

HIGH RIDGE RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

HIGH RIDGE RESOURCES INC.

FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 30, 2006

**HIGH RIDGE RESOURCES INC.
BALANCE SHEETS**

	September 30 2006 (unaudited)	December 31 2005 (audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 537,142	\$ 24,503
Amounts receivable	22,893	14,244
Prepaid expenses	16,942	1,525
	576,977	40,272
Reclamation Bonds	17,000	13,500
Mineral Interests (Note 4)	267,490	182,039
Deferred Exploration Expenditures (Note 4)	882,929	237,903
Equipment (Note 5)	29,344	3,169
Deferred Financing Charges	-	39,279
	\$ 1,773,740	\$ 516,162
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 57,580	\$ 43,045
Due to replated parties (Note 11)	26,607	154,324
	84,187	197,369
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	2,002,243	1
Share Subscriptions Received (Note 7)	-	357,175
Liability To Issue Shares (Note 4)	-	60,000
Contributed Surplus (Note 9)	371,112	182,543
Deficit	(683,802)	(280,926)
	1,689,553	318,793
	\$ 1,773,740	\$ 516,162

Approved By The Board:

"Gary Anderson"

Director

"Ed Low"

Director

HIGH RIDGE RESOURCES INC.
STATEMENTS OF LOSS AND DEFICIT
(UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
Administrative Expenses				
Amortization of equipment	\$ 1,613	\$ 196	\$ 3,552	\$ 513
Automobile	289	188	627	915
Bank charges and interest	156	87	382	353
Consulting (Note 11)	43,715	7,500	126,937	22,500
Insurance	437	915	2,400	1,220
Investor relations	15,334	-	33,863	-
Licenses and permits	-	-	117	-
Office and sundry	2,711	416	11,333	789
Professional fees	12,654	14,247	35,587	31,319
Property investigations	-	-	-	832
Regulatory and transfer agent fees	5,480	-	43,341	500
Rent	7,419	530	19,994	1,451
Shareholder information	1,366	-	28,091	380
Stock-based compensation (Note 9)	13,771	-	70,017	-
Telephone	3,216	1,386	9,406	2,937
Travel and business development	1,575	2,945	29,326	4,877
	109,736	28,410	414,973	68,586
Other Income				
Interest income	5,707	-	12,097	-
	5,707	-	12,097	-
Loss for the period	(104,029)	(28,410)	(402,876)	(68,586)
Deficit, beginning of period	(579,773)	(68,870)	(280,926)	(28,694)
Deficit, end of period	(683,802)	(97,280)	(683,802)	(97,280)
Basic and diluted loss per share	\$ (0.008)	\$ (0.005)	\$ (0.036)	\$ (0.013)
Weighted average number of shares				
issued and outstanding - basic and diluted	12,804,625	5,933,726	11,125,605	5,453,407

HIGH RIDGE RESOURCES INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
Cash flows from (used in) operating activities				
Loss for the period	\$ (104,029)	\$ (28,410)	\$ (402,876)	\$ (68,586)
Items not involving cash:				
Amortization of equipment	1,613	196	3,552	513
Stock-based compensation	13,771	-	70,017	-
	(88,645)	(28,214)	(329,307)	(68,073)
Changes in non-cash working capital:				
Decrease (increase) in amounts receivable	32,075	(5,482)	(8,649)	(5,402)
Increase (decrease) in accounts payable and accrued liabilities	21,771	(5,739)	14,535	(3,398)
(Increase) decrease in prepaid expenses	(10,866)	(9,085)	(15,417)	(12,440)
Net cash used in operating activities	(45,665)	(48,520)	(338,838)	(89,313)
Cash flows used in investing activities				
Acquisition of reclamation bonds	-	-	(3,500)	-
Acquisition of mineral interests for cash	(7,500)	(2,772)	(23,451)	(67,297)
Exploration of mineral property interests	(115,273)	(120,472)	(645,026)	(171,036)
Acquisition of equipment	(4,372)	-	(29,727)	(2,270)
Net cash used in investing activities	(127,145)	(123,244)	(701,704)	(240,603)
Cash flows from financing activities				
Proceeds from private placements	-	-	1,648,228	-
Share subscriptions received	-	192,863	-	268,913
Options exercised	-	-	-	-
Warrants exercised	-	-	32,670	-
Due to related parties	13,251	32,758	(127,717)	84,773
Net cash provided by financing activities	13,251	225,621	1,553,181	353,686
Increase (decrease) in cash and cash equivalents	(159,559)	53,857	512,639	23,770
Cash and cash equivalents, beginning of period	696,701	39,439	24,503	69,526
Cash and cash equivalents, end of period	\$ 537,142	\$ 93,296	\$ 537,142	\$ 93,296

HIGH RIDGE RESOURCES INC.
STATEMENTS OF MINERAL INTERESTS
(UNAUDITED)

Mineral Interest Descriptions	Costs Incurred During the Period Ended December 31, 2005	Current Period Costs Incurred	Write Down For Valuation	Balance Sept. 30, 2006
Chuchi Property Omineca Mining Division of BC 100% option or ownership interests	\$ 109,491	\$ 33,951	-	\$ 143,442
Newton Hill Property Clinton Mining Division of BC 100% option or ownership interests	54,048	44,000	-	98,048
Silver Bay Property Slocan Mining Division of BC 100% option interest	18,500	7,500	-	26,000
Total Mineral Interests	\$ 182,039	\$ 85,451	-	\$ 267,490

HIGH RIDGE RESOURCES INC.
STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES
(UNAUDITED)

Mineral Interest Descriptions	Costs Incurred During the Period Ended December 31, 2005	Current Period Costs Incurred	Write Down For Valuation	Balance Sept. 30, 2006
Chuchi Property				
Omineca Mining Division of BC				
Camp and field supplies	\$ 17,145	\$ 751	\$ -	\$ 17,896
Equipment rental	870	-	-	870
Geological and geophysical (Note 10)	42,069	30,485	-	72,554
Line cutting and grib preparation	32,943	-	-	32,943
Reports and maps	9,677	2,160	-	11,837
Transportation and accomodation	13,663	1	-	13,664
	<u>116,367</u>	<u>33,397</u>	<u>-</u>	<u>149,764</u>
Newton Hill Property				
Clinton Mining Division of BC				
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 10)	53,886	39,209	-	93,095
Labour	2,200	21,373	-	23,573
Transportation and accommodations	3,853	11,335	-	15,188
Reports and maps	6,532	871	-	7,403
	<u>83,579</u>	<u>513,514</u>	<u>-</u>	<u>597,093</u>
Silver Bay Property				
Slocan Mining Division of BC				
Assays	-	1,014	-	1,014
Camp and field supplies	968	6,249	-	7,217
Equipment rental	1,350	1,040	-	2,390
Geological and geophysical (Note 10)	32,901	3,530	-	36,431
Labour	-	24,430	-	24,430
Reports and maps	-	739	-	739
Transportation and accommodations	2,738	11,813	-	14,551
	<u>37,957</u>	<u>48,815</u>	<u>-</u>	<u>86,772</u>
Properties under review				
Camp and field supplies	-	271	-	271
Geological and geophysical (Note 10)	-	29,510	-	29,510
Labour	-	3,455	-	3,455
Transportation and accommodations	-	16,064	-	16,064
	<u>-</u>	<u>49,300</u>	<u>-</u>	<u>49,300</u>
Total Mineral Interests	<u>\$ 237,903</u>	<u>\$ 645,026</u>	<u>\$ -</u>	<u>\$ 882,929</u>

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

1. INCORPORATION AND NAME CHANGE

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

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company's major activities are the acquisition and exploration of mineral interests and the production therefrom. The recoverability of amounts shown for mineral interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities, and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's financial statements are presented on a going concern basis, which assume that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2006, the Company had a working capital of \$492,790 and had incurred losses totaling \$683,802. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Mineral Interests and Deferred Exploration Expenditures

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

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 management's assessment of the future probability of profitable revenues from the interests or from sale of the interests. Management's assessment of the interests' estimated current fair market value is also based upon its review of other property transactions in the same geographic area.

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

b) Environmental Expenditures

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

It is reasonably possible that the Company's estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis. As at September 30, 2006, the Company has not recorded any asset retirement obligations.

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

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%
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.

d) Measurement Uncertainty

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

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

e) Stock-Based Compensation

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Flow - Through Common Shares

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

g) Income Taxes

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

h) Loss Per Share

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

i) Deferred Financing Charges

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

4. MINERAL INTERESTS & DEFERRED EXPLORATION

a) Chuchi Property

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

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

i) Cash Payments

- \$20,000 on execution of the agreement (paid);
- a further \$20,000 on or before October 25, 2005 (paid);
- a further \$35,000 on or before October 25, 2006 (paid subsequently);
- 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 subsequent);
- a further 100,000 common shares on or before October 25, 2007.

The agreement provides that if the Company does not complete its IPO by May 31, 2005, the Company could extend its option by making additional cash payments of \$3,000 per month commencing June 2005. The Company notified the optionors of its election to extend the option. Payments totaling \$47,000 have been paid by the Company to the optionors up to March 31, 2006.

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

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

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

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

4. MINERAL INTERESTS & DEFERRED EXPLORATION (CONT'D)

a) Chuchi Property (Cont'd)

The following expenditures have been incurred by the Company to September 30, 2006 on the Chuchi Property:

Acquisition costs	
Option payments, claims staking and assessment work filed	\$88,442
Shares issued (200,000 shares at \$0.275 per share)	55,000
	<hr/>
	\$143,442

b) Newton Hill Property

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

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 optionors, and incur not less than \$750,000 in exploration expenditures on the mineral interest as follows:

i) Cash Payments

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

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

4. MINERAL INTERESTS & DEFERRED EXPLORATION (CONT'D)

b) Newton Hill Property (Cont'd)

ii) Share Consideration

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

iii) Expenditure Commitment

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

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

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

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

The following expenditures have been incurred by the Company to September 30, 2006 on the Newton Hill Property:

Acquisition costs	
Option payments, claims staking and assessment work filed	\$41,048
Shares issued (200,000 shares at avg. price of \$0.285 per share)	57,000
	<hr/>
	\$98,048

4. MINERAL INTERESTS & DEFERRED EXPLORATION (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 4,275 hectares.

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

i) Cash Payments

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

ii) Share Consideration

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

iii) Expenditure Commitment

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

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

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

4. MINERAL INTERESTS & DEFERRED EXPLORATION (CONT'D)

c) Silver Bay Property (Cont'd)

The following expenditures have been incurred by the Company to September 30, 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
	<u>\$26,000</u>

5. EQUIPMENT

	September 30, 2006 (unaudited)			Dec. 31, 2005 (audited)	
	Accumulated		Net Book	Net Book	
	Cost	Amortization	Value	Value	
Computer equipment	\$ 11,470	\$ 2,202	\$ 9,268	\$	1,487
Software	1,815	681	1,134	-	-
Office equipment	20,723	1,781	18,942	-	-
	<u>\$ 34,008</u>	<u>\$ 4,664</u>	<u>\$ 29,344</u>	<u>\$</u>	<u>1,487</u>

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

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		
Shares issued @ \$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	295,338
Flow-through shares at \$0.35/share	iii) 274,428	96,050
Tax effect of flow-through shares	iii) -	(34,693)
Initial Public Offering, February 24, 2006	iv) 5,000,000	1,500,000
Corporate finance fee	iv) 100,000	-
Share issuance costs	-	(317,078)
Warrants exercised	v) 108,900	32,670
Private placement	vi) 768,687	307,475
For Acquisitions		
Property payments (Note 4)	440,000	122,000
Balance, September 30, 2006 (unaudited)	12,804,625	\$ 2,002,243

i) Escrow Shares

The Company allotted, and reserved for issuance to the directors of the Company, 4,800,000 common shares at a price of \$0.0001 per share for total cash proceeds of \$480. These shares, and 493,450 seed shares subscribed for by the directors of the Company, were placed in escrow pursuant to the Company's agreement with its transfer agent. The shares subject to escrow 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 September 30, 2006, the Company had 3,970,155 shares in escrow.

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

6. SHARE CAPITAL (CONT'D)

b) Common Shares Issued (Cont'd)

ii) Seed Shares

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

iii) Flow-through shares

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

iv) Initial Public Offering

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

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

v) Warrants Exercised

During the nine month period ended September 30, 2006, a total of 108,900-share purchase warrants were exercised for proceeds of \$32,670.

vi) Private Placement

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

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

6. SHARE CAPITAL (CONT'D)

c) Stock Options

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

Changes to the balance of options outstanding as at the nine months ended September 30, 2006 and the years ended December 31, 2005 are as follows:

	Granted			Vested		
	Options	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry	Options	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Options outstanding December 31, 2004 (audited)	-			-		
Granted	800,000	\$ 0.30	5.00	800,000	\$ 0.30	5.00
Options outstanding December 31, 2005 (audited)	800,000	0.30	5.00	800,000	0.30	5.00
Granted	380,000	0.30	3.41	305,000	0.30	3.50
Options outstanding September 30, 2006 (unaudited)	1,180,000	\$ 0.30	3.59	1,105,000	\$ 0.30	3.94

Option expiry dates are as follows:

Exercise price	Number Outstanding at Sep. 30, 2006	Number Exercisable at Sep. 30, 2006	Expiry
\$ 0.30	800,000	800,000	November 5, 2010
\$ 0.30	200,000	200,000	March 10, 2011
\$ 0.30	150,000	75,000	March 16, 2007
\$ 0.30	30,000	30,000	July 27, 2011
	1,180,000	1,105,000	

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

6. SHARE CAPITAL (CONT'D)

d) Share Purchase Warrants

For the nine months ended September 30, 2006 and the year ended December 31, 2005, share purchase warrants changes are as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Balance December 31, 2005 (audited)	-	\$ -	-
Issued	3,934,339	0.42	0.44
Exercised	(108,900)	0.30	-
Balance September 30, 2006 (unaudited)	3,825,439	\$ 0.42	0.44

Warrant expiry dates are as follows:

Exercise price	Number Outstanding at Sep. 30, 2006	Expiry
\$ 0.30	891,100	February 24, 2007
\$ 0.45	2,550,000	February 24, 2007
\$ 0.50	384,339	June 28, 2007
	3,825,439	

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

7. CONTRIBUTED SURPLUS

During the nine months ended September 30, 2006 and the year ended December 31, 2005, the Company executed a number of transactions involving share purchase options granted to consultants and key personnel along with agent warrants issued during the IPO. The Company recorded contributed surplus arising from these transactions as follows:

Balance, December 31, 2004 (audited)		\$ -
Stock-based compensation	i)	182,543
Balance, December 31, 2005 (audited)		<u>182,543</u>
Value assigned to agents' warrants	ii)	118,552
Stock-based compensation	iii)	70,017
Balance, September 30, 2006 (unaudited)		<u>\$ 371,112</u>

- 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 nine months ended September 30, 2006, the Company assigned a value of \$118,552 to the warrants issued to the agent as part of the initial public offering.
- iii) During the nine months ended September 30, 2006, the Company recorded stock-based compensation expense of \$70,017 for the grant of 305,000 vested stock options. The options were granted to consultants.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2006</u>	<u>2005</u>
Risk-free interest rate	3.90 - 4.25%	3.8%
Volatility	100%	100%
Expected life of options (years)	1 - 5	5
Dividend rate	0%	0%

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

8. FINANCIAL INSTRUMENTS

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

9. RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2006 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>(unaudited)</u>	<u>2005</u> <u>(unaudited)</u>
Consulting	\$ 83,311	\$ 22,500
Various deferred exploration expenditures i)	\$ 58,866	\$ 11,832
Deferred geological and geophysical i)	\$ 74,247	\$ 69,545

i) Amounts paid or payable to a company controlled by a director of the Company relating to the mineral property exploration.

10. 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 \$511,302 which expire in various years to 2016 as follows:

2011	\$ 21,617
2015	\$ 86,809
2016 (est.)	\$402,876

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
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10. INCOME TAXES (CONT'D)

In addition, the Company has undeducted resource related expenses of approximately \$977,478 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.

11. COMMITMENTS

- a) On October 1, 2004, the Company entered into an agreement for the provision of management services from a company controlled by an officer and director. 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 June 16, 2006, the compensation was increased to \$7,000 per month for a term of one year.
- b) The Company has entered into operating leases for premises and mineral resource properties. The minimum annual commitments in each of the next five years and thereafter are as follows:

2006	\$	38,318
2007		165,272
2008		157,272
2009		455,272
2010		33,272
2011 and thereafter		20,000
Total payments	\$	<u>869,406</u>

HIGH RIDGE RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2006, the Company:

- i) On October 25, 2006, the Company granted 200,000 stock options to a director of the Company with an exercise price of \$0.30 per stock option expiring March 1, 2011.
- ii) The Company issued 100,000 common shares and made a cash payment of \$35,000, as per the Chuchi option agreement.
- iii) The Company cancelled 250,000 stock options.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Nine Month Period September 30, 2006

Management Discussion and Analysis

The following interim management discussion and analysis is prepared as at November 22, 2006 and should be read in conjunction with the unaudited financial statements for the nine month period ended September 30, 2006, and with the audited financial statements for the years ended December 31, 2005 and 2004. 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 September 30, 2006, the Company had working capital of \$492,790 and had incurred losses totalling \$683,802.

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 September 30, 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.

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

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

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

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

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

2) Newton Hill Project – British Columbia

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

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

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

HIGH RIDGE RESOURCES INC.

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

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

3) Silver Bay Project – British Columbia

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

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

The Silver Bay property is located in the vicinity of Nelson, BC, on the east-shore of Kootenay Lake. The property lies on the Crawford Peninsula 13km south from Riodel 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.

A work program consisting of ground magnetic and deep-penetrating electromagnetic (EM) survey will be carried out to investigate larger size massive sulphide bodies at depth, along with detailed prospecting and trenching within the zones of sulphide boulder accumulation and mineralized outcrops. This will possibly lead to a diamond drilling program. Line-cutting has been permitted and commenced.

4) Other Opportunities

The Company, as per its mandate, has visited and is currently reviewing data on several properties in Peru and Ecuador with a view to acquiring additional prospects outside of Canada.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Nine Month Period September 30, 2006

Results of Operations

For the nine month period ended September 30, 2006, the Company incurred a net loss of \$402,876. Included in the net loss were consulting fees of \$126,937 (2005 – \$22,500) 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 \$35,587 (2005 - \$31,319) for legal and audit fees related to the initial public offering and annual financial statement audit. Other significant expenses were regulatory fees of \$43,341 (2005 – \$500) 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, telephone and travel costs were higher over same period last year due to office set-up, property reviews and corporate development meetings. The Company realized a non-cash expense of \$70,017 (2005 – nil) 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 September 30, 2006 were \$19,994 (2005 - \$1,451).

During the nine month period, the Company retained an investor relations firm, the cost incurred during for the period was \$35,587 (2005 - nil). The Company also incurred costs for marketing material, advertising, website development and news dissemination categorized under Shareholder Information for \$28,091 (2005 – nil).

During the nine month period ended September 30, 2006, the Company spent a total of \$85,451 on property acquisitions which includes claim staking and yearly contractual property payments including share payments. The Company incurred \$645,026 on exploration, mainly on a drill program on the Newton Hill property.

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	2005	2004	2003
a) Total Revenues	Nil	Nil	Nil
b) (Loss) before discontinued operations and extraordinary items	\$ (252,232)	\$ (28,694)	n/a
c) Basic and diluted loss per share	\$ (0.05)	\$ (0.01)	n/a
d) Net (loss) for the year	\$ (252,232)	\$ (28,694)	n/a
e) Basic and diluted loss per share	\$ (0.05)	\$ (0.01)	n/a
f) Total assets	\$ 516,162	\$ 166,629	

HIGH RIDGE RESOURCES INC.

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			n/a
g) Total long-term financial liabilities	Nil	Nil	Nil
h) Cash dividends per share for each class of share	Nil	Nil	Nil

The losses from 2004 to 2005 reflect the Company's initial start-up costs. Consulting fees and office set-up costs helped push up the loss in 2004 along with a non-cash expense charge to stock-based compensation due to the granting of stock options. There have been no revenues from operations to the date of this report. The increase of total assets year over year reflects the increasing capitalization of the exploration program costs that were partially offset by the declining cash balances used to fund this program, reclamation bonds deposited with British Columbia government, and deferred financing costs associated with the initial public offering.

Summary of Quarterly Results

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

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

For the quarter ended	Sep 06	Jun 06	Mar 06	Dec 05	Sep 05	Jun 05	Mar 05	Dec 04
	\$	\$	\$	\$	\$	\$	\$	\$
Net Loss	104,029	172,288	126,559	183,646	28,410	26,906	13,270	21,237
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	n/a
Net loss per share (basic and fully diluted)	0.01	0.02	0.02	0.03	0.01	0.01	0.00	0.01

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

The losses are caused by the commencement and continuation of the exploration programs with no related revenues. The increase in the net loss in the 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

HIGH RIDGE RESOURCES INC.

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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.

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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>(unaudited)</u>	<u>2005</u> <u>(unaudited)</u>
Consulting	\$ 83,311	\$ 22,500
Various deferred exploration expenditures	\$ 58,866	\$ 11,832
Deferred geological and geophysical	\$ 74,247	\$ 69,545

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. The agreement was for a one year term and was automatically renewed during the year ended December 31, 2005 for a further one year term. Subsequent to the quarter end, the Company entered into a new contract to increase the management fee to \$7,000 per month for a one year term.

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 September 30, 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

Investor Relations

As at September 30, 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.

Liquidity

The Company does not have operations that generate cash flow. At September 30, 2006, the Company had \$537,000 in cash and net working capital of \$493,000. 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 \$375,000 in cash and \$360,000 in net working capital.

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Off-Balance Sheet Arrangements

As at September 30, 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 September 30, 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.

Subsequent Events

Subsequent to September 30, 2006, the Company:

- i) On October 25, 2006, the Company granted 200,000 stock options to a director of the Company with an exercise price of \$0.30 per stock option expiring March 1, 2011.
- ii) The Company issued 100,000 common shares and made a cash payment of \$35,000, as per the Chuchi option agreement.
- iii) The Company cancelled 250,000 stock options.