
SYMC RESOURCES LIMITED
FINANCIAL STATEMENTS
THREE MONTHS ENDED
MARCH 31, 2006
(UNAUDITED)

SYMC RESOURCES LIMITED

Contents

| | <u>Page</u> |
|---|-------------|
| Notice of No Auditor Review of Interim Financial Statements | 3 |
| Balance Sheets | 4 |
| Statements of Operations and Deficit | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 – 14 |

**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 an auditor has not reviewed the financial statements.

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.

SYMC Resources Limited
BALANCE SHEETS
AS AT MARCH 31, 2006

| | March 31, 2006 (Unaudited) | December 31, 2005 (Audited) |
|---|----------------------------------|-----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 618,887 | \$ 762,910 |
| Amounts receivable | 167,275 | 162,340 |
| Prepaid expenses | 15,550 | 11,529 |
| | <u>801,712</u> | <u>936,779</u> |
| Property Bonds (<i>Note 3(b)</i>) | 12,278 | 12,278 |
| Mineral Property Costs (<i>Note 3</i>) | 2,695,336 | 2,634,824 |
| | <u>\$ 3,509,326</u> | <u>\$ 3,583,881</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 60,162 | \$ 90,946 |
| Due to related parties (<i>Note 5(c)</i>) | 16,487 | 15,845 |
| | <u>76,649</u> | <u>106,791</u> |
| Due to Related Party (<i>Note 5(a)</i>) | 70,400 | 70,400 |
| | <u>147,049</u> | <u>177,191</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital (<i>Note 4</i>) | 4,460,664 | 4,460,664 |
| Contributed Surplus (<i>Note 4</i>) | 121,676 | 121,676 |
| Deficit | (1,220,063) | (1,175,650) |
| | <u>3,362,277</u> | <u>3,406,690</u> |
| | <u>\$ 3,509,326</u> | <u>\$ 3,583,881</u> |

Commitment (*Note 6*)

Approved on behalf of the Board:

"A. David Long"

A. David Long, Director

"Herbert McMaster"

Herbert McMaster, Director

SYMC Resources Limited

STATEMENTS OF OPERATIONS AND DEFICIT

For the three months ended March 31

(Unaudited)

| | 2006 | 2005 |
|--|----------------|----------------|
| EXPENSES | | |
| Investor relations | \$ 12,000 | \$ 12,000 |
| Management fees <i>(Note 8(b))</i> | 3,750 | 1,875 |
| Office, rent and telephone | 4,704 | 1,969 |
| Professional fees <i>(Note 8(d))</i> | 19,577 | 12,017 |
| Transfer agent and regulatory fees | 4,652 | 12,248 |
| Travel | 1,095 | - |
| Less: Interest income | (1,365) | (562) |
| | 44,413 | 39,547 |
| Net loss for the period | (44,413) | (39,547) |
| Deficit, beginning of the period | (1,175,650) | (1,025,683) |
| Deficit, end of the period | \$ (1,220,063) | \$ (1,065,230) |
| Net Loss Per Share - Basic and Diluted | \$ (0.00) | \$ (0.00) |
| Weighted Average Shares Outstanding | 18,143,457 | 13,349,000 |

SYMC Resources Limited
STATEMENT OF CASH FLOWS
For the three months ended March 31
(Unaudited)

| | 2006 | 2005 |
|--|-----------------|-----------------|
| Operating Activities | | |
| Net loss for the period | \$ (44,413) | \$ (39,547) |
| Cash provided by changes in non-cash working capital | | |
| Amounts receivable | (4,935) | (12,741) |
| Prepaid expenses | (4,021) | (13,333) |
| Accounts payable and accrued liabilities | (30,784) | (1,711) |
| Due to related parties | 642 | - |
| | <u>(83,511)</u> | <u>(67,332)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from warrants exercised | - | 7,500 |
| | <u>-</u> | <u>7,500</u> |
| INVESTING ACTIVITIES | | |
| Expenditures on mineral properties | (60,512) | (71,626) |
| | <u>(60,512)</u> | <u>(71,626)</u> |
| Change in Cash and cash equivalents | (144,023) | (131,458) |
| Cash and cash equivalents - Beginning of Period | 762,910 | 547,047 |
| Cash and cash equivalents - End of Period | <u>618,887</u> | <u>415,589</u> |
| Cash and cash equivalents consists of: | | |
| Cash and cash equivalents | 618,887 | 163,245 |
| Cash committed for mineral exploration | - | 252,344 |
| | <u>618,887</u> | <u>415,589</u> |

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

1. Nature of Operations and Continuance of Business

The Company was incorporated on March 26, 1987 under the provisions of the Company Act of British Columbia.

The Company is in the business of acquiring and exploring mineral properties in British Columbia. There has been no determination whether properties held contain ore reserves, which are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realized its assets and discharge its liabilities in the normal course of business, and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company has incurred significant losses since the inception and has working capital of \$725,063 as at March 31, 2006. The continued operations of the Company are dependent on its ability to find economically recoverable reserves to generate cash flows from operations and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be on a timely basis or on terms acceptable to the Company.

2. Significant Accounting Policies

[a] Basis of presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of their application as the annual financial statements. These interim financial statements do not include in all respects the annual disclosure requirements of generally accepted accounting principles and should be read in conjunction with the most recent annual statements.

[b] Use of estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement of uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

[c] Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

[d] Mineral properties

All costs related to the acquisition and exploration of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

2. Significant Accounting Policies (continued)

[d] Mineral properties (continued)

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

[e] Long-lived assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the undiscounted estimate of future cash flows from the asset.

[f] Financial instruments

Financial instruments included in the balance sheet are comprised of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and due to related parties. The fair values of these balance sheet items are equivalent to their carrying value because of the short-term maturity of those instruments. The Company is not party to any derivative instruments.

The Company has no interest rate risk or concentrations of credit risk.

[g] Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and is measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

[h] Flow-through Shares

The Company has adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced.

If the Company has sufficient unused tax loss carry forwards or other further income tax assets to offset all or part of this future income tax liability and no future income tax assets have previously been recognized for these items, a portion of such future income tax assets is recorded as income up to the amount of the future income tax liability on the renounced expenditures.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

2. Significant Accounting Policies (continued)

[i] Stock-based compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870 "Stock-based Compensation and Other Stock-based Payments" ("CICA 3870"). As recommended by Section 3870, the Company has adopted the fair value method for stock-based compensation granted to employees, non-employees and for all direct awards of stock.

The fair value of stock options is determined by 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 stock is determined by the quoted market price of the Company's stock.

[j] Asset retirement obligations

Effective January 1, 2004, the Company adopted CICA Handbook Section 3110, "Asset Retirement Obligations" which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2006, the Company has not incurred any assets retirement obligation related to the exploration of its mineral properties.

[k] Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a loss in each of the period's presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

[l] Comparative figures

Certain of the prior period's figures have been reclassified to conform with the current period's presentation.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

3. Mineral Properties

| | Cumulative to December 31, 2004 \$ | Capitalized Expenditures During the Year \$ | Cumulative to December 31, 2005 \$ | Capitalized Expenditures during the Period \$ | Cumulative to March 31, 2006 \$ |
|--|---|---|---|---|--|
| Access road | 172,850 | – | 172,850 | – | 172,850 |
| Assays and metallurgy | 73,101 | 18,621 | 91,722 | 2,940 | 94,662 |
| Automotive and fuel | 228,631 | 44,009 | 272,640 | 3,684 | 276,324 |
| Consulting | 55,000 | – | 55,000 | – | 55,000 |
| Contracted services | 36,366 | – | 36,366 | – | 36,366 |
| Drilling | 123,856 | 20,774 | 144,630 | 1,300 | 145,930 |
| Engineering | 139,039 | – | 139,039 | – | 139,039 |
| Equipment rental | 305,754 | 332,009 | 637,763 | – | 637,763 |
| Exploration supplies | 37,211 | 21,335 | 58,546 | 5,976 | 64,522 |
| Filing, recording and assessment | 84,470 | 3,882 | 88,351 | – | 88,351 |
| Geologist and report writing | 249,106 | 273,253 | 525,169 | 32,217 | 557,386 |
| Geophysical | – | 240,173 | 240,173 | 2,250 | 242,423 |
| Personnel and management <i>[Note 8[b]]</i> | 239,697 | 44,999 | 284,696 | 12,145 | 296,841 |
| Staking | 7,000 | – | 7,000 | – | 7,000 |
| Surveying | 23,710 | – | 23,710 | – | 23,710 |
| METC - investment tax credit | (106,953) | (108,970) | (215,923) | – | (215,923) |
| | 1,668,838 | 892,894 | 2,561,732 | 60,512 | 2,622,244 |
| Acquisition costs | 34,310 | 72,532 | 106,842 | – | 106,842 |
| Impairment loss | (33,750) | – | (33,750) | – | (33,750) |
| | 1,669,398 | 965,426 | 2,634,824 | 60,512 | 2,695,336 |

[a] The following are the properties owned or under option, all located in the Alberni and Nanaimo Mining Divisions, B.C.:

- i) The Company owns a 100% interest in 35 mineral claims covering 14,362 hectares, known as the Macktush Dauntless (formerly Sky Claims) and MC Properties.
- ii) The Company also owns 100% interest in 19 mineral claims covering 8,687 hectares, known as the Cameron Valley Property (formerly N.S.D.E. Option).

During fiscal 2005, the Company exercised its option to acquire 19 additional mineral claims representing 316 units, held by the President of the Company for his costs of staking and maintaining the claims. During the year ended December 31, 2005, the Company issued 398,922 and 54,400 common shares of the Company to the President of the Company and a director, respectively, at a fair value of \$0.16 per share or \$72,532. These 19 mineral claims consisted of part of the Macktush Property, the Dauntless Property (now part of the Macktush Dauntless and MC Properties) and the Cameron Valley Property.

- iii) The Company also owns a 100% interest in 4 other mineral claims covering 1,200 hectares, known as the Kennedy River Property. During 2004, an impairment loss of \$33,750 was recorded for this property. However, the Company intends to retain ownership, and is looking to option out the property.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

3. Mineral Properties (continued)

[b] Property Bonds

Property bonds are cash deposits pledged to the Province of B.C. The bonds mature and roll over every year until the Company is released from its property bonds.

[c] Mining Exploration Tax Credit

The Company applies for Mining Exploration Tax Credits ("METC") on qualifying British Columbia mineral exploration expenditures incurred. As at March 31, 2006, \$124,629 (December 31, 2005 - \$124,629) METC was accrued as an amount receivable.

4. Share Capital

Authorized: 40,000,000 common shares

| | Number of Shares | Value \$ |
|---|------------------|-------------|
| Balance, December 31, 2004 | 13,321,692 | 3,165,143 |
| Issued during 2005 for: | | |
| Cash pursuant to warrants exercised | 741,000 | 181,500 |
| Acquisition of mineral claims | 453,322 | 72,532 |
| Private Placement | | |
| - Flow-through | 145,000 | 58,000 |
| - Non- flow-through | 3,482,443 | 1,218,855 |
| Share issuance costs | - | (101,079) |
| Flow-through share tax recovery | - | (134,287) |
| Balance, December 31, 2005 and March 31, 2006 | 18,143,457 | 4,460,664 |

[a] Private Placements

On August 10, 2005, the Company completed a private placement of 3,482,443 non-flow through units ("Unit") and 145,000 flow-through shares at a price of \$0.35 and \$0.40 respectively, for total proceeds of \$1,276,855. Each Unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.45 per share for the first year and \$0.55 per share in the second year. The Company paid a commission of \$81,785 of the proceeds and issued 129,446 share purchase warrants ("Agent's Warrant") in connection with this private placement. Each Agent's Warrant is exercisable into one common share at a price of \$0.45 in the first year and \$0.55 per share in the second year. The warrants and Agent's Warrants expire on August 11, 2007.

[b] Escrowed common shares

[i] Escrow #1

750,000 common shares are held in escrow subject to release under the direction of regulatory authorities.

[ii] Escrow #2

1,168,741 common shares are held in escrow subject to regulatory authorities accepting an independent engineering report which indicates that there is a reserve of proven and probable ore on the Mactush property having a value of at least \$300,000.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

4. Share Capital (continued)

[c] Commitment to issue common shares to three directors

The Company is committed to issuing 100,000 common shares to three directors upon any mineral property owned by the Company being placed into commercial production. This commitment was made in order to reimburse the Directors for 100,000 shares which they transferred to satisfy a debt obligation of the Company.

Stock Options

The Company has a stock option plan whereby it may grant options to its directors, officers and employees at exercise prices to be determined by the Board and reserved 2,664,338 shares for issuance thereunder. Options are subject to vesting requirements with 25% of the total number of the option granted to be released every 3 months from the date of grant. Options can be granted for a maximum term of 5 years.

The following table summarizes the continuity of the Company's stock options:

| | Number of shares | Weighted average exercise price \$ |
|--|------------------|---|
| Outstanding, December 31, 2004 | 500,000 | 0.50 |
| Granted | 1,250,000 | 0.31 |
| Cancelled or expired | (100,000) | 0.30 |
| Outstanding, December 31, 2005 and March 31, 2006 | 1,650,000 | 0.37 |

Information regarding options outstanding as at March 31, 2006 is as follows:

| Exercise price | Outstanding | | | Exercisable | | |
|----------------|---------------------|--|--|---------------------|--|--|
| | Number of shares | Weighted average remaining contractual life (years) | Weighted average exercise price \$ | Number of shares | Weighted average exercise price \$ | |
| 0.25 | 200,000 | 0.83 | 0.25 | 200,000 | 0.25 | |
| 0.30 | 250,000 | 4.67 | 0.30 | 125,000 | 0.30 | |
| 0.34 | 700,000 | 4.42 | 0.34 | 525,000 | 0.34 | |
| 0.50 | 500,000 | 2.75 | 0.50 | 500,000 | 0.50 | |
| | 1,650,000 | 3.17 | 0.37 | 1,350,000 | 0.35 | |

During the three-month period ended March 31, 2006 no stock options were granted.

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

4. Share Capital (continued)**Share purchase warrants**

The following table summarizes the continuity of the Company's warrants:

| | Number of shares | Weighted average exercise price \$ |
|--|---------------------|---|
| Balance, December 31, 2004 | 6,667,412 | 0.26 |
| Issued with private placement | 3,611,889 | 0.45 |
| Exercised | (741,000) | 0.20 |
| Balance, December 31, 2005 and March 31, 2006 | 9,538,301 | 0.35 |

On August 11, 2005, a total of 129,446 warrants were issued to a broker pursuant to the private placement that closed on August 10, 2005 at an exercise price of \$0.40 per share expiring on August 11, 2007. The fair value of these warrants of \$19,294 was recorded as a share issuance cost. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: risk-free rate of 3.13%, expected life of 1 year, expected volatility of 104% and no expected dividends. The grant date fair value of these warrants was \$0.25 per warrant.

At March 31, 2006, the following share purchase warrants were outstanding:

| Number of Warrants | Exercise Price \$ | Expiry Date |
|-----------------------|----------------------|-------------------|
| 1,300,000 | 0.30 | October 8, 2006 |
| 2,791,366 | 0.30 | November 18, 2006 |
| 603,046 | 0.15 | November 18, 2006 |
| 195,000 | 0.30 | December 6, 2006 |
| 870,000 | 0.30 | December 30, 2006 |
| 167,000 | 0.30 | December 30, 2006 |
| 3,482,443 | 0.45/0.55* | August 11, 2007 |
| 129,446 | 0.45/0.55* | August 11, 2007 |
| 9,538,301 | | |

*The first price represents the exercise price for the first year and the second price represents the exercise price for the second year.

Contributed Surplus

The following table summarizes the continuity of the Company's contributed surplus:

| | Amount \$ |
|---|----------------|
| Balance, December 31, 2004 | 2,580 |
| Fair value of stock options granted | 108,481 |
| Fair value of warrants granted | 19,294 |
| Fair value of stock options cancelled | (8,679) |
| Balance, December 31 2005 and March 31, 2006 | 121,676 |

SYMC Resources Limited

Notes to the Financial Statements

March 31, 2006

(Unaudited)

5. Related Party Transactions/Balances

During the three months ended March 31, 2006 and 2005, the Company was involved in the following related party transactions:

- [a] The amount of \$70,400 due to a director of the Company is non-interest bearing, unsecured and will not be demanded within the next fiscal year.
- [b] The President of the Company was paid or accrued a total of \$15,000 of which \$11,250 (three months ended March 31, 2005 - \$5,625) was for exploration management and \$3,750 (three months ended March 31, 2005 - \$1,875) was for management services.
- [c] As of March 31, 2006, \$12,107 (December 31, 2005 - \$10,958) was owed to the President of the Company and \$100 (December 31, 2005 - \$2,747) was owed to directors of the Company for expenses paid on behalf of the Company. Another \$4,280 (December 31, 2005 - \$2,140) was owed to a company controlled by the Chief Financial Officer and a director of the Company.
- [d] During the three months ended March 31, 2006, \$12,145 (three months ended March 31, 2005- \$Nil) was incurred for accounting and administration services provided by a company controlled by the Chief Financial Officer and a director of the Company.

All of the above transactions have been in the normal course of operations and, in management's opinion undertaken with the same terms and conditions as transactions with unrelated parties.

6. Commitment

On January 18, 2005, the Company retained an investor relations consultant. The Company is committed to paying the consultant \$4,000 per month for a period of two years until January 18, 2007. The Company also granted the consultant 200,000 stock options exercisable at \$0.25 per share and an additional 100,000 stock options exercisable at \$0.30 per share. Either party, on sixty days notice, may terminate the agreement.