

UNITED BOLERO DEVELOPMENT CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS
ENDED
SEPTEMBER 30, 2006

(UNAUDITED)

UNITED BOLERO DEVELOPMENT CORP.

Consolidated Balance Sheets

(Unaudited - Prepared by Management)

| | September 30, 2006 | December 31, 2005 |
|------------------------------------|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash (Note 3) | \$ 565,265 | \$ 833,674 |
| Receivables | 11,346 | 32,928 |
| Prepaid expenses | <u>31,527</u> | <u>34,988</u> |
| | 608,138 | 901,590 |
| Equipment (Note 4) | 21,803 | 28,652 |
| Oil and gas properties | 2 | 2 |
| Mineral properties (Note 5) | 3,883,282 | 1,323,764 |
| Reclamation deposit | <u>133,836</u> | <u>141,360</u> |
| | <u>\$ 4,647,061</u> | <u>\$ 2,395,368</u> |

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities

\$ 169,963 \$ 166,013

Asset retirement obligation

145,750 283,338
315,713 449,351

Shareholders' equity

Capital stock (Note 7)

9,814,774 6,667,349

Contributed surplus (Note 7)

639,783 601,036

Deficit

(6,123,209) (5,322,368)

4,331,348 1,946,017

\$ 4,647,061 \$ 2,395,368

Nature and continuance of operations (Note 1)

Contingency (Note 13)

On behalf of the Board:

"R. Bruce Duncan", Director

"Robert Gardner", Director

UNITED BOLERO DEVELOPMENT CORP.

Consolidated Statements of Operations and Deficit

(Unaudited - Prepared by Management)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-----------------------|------------------------------------|-----------------------|
| | 2006 | 2005 | 2006 | 2005 |
| General and administrative expenses | | | | |
| Amortization | \$ 2,324 | \$ 1,235 | \$ 6,852 | \$ 3,234 |
| Consulting fees | - | 7,355 | 5,000 | 60,962 |
| Management and administration fees | 60,000 | 33,280 | 204,755 | 195,495 |
| Office, rent and miscellaneous | 18,336 | 14,157 | 71,849 | 72,279 |
| Professional fees | 45,895 | 34,602 | 175,623 | 147,996 |
| Shareholder communications and promotion | 14,166 | 47,540 | 175,720 | 114,836 |
| Stock-based compensation (Note 7) | 46,472 | 20,667 | 142,834 | 59,313 |
| Transfer agent and filing fees | 7,148 | 7,160 | 32,308 | 26,954 |
| Travel and accommodation | <u>13,064</u> | <u>6,806</u> | <u>37,702</u> | <u>50,187</u> |
| | <u>207,405</u> | <u>172,802</u> | <u>852,643</u> | <u>731,256</u> |
| Loss before the following | <u>(207,405)</u> | <u>(172,802)</u> | <u>(852,643)</u> | <u>(731,256)</u> |
| Other Items | | | | |
| Foreign exchange | (1,398) | - | 24,558 | - |
| Interest and other income | (4,216) | (106) | (15,160) | (650) |
| Tax benefit renounced on flow-through shares (Note 3) | <u>-</u> | <u>-</u> | <u>(61,200)</u> | <u>-</u> |
| | <u>(5,614)</u> | <u>(106)</u> | <u>(51,802)</u> | <u>(650)</u> |
| Net loss for the period | (201,791) | (172,696) | (800,841) | (730,606) |
| Deficit, beginning of period | <u>(5,921,418)</u> | <u>(4,510,079)</u> | <u>(5,322,368)</u> | <u>(3,952,169)</u> |
| Deficit, end of period | <u>\$ (6,123,209)</u> | <u>\$ (4,682,775)</u> | <u>\$ (6,123,209)</u> | <u>\$ (4,682,775)</u> |
| Loss per share (Note 9) | <u>\$ 0.00</u> | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> | <u>\$ (0.03)</u> |
| Weighted average number of common shares outstanding | <u>52,244,961</u> | <u>24,848,749</u> | <u>48,418,097</u> | <u>22,846,727</u> |

UNITED BOLERO DEVELOPMENT CORP.

Consolidated Statements of Cash Flows

(Unaudited - Prepared by Management)

| | Three Months ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2006 | 2005 | 2006 | 2005 |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | | |
| Net loss for the period | \$ (201,791) | \$ (172,696) | \$ (800,841) | \$ (730,606) |
| Items not affecting cash | | | | |
| Amortization | 2,324 | 1,235 | 6,852 | 3,234 |
| Stock-based compensation (Note 7) | 46,472 | 20,667 | 142,834 | 59,313 |
| Tax benefit renounced on flow-through shares (Note 3) | - | - | (61,200) | - |
| Foreign exchange adjustment on reclamation deposit | 108 | - | 7,524 | - |
| Changes in non-cash working capital items | | | | |
| (Increase) decrease in receivables | 21,470 | (7,223) | 21,582 | (9,867) |
| (Increase) decrease in prepaid expenses | 14,652 | (4,000) | 3,461 | (6,006) |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(116,781)</u> | <u>(46,246)</u> | <u>3,951</u> | <u>23,335</u> |
| Cash flows used in operating activities | <u>(233,546)</u> | <u>(208,263)</u> | <u>(675,837)</u> | <u>(660,597)</u> |
| CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | | | | |
| Issue of common shares for cash, net of issue costs | <u>58,154</u> | <u>510,977</u> | <u>2,924,622</u> | <u>1,026,374</u> |
| Cash flows provided by financing activities | <u>58,154</u> | <u>510,977</u> | <u>2,924,622</u> | <u>1,026,374</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | | |
| Proceeds on sale of equipment | 4,461 | - | 4,461 | - |
| Purchase of equipment | (3,125) | - | (4,465) | (2,690) |
| Mineral property expenditures | <u>(84,815)</u> | <u>(276,912)</u> | <u>(2,517,190)</u> | <u>(375,304)</u> |
| Cash flows used in investing activities | <u>(83,479)</u> | <u>(276,912)</u> | <u>(2,517,194)</u> | <u>(377,994)</u> |
| Change in cash during the period | (258,871) | 25,802 | (268,409) | (12,217) |
| Cash, beginning of period | <u>824,136</u> | <u>76,315</u> | <u>833,674</u> | <u>114,334</u> |
| Cash, end of period | <u>\$ 565,265</u> | <u>\$ 102,117</u> | <u>\$ 565,265</u> | <u>\$ 102,117</u> |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

United Bolero Development Corp. (the "Company" or "Bolero") was incorporated in British Columbia on August 13, 1985 and is listed on the TSX Venture Exchange ("TSX-V"). The Company's principal business is the acquisition and exploration of resource property interests. To date, the Company has not generated significant revenues from its operations and is considered to be in the exploration stage.

The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is dependent upon its ability to obtain third party financing and to commence profitable operations in the future. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used.

Auditor involvement

The independent auditor of the Company has not performed a review of the unaudited consolidated financial statements for the three and nine months ended September 30, 2006 and September 30, 2005.

2. ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian Generally Accepted Accounting Principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2006 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2006.

The consolidated balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian Generally Accepted Accounting Principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2005. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2005.

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

2. ACCOUNTING POLICIES (Continued)

New accounting pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments – Recognition and Measurement and Handbook Section 3865, Hedges. These standards are effective for interim and annual financial statements for Bolero's fiscal years beginning January 1, 2006.

3. COMMITMENT

As at September 30, 2006, the Company is committed to incur prior to December 31, 2006, on a best efforts basis \$21,100 in qualifying Canadian exploration expenditures pursuant to a private placement for which flow-through proceeds had been received during the 2005 calendar year. The Company renounced this amount in February 2006 and as a result, \$61,200 was charged to share capital and a future income tax recovery was recorded in the same amount during the period.

The Company is also obligated to spend \$500,000 on exploration costs by December 31, 2007 as part of a flow-through funding agreement that was completed in the Company's first quarter of fiscal 2006 (Note 7(ii)).

4. EQUIPMENT

| | Cost | Accumulated Amortization | Net Book Value | |
|----------------------------------|------------------|-----------------------------|-----------------------|----------------------|
| | | | September 30, 2006 | December 31, 2005 |
| Office equipment | \$ 4,023 | \$ 1,388 | \$ 2,635 | \$ 1,642 |
| Machinery and other equipment | 7,186 | 1,783 | 5,403 | 6,870 |
| Vehicles | 3,125 | 357 | 2,768 | 5,951 |
| Computer equipment | 23,974 | 12,977 | 10,997 | 14,189 |
| | <u>\$ 38,308</u> | <u>\$ 16,505</u> | <u>\$ 21,803</u> | <u>\$ 28,652</u> |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

5. MINERAL PROPERTIES

Refer to Note 6 of the December 31, 2005 audited consolidated financial statements for more details relating to the Company's mineral properties.

| | Cannivan Gulch Project, Montana | South Baird Project, Ontario | Bald Butte Project, Montana | Chong Project, Ontario | Nine Months Ended September 30, 2006 | Twelve Months Ended December 31, 2005 |
|---|--|---------------------------------------|--------------------------------------|------------------------------|---|---|
| Acquisition costs: | | | | | | |
| Opening balance | \$ 125,125 | \$ 29,000 | \$ 426,190 | \$ 5,000 | \$ 585,315 | \$ 93,500 |
| Additions | <u>99,667</u> | <u>100,000</u> | <u>7,262</u> | <u>18,250</u> | <u>225,179</u> | <u>491,815</u> |
| Closing balance | <u>224,792</u> | <u>129,000</u> | <u>433,452</u> | <u>23,250</u> | <u>810,494</u> | <u>585,315</u> |
| Deferred exploration costs: | | | | | | |
| Opening balance | 65,485 | 44,801 | 593,750 | 34,413 | 738,449 | 36,804 |
| Assays | - | - | 41,269 | 1,169 | 42,438 | 24,898 |
| Claim staking | - | - | 3,860 | - | 3,860 | 9,161 |
| Excavation, drilling and transportation | - | 152,764 | 998,938 | - | 1,151,702 | 337,760 |
| Field supplies | - | - | 187,589 | - | 187,589 | 19,265 |
| Geologists and other labour | - | - | 834,795 | - | 834,795 | 252,068 |
| Insurance | - | - | 72,999 | - | 72,999 | 8,429 |
| Licences and permits | - | - | 6,632 | - | 6,632 | 16,664 |
| Maintenance fees | - | - | 9,163 | - | 9,163 | - |
| Reports, drafting, maps | - | - | 21,583 | 300 | 21,883 | 16,208 |
| Surveys | - | - | - | - | - | 7,997 |
| Travel and accommodation | - | - | 6,178 | - | 6,178 | 9,195 |
| | <u>65,485</u> | <u>197,565</u> | <u>2,776,756</u> | <u>35,882</u> | <u>3,075,688</u> | <u>738,449</u> |
| Recovery of costs | <u>-</u> | <u>(2,900)</u> | <u>-</u> | <u>-</u> | <u>(2,900)</u> | <u>-</u> |
| Closing balance | <u>65,485</u> | <u>194,665</u> | <u>2,776,756</u> | <u>35,882</u> | <u>3,072,788</u> | <u>738,449</u> |
| Total | <u>\$ 290,277</u> | <u>\$ 323,665</u> | <u>\$ 3,210,208</u> | <u>\$ 59,132</u> | <u>\$ 3,883,282</u> | <u>\$ 1,323,764</u> |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

6. DUE TO RELATED PARTIES

The Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$203,282 (2005 - \$165,675) to current and former directors of the Company and to a company controlled by an officer of the Company.
- Paid or accrued professional fees of \$45,250 (2005 - \$nil) to a company controlled by an officer of the Company.
- Paid or accrued consulting fees of \$5,000 (2005 - \$21,063) to former directors and officers of the Company.
- Paid or accrued salary included in geologists and other labour in deferred development costs of \$56,926 (2005 - \$nil) to a former director and officer of the Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized
Unlimited common shares, without par value

Issued

| | Number of Shares | Capital Stock | Contributed Surplus |
|--|---------------------|---------------------|------------------------|
| Balance, December 31, 2005 (audited) | 36,176,489 | \$ 6,667,349 | \$ 601,036 |
| Exercise of warrants | 10,016,644 | 1,617,903 | - |
| Fair value of warrants exercised | - | 28,359 | (28,359) |
| Exercise of stock options | 1,473,183 | 197,173 | - |
| Fair value of stock options exercised | - | 148,060 | (148,060) |
| Shares issued on private placement (i) | 3,450,000 | 690,000 | - |
| Shares issued on private placement (ii) | 1,000,000 | 500,000 | - |
| Mineral property acquisition costs | 486,666 | 179,916 | - |
| Tax benefit renounced on flow-through shares | - | (61,200) | - |
| Cost of issue - non-cash items (i) | - | (72,332) | 72,332 |
| Cost of issue - cash | - | (80,454) | - |
| Stock-based compensation | - | - | 142,834 |
| Balance, September 30, 2006 (unaudited) | 52,602,982 | \$ 9,814,774 | \$ 639,783 |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

(i) During the period, the Company issued 3,450,000 units at \$0.20 per unit for proceeds of \$690,000 pursuant to a private placement. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one common share at \$0.25 for two years. A finders' fee of \$50,325 cash was paid and 185,000 warrants were issued valued at \$72,332, as determined by the Black-Scholes model.

(ii) Issued 1,000,000 flow-through shares of the Company at \$0.50 per unit for proceeds of \$500,000 pursuant to a private placement.

Stock options

The following table reflects the continuity of stock options for the nine months ended September 30, 2006:

| | Number of stock options | Weighted average Exercise Price \$ |
|---|----------------------------|---|
| Balance, December 31, 2005 (audited) | 3,840,968 | 0.16 |
| Granted | 4,200,000 | 0.26 |
| Exercised | (1,473,183) | 0.13 |
| Cancelled | (1,412,783) | 0.18 |
| Balance, September 30, 2006 (unaudited) | 5,155,002 | 0.24 |

As at September 30, 2006, the following stock options were outstanding:

| Number of Stock Options | Exercise Price (\$) | Expiry Date |
|----------------------------|------------------------|--------------------|
| 278,335 | 0.10 | June 24, 2007 |
| 100,000 | 0.15 | September 30, 2007 |
| 35,000 | 0.25 | October 17, 2007 |
| 100,000 | 0.15 | August 15, 2008 |
| 50,000 | 0.20 | February 27, 2009 |
| 100,000 | 0.24 | March 16, 2009 |
| 91,667 | 0.32 | March 24, 2009 |
| 200,000 | 0.17 | December 21, 2010 |
| 300,000 | 0.32 | February 17, 2011 |
| 3,900,000 | 0.25 | September 19, 2011 |
| 5,155,002 | | |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

Stock-based compensation

On February 17, 2006, the Company granted 300,000 stock options to certain directors, officers and consultants of the Company at an exercise price of \$0.32 expiring February 17, 2011. The estimated fair value of these options is \$105,884. This amount will be expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity as they vest. As of September 30, 2006, \$40,912 was charged to the the statement of operations and contributed surplus.

On September 19, 2006, the Company granted 3,900,000 stock options to certain directors, officers and consultants of the Company at an exercise price of \$0.25 expiring September 19, 2011. The estimated fair value of these options is \$620,100. This amount will be expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity as they vest. As of September 30, 2006, \$12,632 was charged to the the statement of operations and contributed surplus.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

| | |
|--------------------------|---------------|
| Risk-free interest rate | 3.98% - 4.03% |
| Expected life of options | 5 years |
| Annualised volatility | 106% - 115% |
| Dividend rate | 0.00%. |

The Company also expensed \$89,290 from previously issued stock options from prior years.

Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2006:

| | Number of warrants | Weighted Average Exercise Price \$ |
|---|-----------------------|---|
| Balance, December 31, 2005 (audited) | 17,002,212 | 0.19 |
| Granted | 3,635,000 | 0.25 |
| Expired | (178,951) | 0.38 |
| Exercised | (10,016,644) | 0.16 |
| Balance, September 30, 2006 (unaudited) | 10,441,617 | 0.24 |

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

As at September 30, 2006, the following warrants were outstanding:

| Number of Warrants | Exercise Price (\$) | Expiry Date |
|-----------------------|------------------------|-------------------|
| 362,500 | 0.25 | November 28, 2006 |
| 160,166 | 0.20 | December 29, 2006 |
| 319,650 | 0.15 | August 22, 2007 |
| 2,670,000 | 0.25 | November 1, 2007 |
| 2,900,000 | 0.25 | November 28, 2007 |
| 394,301 | 0.20 | November 28, 2007 |
| 3,450,000 | 0.25 | February 22, 2008 |
| 185,000 | 0.20 | February 22, 2008 |
| <hr/> | | |
| 10,441,617 | | |

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine months ended September 30, 2006 consisted of the following:

- (a) Issued 66,666 common shares valued at \$16,666 for a finder's fee related to the acquisition of the Cannivan Gulch Project.
- (b) Issued 120,000 common shares of the Company valued at \$30,000 pursuant to the terms of the Bald Butte mineral property agreement.
- (c) Issued 100,000 common shares of the Company valued at \$25,000 pursuant to the terms of the Cannivan Gulch mineral property agreement.
- (d) Issued 150,000 common shares of the Company valued at \$90,000 pursuant to the terms of the South Baird mineral property agreement.
- (e) Granted 300,000 stock options at an exercise price of \$0.32 per option exercisable over 5 years.
- (f) Issued agents warrants valued at \$72,332 as finders' fees recorded as issue costs.
- (g) Issued 50,000 common shares of the Company valued at \$18,250 pursuant to the terms of the Chong Molybdenum mineral property agreement.
- (h) Granted 3,900,000 stock options at an exercise price of \$0.25 per option exercisable over 5 years.

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

9. LOSS PER SHARE

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted-average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per share is not presented separately from loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

10. INCOME TAXES

The estimated taxable income for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized. As such, the Company does not expect any income tax recoveries at this time.

For further information on the Company's actual losses for tax purposes, refer to the December 31, 2005 audited consolidated financial statements. The benefit for these losses and the estimated loss for the period ended have not been recognized in these unaudited consolidated financial statements.

11. COMPARATIVES

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

UNITED BOLERO DEVELOPMENT CORP.

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2006

(Unaudited - Prepared by Management)

12. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of resource properties in Canada and the United States. Segmented information on a geographic basis is as follows:

| | Total Assets | Mineral Properties | Oil and Gas | Other |
|---------------------------|---------------------|-----------------------|-------------------|-------------------|
| September 30, 2006 | | | | |
| Assets | | | | |
| Canada | \$ 1,118,198 | \$ 382,797 | \$ - | \$ 735,401 |
| United States | 3,528,863 | 3,500,485 | 2 | 28,376 |
| | \$ 4,647,061 | \$ 3,883,282 | \$ 2 | \$ 763,777 |
| | Total Assets | Mineral Properties | Oil and Gas | Other |
| September 30, 2005 | | | | |
| Assets | | | | |
| Canada | \$ 221,937 | \$ 78,711 | \$ - | \$ 143,226 |
| United States | 658,272 | 426,897 | 231,375 | - |
| | \$ 880,209 | \$ 505,608 | \$ 231,375 | \$ 143,226 |

13. CONTINGENCY

Subsequent to September 30, 2006, the Company received a demand letter from a trucking supplier to the Company's subsidiary, Montana Moly, for alleged early cancellation of a contract. The Company intends to dispute the claim. At this time, it is not possible to know if a formal claim will be initiated against the Company and, if so, what the outcome of that claim may be.

14. SUBSEQUENT EVENT

On November 24, 2006, the Company closed a brokered private placement offering with MGI Securities Inc. and PowerOne Capital Markets Ltd. Specifically, the Company has completed the sale of 8,571,429 units at a price of 35 cents per unit to raise gross proceeds of \$3 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of 45 cents per share until November 23, 2008.

The Company paid to the agents a cash commission equal to 10 per cent of the gross proceeds of the offering as well as compensation options equal to 10 per cent of the units sold under the offering. Each compensation option entitles the holder to acquire one common share of the Company at 35 cents per share, until November 23, 2008.

The Company has received \$262,664 from the exercise of options and warrants.