists of 20 mining concessions, which are all in good standing, totaling 808.34 hectares -- located within the Matucana cadastral sheet 24-k.

High Ridge has obtained numerous internal reports, plans 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 following information has been taken from these reports which were not prepared in accordance with the

requirements of National Instrument (NI) 43-101. References to the authors and dates of the reports are indicated in parentheses.

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.

History and previous work

In 1943, the American Embassy was briefly interested in Chanape and considered it to have a very good mining potential (Middleton, 1943). In 1950, Banco Minero del Peru believed Chanape was the No. 1 mining property in the area because of the wealth of available information, ready drifts and the readily accessible ore (Engineering and Mining Journal, May, 1950).

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In 1978, the Sindicato Minero Pacococha S.A. built a road and started to develop Chanape: about 64,000 tons of ore were mined from the very northeastern tip of the Fulvia vein in the early 1980s (Ly et al., 1997). Approximately 2,000 m of drifts, cuts and other various work are present on the property; related works continued until 1984. In the late 1990s Compania Minera Milpo S.A., owner of Pacococha, initiated major work on Chanape that included detailed mapping, sampling and an environmental study. This work came to a halt and the property was dropped by Milpo in the early 2000s during a corporate reorganization. Subsequently the Chanape project did not enter any serious exploitation phase and the reserves remain nearly intact (Ly et al., 1997).

Geology

Chanape's predominant rock types are Cenozoic andesitic volcanic flows, interlayered with tuffs and rhyolites, of the Rimac group and Millotingo formation; the composite thickness of these units is 700 m to 1,000 m (Salazar, 1983; mineralogical record, 1997). During the Miocene period, these rocks were intruded by various bodies of quartz monzonite and diorite, both tourmaline-rich, which have pyritized, silicified, kaolinized and otherwise altered the adjacent volcanics.

Associated with the intrusions are numerous gold-rich polymetallic veins and breccias with gold and tourmaline. Mineralization fills two systems of fractures and there are eight main veins and numerous lesser veins on the property. The largest is the Fulvia vein located on the southeast side of the Chanape Valley with a length of more than 1,500 m and average thickness of 1.5 m, which in places reaches 5.0 m (Tumialan, 1982; Ly et al., 1997).

Vein mineralization is predominantly galena, dark sphalerite and chalcopyrite, with lesser pyrite, tetrahedrite, silver sulphosalts, acanthite, marcasite, gold and quartz. Fluorite, barite, calcite and rhodochrosite are minor constituents. Most of the high-grade veins have little or no quartz, which is usually found in the subeconomic portions of the veins, or where the veins narrow and pinch out (mineralogical record, 1997). Pyrite is usually present as stringers in the veins and disseminated as small cubes in the wall-rock.

At least 30 gold mineralized breccia pipes were mapped and documented on the property, with the total surface of more than 62,000 square metres (Ly et al., 1997); estimated vertical dimensions are approximately 350 m. Extensive areas with argillic alteration suggest that in Chanape there are favourable conditions for discovery of the Cu-Mo-Au (copper-molybdenum-gold) porphyry-type deposits.

The estimated potential in the known veins is 2.16 million tonnes with average grades of 7.42 grams per tonne (g/t) gold (Au), 16.82 ounces per tonne silver (Ag), 7.55 per cent per tonne lead (Pb), 1.10 per cent per tonne zinc (Zn), 5.16 per cent per tonne copper (Cu) (grades from Banco Minero del Peru, 1949).

The volcanic breccias have an estimated potential, based only on the eight larger structures, of 22,349,250 tonnes with 2.5 g/t Au, 1.32 ounces per ton silver, 0.56 per cent per tonne Pb and 0.82 per cent per tonne Zn (grades from Banco Minero del Peru, 1949, P.H. Tumialan, 1982).

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The foregoing grade and tonnage information are historical estimates which were not prepared in accordance with the requirements of NI 43-101. High Ridge has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and High Ridge 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.

Current activities

As consideration for the Chanape concessions, High Ridge 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. High Ridge 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. High Ridge 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 High Ridge 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.

High Ridge 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, High Ridge 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. High Ridge is in discussions with other groups to acquire additional advance-stage land packages in Peru.

b) the Company thru its' wholly owned subsidiary, Minera High Ridge del Peru S.A.C., was granted an option to acquire a 100-per-cent 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 1,223.75 hectares are all in good standing.

The new acquisitions are located within old and active mining districts southeast of San Mateo approximately 125 kilometres east-northeast 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.

High Ridge 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 National Instrument 43-101. References to the authors and dates of the reports are indicated in parentheses.

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New acquisitions

High Ridge's 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.

The predominant rock types found in the area are Cenozoic andesitic volcanic flows, interlayered with tuffs and rhyolites, of the Rimac group and Millotingo formation; the composite thickness of these units is 700 to 1,000 metres. The volcanic rocks have been intruded by several fine-grained diabase or diorite porphyry stocks, which have pyritized, silicified, kaolinized and otherwise altered adjacent volcanics (Salazar, 1983; mineralogical record, 1997).

Rosicler-El Domo property

The property is located 2.5 to three kilometres northwest of the Pacococha Lake. The Rosicler vein trends northeast and is exposed on elevations between 4,550 and 4,800 metres, and has been only scarcely mined. The vein is epithermal and consists of two different mineralized sections; the southwest-central section contains silver-bearing, polymetallic mineralization; the northeast 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 wallrock. 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 ounces per ton silver, 2.57 per cent copper, 2.5 per cent lead and 2.15 per cent zinc (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.

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Germania area

In the Germania area, High Ridge has obtained four known vein systems; two of them, Sin 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 1,500-metre-long Sin Complemento vein and the approximately 500-metre-long Belgica V vein is approximately 290,000 tonnes with average grades of 4.29 ounces per ton silver, 2.57 per cent lead, 4.17 per cent zinc, 1.69 per cent copper (Cayo and Davalos, 2001).

The Germania and Peru veins represent two, out of three, major veins of the former Germania mine. Both veins were mined between early 1950s and 1980s; in 1950s by Compania Minera Germania and subsequently, during the 1960s and 1970s, by the Pacococha and Milotingo companies. Both veins still contain known mineralized blocks with average grades of 4.23 ounces per ton silver, 2.30 per cent lead, 3.80 per cent zinc and 2.00 per cent copper for Germania, and 3.50 ounces per ton silver, 2.50 per cent lead, 3.00 per cent zinc and 2.00 per cent copper for Peru (Cayo and Davalos, 2001).

Pacococha area

In the Pacococha area, High Ridge has acquired the main sections of the following veins: Santiago Menor and Santiago Major, BJ 19, Purisima, Diez de Mayo and Cuatro de Julio. High Ridge 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 to 6.51 ounces per ton silver, 0.1 to 7.03 per cent lead, 0.49 to 11.88 per cent zinc and 0.84 to 3.69 per cent copper (Cayo, 1993).

The foregoing grades and tonnage information are historical estimates which were not prepared in accordance with the requirements of National Instrument 43-101. High Ridge has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and High Ridge 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, High Ridge must pay the total sum of \$6-million (U.S.) to the vendors and issue a total of three million common shares of High Ridge to the vendors. High Ridge is obligated to make the payments of cash and the issuance of common shares over 5-1/2 years. The vendors have retained a 2.5-per-cent net smelter royalty (NSR) and High Ridge has the option to purchase a 1.5-per-cent NSR for \$1-million (U.S.).

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

Results of Operations

For the year ended December 31, 2006, the Company incurred a net loss of \$668,576 (2005 – \$286,925). Included in the net loss were consulting fees of \$169,684 (2005 – \$30,000) for management and administration services provided to the Company. As well, consulting fees included one-time charges for corporate development and US 20-F listing statement application. Professional fees of \$47,218 (2005 - \$33,419) for legal and audit fees related to the initial public offering, financial statement review for the US 20F listing statement and annual financial statement audit. Other significant expenses were regulatory fees of \$42,875 (2005 – \$19,730) for filings with the BC, Alberta, & Ontario Securities Commissions and TSX Venture Exchange and transfer agent fees. Regulatory fees included a one-time listing fee of \$22,500 paid to the TSX Venture Exchange. Office \$17,037 (2005 - \$5,479), telephone \$14,282 (2005 \$4,187), and travel costs \$48,583 (2005 - \$5,890) were higher over same period last year due to the Company completing its IPO. The Company realized a non-cash expense of \$130,926 (2005 – \$182,543) for the assigned value due to granting of stock options. Subsequent to the IPO the Company leased office space on a 4-year term, costs to December 31, 2006 were \$24,616 (2005 - \$1,981). The Company incurred a total of \$83,872 (2005 - \$832) on site investigations/potential properties examinations.

During the year, the Company retained an investor relations firm, the cost incurred during for the period was \$49,287 (2005 - nil). The Company also incurred costs for marketing material, advertising, website development and news dissemination categorized under Shareholder Information for \$35,711 (2005 – nil).

During the year ended December 31, 2006, the Company incurred a total of \$150,451 on property acquisitions which includes claim staking and yearly contractual property payments including share payments. The Company incurred \$534,716 on exploration, mainly on a drill program on the Newton Hill property, which includes a British Columbia Mining Exploration Tax Credit refund.

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Selected Annual Information

The following selected financial information was obtained from the audited consolidated annual financial statements of the Company for 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.

For the year ended December 31	2006	2005	2004
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 2005 along with a non-cash expense charge to stock-based compensation due to the granting of stock options. There have been no revenues from operations to the date of this report. In 2006, the Company completed its initial public offering as well as non-brokerage 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.

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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.

For the quarter ended	Dec 06	Sep 06	Jun 06	Mar 06	Dec 05	Sep 05	Jun 05	Mar 05
	\$	\$	\$	\$	\$	\$	\$	\$
Net Loss	265,700	104,029	172,288	126,559	183,646	28,410	26,906	13,270
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss per share	0.03	0.01	0.02	0.02	0.03	0.01	0.01	0.00
(basic and fully diluted)								

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 4th quarter of 2005 was due to the expensing of stock-based compensation for options granted. The net loss in the 1st 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 2nd 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 3rd 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 4th quarter loss for 2006, is attributed mainly to stock-based compensation expense and site investigation charges.

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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>2006</u>	<u>2005</u>
Consulting (i)	\$ 124,943	\$ 30,000
Various deferred exploration expenditures (ii)	\$ 75,910	\$ 16,874
Deferred geological and geophysical (ii)	\$ 72,281	\$ 81,864

i) Pursuant to a consulting agreement dated October 1, 2004, the Company was committed to paying \$2,500 per month for consulting services charged by a management company controlled by a director of the Company. On July 1, 2006, a new consulting agreement was entered into increasing the management consulting fee to \$7,000 per month for a one year term to June 30, 2007. Thereafter, this agreement will be renewable by the mutual agreement of the Company and the director for successive twelve month periods.

During the year, the Company paid an officer and director \$25,000 (2005 – nil) for bookkeeping services, an officer \$23,455 (2005 – nil) for administrative services and a director \$19,488 (2005 – nil) for consulting services.

ii) Amounts paid or payable to a company controlled by a former director of the Company relating to the mineral property exploration and property investigations.

As at December 31, 2006 and 2005, the amounts disclosed in the Company's balance sheet as due to related parties are comprised of the unpaid balances of the above costs incurred, including related taxes. These balances are unsecured, non-interest bearing, and have no set terms of repayment.

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 at December 31, 2006, the Company had 12,804,625 common shares issued, 1,180,000 share purchase options issued (1,105,000 vested), and 3,825,439 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 12,804,625 common shares issued, 3,825,439 share purchase warrants and 1,130,000 stock purchase options outstanding at various exercise prices and future dates. If all of these options and warrants were exercised, a total of 17,760,064 common shares would be issued and outstanding.

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Investor Relations

As at December 31, 2006, the Company retained Coal Harbour Communications to provide investor relations services. Coal Harbour receives a fee of \$5,000 per month and has been granted 150,000 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. Subsequent to the end of the period, the Company terminated its agreement with Coal Harbour.

Effective Feb. 1, 2007, and subject to TSX Venture Exchange acceptance, the Company retained the investor relations services of Pro-Edge Consultants Inc., a Toronto-based firm. In exchange for its services, Pro-Edge will receive \$5,000 per month during the initial 12-month term. High Ridge has granted options to Pro-Edge to purchase 150,000 shares at 30 cents each until Feb. 8, 2009, subject to quarterly vesting provisions required by the TSX Venture Exchange. Options for the purchase of an additional 100,000 shares of High Ridge will be granted to Pro-Edge as soon as they become available.

Liquidity

The Company does not have operations that generate cash flow. At December 31, 2006, the Company had \$320,187 in cash and net working capital of \$357,354. The Company plans to raise funds privately via share issuances. The Company's activities have been funded primarily by the initial public offering of the Company's securities. At the date of this report, the Company has \$75,000 in cash and \$25,000 net working capital.

Off-Balance Sheet Arrangements

As at December 31, 2006, 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 nine month period ended December 31, 2006, 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.

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Subsequent Events

Subsequent to December 31, 2006, the Company:

a) Mineral property interests

Chanape Property, Peru

The Company's wholly-owned subsidiary entered into a mineral interest agreement dated February 7, 2007 to acquire an option on certain mineral claims located in central Peru. The agreement grants Minera High Ridge Del Peru S.A.C. the right to acquire 100 per cent of the title to the mineral concessions for \$2,000,000US and 1,000,000 common shares of the Company in stages over five years. The Company paid \$50,000US on February 5, 2007 pursuant to this agreement. The optionors retain a 2.5% NSR and the Company has an option to purchase a 1.5% NSR for \$1,000,000US.

Pacococha Property, Peru

The Company's wholly-owned subsidiary entered into a mineral interest agreement dated March 12, 2007 to acquire an option on certain mineral claims located in central Peru. The agreement grants Minera High Ridge Del Peru S.A.C. the right to acquire a 100% interest in 37 mining concessions for \$6,000,000US and 3,000,000 common shares of the Company in stages over 66 months. The optionors retain a 2.5% NSR and the Company has an option to purchase a 1.5% NSR for \$1,000,000US. In addition, the Company will have the right to buy back 1,500,000 common shares which may be issued pursuant to this agreement. The Company will also pay finder's fees, in cash and in common shares. The finder's fees are calculated on the basis of 5% of the value of the entire transaction, being \$300,000US and 150,000 common shares of the Company and an additional \$50,000US and are payable on a pro-rated basis in accordance with the payment schedule with the optionors.

b) Share Issuances

The Company issued 312,500 shares at \$0.30 per share upon the exercise of stock options. Cash proceeds of \$93,750 were received by the Company. The Company issued 842,500 shares at \$0.30 per share upon the exercise of agent's warrants. Cash proceeds of \$252,750 were received by the Company. A total of 2,578,600 share purchase warrants expired unexercised on February 24, 2007. As at March 30, 2007, the issued and outstanding shares of the Company are 14,079,625.

c) Commitment

On January 18, 2007, the Company entered into an agreement with its Vice President of Exploration for the provision of geological services. The agreement requires remuneration of \$10,000 per month for a one year term and thereafter may be revised and renewed for additional terms by the mutual agreement of the parties.