

**Currie Rose Resources Inc.**

**Consolidated Financial Statements**

**For the years ended December 31, 2005 and 2004**

**Currie Rose Resources Inc.**  
**Consolidated Financial Statements**  
For the years ended December 31, 2005 and 2004

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## Auditors' Report

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**To the Shareholders of  
Currie Rose Resources Inc.**

We have audited the consolidated balance sheet of **Currie Rose Resources Inc.** as at December 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2005 and 2004 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*English + Jones LLP*

ENGLISH & JONES LLP  
Chartered Accountants

St. Catharines, Ontario  
March 23, 2006

**Currie Rose Resources Inc.**  
**Consolidated Balance Sheet**

December 31	2005	2004
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 114,021	\$ 119,323
Short-term Investments (Note 4)	501,260	-
Accounts receivable	100,000	106,492
Interest receivable	2,094	-
GST recoverable	2,422	2,661
Prepaid expenses	1,616	1,576
	721,413	230,052
<b>Long Term Investments (Note 5)</b>	<b>438,325</b>	<b>99,566</b>
<b>Mining Claims (Note 6)</b>	<b>1,839,448</b>	<b>199,448</b>
<b>Deferred Exploration Expenditures (Note 7)</b>	<b>911,262</b>	<b>522,849</b>
	<b>\$ 3,910,448</b>	<b>\$ 1,051,915</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued expenses	\$ 30,750	\$ 58,284
<b>Shareholders' Equity</b>		
Share Capital (Note 8)		
Common shares	8,332,741	5,381,329
Prepaid expenses on common shares to be issued	-	(21,352)
Warrants	251	-
	8,332,992	5,359,977
Contributed surplus (Note 8)	361,572	277,772
Cumulative translation adjustment	18,393	-
Deficit	(4,833,259)	(4,644,118)
	3,879,698	993,631
	<b>\$ 3,910,448</b>	<b>\$ 1,051,915</b>

On behalf of the Board:

Harold Smith \_\_\_\_\_ Director  
"Signed"

Michael Griffiths \_\_\_\_\_ Director  
"Signed"

The accompanying notes are an integral part of these financial statements

**Currie Rose Resources Inc.**  
**Consolidated Statements of Operations and Deficit**

<b>For the years ended December 31</b>	<b>2005</b>	<b>2004</b>
<b>Revenue</b>		
Production penalty revenue	\$ 100,000	\$ 100,000
<b>Expenses</b>		
Directors' compensation	82,340	-
Investor relations	71,650	-
Listing and filing fees	8,027	9,020
Management compensation	28,649	-
Office rent	10,725	-
Office supplies	11,355	1,121
Professional services	31,280	16,398
Share transfer agent fees	11,947	11,593
Shareholders' information	11,150	3,475
Travel	25,470	99
	<b>292,593</b>	<b>41,706</b>
<b>Income (Loss) Before Other Income (Expense)</b>	<b>(192,593)</b>	<b>58,294</b>
<b>Other Income (Expense)</b>		
Interest and foreign exchange	3,452	-
Other income (Note 8)	-	42,000
Write-off of mining claims and deferred exploration expenditures	-	(798,889)
<b>Net Loss for the Year</b>	<b>(189,141)</b>	<b>(698,595)</b>
<b>Deficit, beginning of year</b>	<b>(4,644,118)</b>	<b>(3,945,523)</b>
<b>Deficit, end of year</b>	<b>\$ (4,833,259)</b>	<b>\$ (4,644,118)</b>
<b>Loss per common share: (Note 12)</b>		
Basic	\$ (0.01)	\$ (0.04)
Diluted	(0.01)	(0.04)

**Currie Rose Resources Inc.**  
**Consolidated Statement of Cash Flows**

**For the years ended December 31**

**2005**

**2004**

**Cash Provided By (Used In)**

**Operating Activities**

Net loss for the year	\$ (189,141)	\$ (698,595)
Items not involving cash:		
Stock Based Compensation - Directors' Compensation	82,340	-
Stock Based Compensation - Investor Relations	5,089	-
Other income	-	(42,000)
Write-off of mining claims and deferred exploration expenditures	-	798,889
Cumulative translation adjustment	18,393	-
Changes in non-cash working capital balances:		
Accounts receivable	-	(6,492)
Interest receivable	(2,094)	-
GST recoverable	239	1,053
Prepaid expenses	(40)	(1,576)
Accounts payable and accrued expenses	(27,534)	54,461

**Cash Generated By (Used In) Operating Activities** (112,748) 105,740

**Investing Activities**

Purchase of short-term investments	(501,260)	-
Advances loan receivable	(18,065)	(34,566)
Contributions to joint venture	(330,413)	-
Deferred exploration expenditures	(372,202)	(43,565)

**Cash Used In Investing Activities** (1,221,940) (78,131)

**Financing Activities**

Common shares issued, net of costs	1,311,412	74,850
Prepaid expenses on common shares to be issued	21,352	(21,352)
Warrants issued	251	-
Stock option issuance costs	(3,629)	-

**Cash Provided By Financing Activities** 1,329,386 53,498

**Increase (Decrease) in Cash During the Year** (5,302) 81,107

**Cash, beginning of year** 119,323 38,216

**Cash, end of year** \$ 114,021 \$ 119,323

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# Currie Rose Resources Inc.

## Notes to Consolidated Financial Statements

**December 31, 2005 and 2004**

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### **1. Nature of the Business**

Currie Rose Resources Inc. was incorporated under the Canada Business Corporations Act on August 24, 1973. The company is a development stage company that engages principally in the acquisition, exploration and development of resource properties.

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### **2. Basis of Presentation**

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The application of the going concern concept is dependent on the Company's ability to pay its liabilities through future operations of its mining properties and financial support through future equity offerings. The ultimate realization of the amounts shown as mining claims and deferred exploration expenses is dependent upon the continuance of rights to tenure of the areas of interest, the results of future exploration, the successful development and exploitation of the areas of interest or alternatively by their sale. The outcome of these operations cannot presently be determined because they are contingent on future matters.

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### **3. Significant Accounting Policies**

#### **Method of Consolidation**

These consolidated financial statements include the accounts of Currie Rose Resources Inc. as at and for the years ended December 31, 2005 and 2004 and the company's 20% interest in the Lake Victoria Joint Venture, whose accounts are denominated in U.S. dollars, as at and for the period ended June 30, 2005.

The assets and liabilities of the Lake Victoria Joint Venture are translated into Canadian dollars at the exchange rate prevailing at the joint venture's year end date. Revenue and expenses of the Lake Victoria Joint Venture are translated into Canadian dollars at the exchange rates in effect on the date of the transactions. The exchange gain or loss arising on the translation of such items are included as a component of shareholder's equity entitled cumulative translation adjustment.

#### **Foreign Exchange**

All monetary assets and liabilities that are denominated in US dollars are translated into Canadian dollars at rates prevailing at the year end date. Non-monetary items are carried on the balance sheet using the historical exchange rate in effect when the transaction occurred. Income and expenses are translated at the exchange rates in effect on the date of the transactions. Exchange gains and losses arising on the translation of monetary items are included in income for the year.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**3. Significant Accounting Policies (continued)**

**Revenue Recognition**

Revenue is recognized when earned as per contractual agreements.

**Investments**

Investments are recorded at cost and are written down only if there is a decline in the market value which is considered to be other than temporary.

**Mining Claims and Deferred Exploration Expenditures**

The company is currently in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mining claims are recorded at cost on an area of claims basis, deferred and carried as an asset until the results of the project are known. In the event of an abandonment or the expiration of an area of claims, the cost will be written off against income.

The cost of exploration expenditures on mining claims is deferred and in the event a commercial ore deposit is located, the cost will be amortized against income by the unit of production method. In the event of an abandonment or the expiration of an area of mining claims, the expenditures will be written off against income. The costs deferred do not necessarily reflect present or future values. The ultimate recovery of these costs depends on the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims and the successful commercial development of the related properties, including the ability to obtain necessary financing to complete development. The actual recovery of these costs may vary by a material amount.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many resource properties. The company has investigated title to all of its resource properties and to the best of its knowledge, title to all of its properties are in good standing.

**Option Agreements**

The company acquires and disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable as per these option agreements are not recorded until payment has been received or made. Upon payment of amounts due under an option agreement, the company recognizes the related amount as the cost of a mining claim. Upon receipt of amounts due under an option agreement, the company recognizes the related amount as the proceeds of disposition of a mining claim, with related write-off of the mining claim and deferred exploration expenses.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**3. Significant Accounting Policies (Continued)**

**Income Tax**

The company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

**Share Capital**

The proceeds from the exercise of stock options and warrants are recognized in share capital upon exercise at the exercise price paid by the holder, along with the related cost of such items originally credited to warrants and contributed surplus. Share capital issued in exchange for non-monetary consideration is recorded at an amount based on the fair market value of the shares on the date of issuance.

**Stock Based Compensation**

The company recognizes as compensation expense the fair value of stock options issued in exchange for services provided by outside consultants and company directors. The cost of such compensation is calculated using the fair value method (Black-Scholes option pricing model) based on the fair value of the stock options on the granting date.

**Use of Estimates**

The preparation of the company's 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 contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

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**4. Short-term Investments**

	<u>2005</u>	<u>2004</u>
Term Deposits, interest at prime minus 2.5%, being 2.5% at December 31, 2005, maturing November 1, 2006, cashable at any time	<b>\$ 501,260</b>	\$ -

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**5. Long Term Investments**

	<u>2005</u>	<u>2004</u>
JML Resources Limited, 200,000 common shares	\$ 65,000	\$ 65,000
Loan receivable	18,065	34,566
Contributions to joint venture	<u>355,260</u>	-
	<u>\$ 438,325</u>	<u>\$ 99,566</u>

JML Resources Limited

The 200,000 common shares of JML Resources Limited were obtained as part of the proceeds of the option agreement for 50% of mining claims re Scadding Township as described in Note 6. The cost of the investment was obtained using the fair value of common shares on the date of the issuance of the common shares.

The market value of the common shares at December 31, 2005 is \$13,000 (2004 - \$30,000). Management believes that the market value will improve and that the investment will be fully recoverable. As of the audit report date of March 23, 2006, the market value of the common shares was \$36,000.

Loan Receivable

This relates to the company's 20% interest in a loan held by the Lake Victoria Joint Venture. The loan is non-interest bearing, no fixed terms of repayment and unsecured. The amount is owing by the other party to the joint venture.

Contributions to Joint Venture

These amounts represent cash contributions that the company has made to the Lake Victoria Joint Venture subsequent to the joint venture's year end of June 30, 2005. The amounts will be used by the joint venture in the exploration of the Tanzania properties described in note 6.

**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

**6. Mining Claims**

	Opening	Additions	Disposals	Write-offs	Closing
<b>2005</b>					
Laonil Lake	\$ -	\$ -	\$ -	\$ -	-
Scadding Township	99,448	-	-	-	99,448
Scadding & Davis Townships	100,000	-	-	-	100,000
Tanzania	-	1,640,000	-	-	1,640,000
	<b>\$ 199,448</b>	<b>\$ 1,640,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,839,448</b>

2004

Laonil Lake	\$ -	\$ -	\$ -	\$ -	-
Wawa	371,052	-	-	371,052	-
Scadding Township	99,448	-	-	-	99,448
Scadding & Davis Townships	100,000	-	-	-	100,000
	<b>\$ 570,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 371,052</b>	<b>\$ 199,448</b>

Laonil Lake

Net profit interest in 3 gold mining claims covering 11,000 acres in Northern Saskatchewan. The company is entitled to a 30% interest in the net profits generated on the commercial production from this property by the beneficial owner who has optioned the property from the company. Once the company has received payments totaling \$1,000,000 on its share of the net profits interest, their entitlement decreases to 25% interest in the net profits.

The company is also entitled to a yearly payment of \$100,000 in the event the beneficial owner does not mine a minimum amount of 30,00 tonnes in a calendar year. In the event the beneficial owner has not mined 30,000 tonnes of ore or made the above noted \$100,000 penalty payment for two consecutive years, full ownership interest reverts back to the company, free of any encumbrances on the part of the beneficial owner and in full settlement of any claims the company may have against the beneficial owner.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**6. Mining Claims (Continued)**

Scadding Township

Beneficial ownership of gold mining claims covering 1,180 acres in Northern Ontario. These claims are embodied in 16 staked claims, which expires April 29, 2006 and six leases granted by the Ministry of Natural Resources totaling 24 claims. Two of these leases is set to expire in 2006, one in 2023 and three in 2025. Each of these leases contain a 21 year renewal clause at the option of Ministry of Natural Resources. Management is of the opinion that such renewals will be offered and they intend to act on these renewal clauses.

The company is committed to a royalty payment in the amount of \$100,000, payable 10 days after the end of the third calendar month in which production occurs from the claims. The company is also committed to a royalty payment of \$1 per ton of ore removed from designated claims registered against the property.

During 2003, the company entered into an option and joint venture agreement with another party, whereby the company granted an option to the other party for a 50% beneficial interest in its mining claims, subject to certain conditions regarding expenditures. Consideration for this agreement included \$50,000 cash and 200,000 common shares of the other party to the agreement, as described in Note 5.

The company is entitled to a payment of \$25,000 if the option holder does not incur an aggregate amount of \$2,000,000 of expenditures on the property before August 25, 2007, and a further \$25,000 if the option holder does not incur an aggregate amount of \$3,000,000 of expenditures on the property before August 28, 2008.

In the event that the option holder does not make certain expenditures within certain time frames, or make penalty payments as noted above in lieu of such expenditure limits, the option holder forfeits its rights under the agreement and full beneficial ownership reverts back to the company. In addition, the option holder has the right to terminate the agreement at any time after making expenditures of \$300,000 in total, and hence return full ownership privileges to the company.

Scadding & Davis Townships

Option on a 50% interest in 2,544 acres of gold claims in Northern Ontario. During 2003, the company entered into an option and Joint Venture Agreement with another party, whereby the company has been granted an option for a 50% beneficial interest in the mining claims of the other party subject to certain conditions in exchange for the issuance of 500,000 common shares as disclosed in Note 8.

The company is committed to pay 50% of the costs of exploration expenditures incurred on these mining claims, until such time as a joint venture agreement is entered into as disclosed in Note 13. In the event that the company does not make these payments they forfeit their rights under the agreement and beneficial ownership reverts back to the other party. In the event that the option holder does not meet certain conditions or elects to terminate the agreement re the Scadding Township mining claims, as described above, this agreement shall also terminate and beneficial ownership of these mining claims reverts back to the other party.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**6. Mining Claims (Continued)**

Tanzania

On March 7, 2005, the company entered into a joint venture agreement and a concurrent option agreement with another party, as described in note 13, in which the company has been granted an option on various properties located in Tanzania. These properties are comprised of 3 mining tenements in the Lake Victoria gold field, known as: Jubilee Reef covering 101 kilometres squared; Mabale Hills covering 261 kilometres squared and Nyamirembe covering 318 kilometres square. These properties are subject to a royalty on gold payable under the terms of a Deed of Sale and Royalty dated May 29, 2004.

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**7. Deferred Exploration Expenditures**

	Opening	Additions	Disposals	Write-offs	Closing
<b>2005</b>					
Scadding Township	\$ 489,485	\$ 14,524	\$ -	\$ -	\$ 504,009
Tanzania	33,364	373,889	-	-	407,253
	<b>\$ 522,849</b>	<b>\$ 388,413</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 911,262</b>
<b>2004</b>					
Wawa	\$ 427,837	\$ -	\$ -	\$ 427,837	\$ -
Scadding Township	479,284	10,201	-	-	489,485
Tanzania	-	33,364	-	-	33,364
	<b>\$ 907,121</b>	<b>\$ 43,565</b>	<b>\$ -</b>	<b>\$ 427,837</b>	<b>\$ 522,849</b>

**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

**8. Share Capital and Contributed Surplus**

	Common Shares		Warrants		Contributed Surplus
	Number Outstanding	Amount	Number Outstanding	Amount	Amount
Balance, December 31, 2003	17,432,736	\$ 5,306,479	350,000	\$ 3,500	\$ 274,272
Options exercised	750,000	75,000	-	-	-
Issuance Costs	-	(150)	-	-	-
Warrants expired	-	-	(350,000)	(3,500)	3,500
Balance, December 31, 2004	18,182,736	5,381,329	-	-	277,772
Issued for cash	10,016,666	1,252,249	2,508,333	251	-
Issued in exchange for mining claims (note 6)	4,000,000	1,640,000	-	-	-
Options exercised	830,000	151,250	-	-	-
Fair value of stock options issued	-	-	-	-	87,429
Issuance Costs	-	(92,087)	-	-	(3,629)
Balance, December 31, 2005	<b>33,029,402</b>	<b>\$ 8,332,741</b>	<b>2,508,333</b>	<b>\$ 251</b>	<b>\$ 361,572</b>

The common shares are authorized for an unlimited number to be issued.

On August 25, 2003 the company issued 700,000 units to companies owned by two directors for cash consideration of \$0.10 per unit totaling \$70,000. Each unit consisted of one common share and 1/2 warrant. Unit price was allocated \$0.09 to the common shares and \$0.01 to the 1/2 warrant. Each full warrant entitled the holder to purchase one additional common share at a price of \$0.15 to August 25, 2004. These warrants expired during 2004, with the related costs being transferred to contributed surplus.

On November 19, 2004, 750,000 common shares were issued upon the exercise of 750,000 options at a price of \$0.10 per common share for total consideration of \$75,000. Costs of \$150 were incurred on this share issuance and have been deducted from share capital.

On March 7, 2005, the company issued 4,000,000 common shares at a fair value of \$0.41 per share for total consideration of \$1,640,000 for entering into a joint venture and concurrent option agreement as described in note 13.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**8. Share Capital and Contributed Surplus (Continued)**

On March 7, 2005, a private placement was completed for the issuance of 5,000,000 common shares at a price of \$0.10 per share for total consideration of \$500,000. Costs of \$16,350 were incurred on this share issuance and have been deducted from share capital.

On June 29, 2005, 300,000 common shares were issued upon the exercise of 300,000 options at a price of \$0.20 per common share for total consideration of \$60,000.

On June 29, 2005, 197,000 common shares were issued upon the exercise of 197,000 options at a price of \$0.15 per common share for total consideration of \$29,550.

On August 4, 2005, a private placement was completed for the issuance of 5,016,666 units consisting of one common share and one half warrant at a price of \$0.15 per unit for total consideration of \$752,500. The common shares are allotted at an issue price of \$0.1499 per share and the half warrants are allotted at an issue price of \$0.00001 per half warrant. A full warrant entitles the owner to purchase one common share at \$0.25 each until August 4, 2007. Costs of \$75,737 were incurred on this share issuance and have been deducted from share capital.

On September 7, 2005, 98,000 common shares were issued upon the exercise of 98,000 options at a price of \$0.15 per common share for total consideration of \$14,700.

On September 7, 2005, 235,000 common shares were issued upon the exercise of 235,000 options at a price of \$0.20 per common share for total consideration of \$47,000.

**Stock Options**

The company has a Stock Option Plan which allows for the granting of stock options to directors, officers, employees and consultants as additional compensation for services rendered, with such options generally being exercisable over a five year period. The options are generally required to have an exercise price no less than the market price prevailing on the day the option is granted. The maximum number of common shares which may be issued pursuant to options granted under the stock option plan is 5,436,647. The stock option plan provides that the number of common shares issuable to any one optionee, together with all of the company's other previously established or proposed share compensation arrangements to that optionee, may not exceed 20% of the total number of issued and outstanding common shares of the company. In addition, the number of common shares which may be reserved for issuance to any one consultant or any one investor relations individual shall not exceed 2% on a yearly basis and to any other one individual may not exceed 5% on a yearly basis. The options granted under the plan vest at a rate of 25% upon regulatory approval and 25% every six months thereafter unless otherwise specified. Upon change in control, as defined by the Income Tax Act, all outstanding options immediately become vested.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**8. Share Capital and Contributed Surplus (Continued)**

**Stock Options (Continued)**

On February 15, 2005, as part of the investor relations agreement described in note 14, the company granted options for the purchase of up to 250,000 common shares at a price of \$0.22 per share, exercisable up to February 15, 2010. The options granted vest at a rate of 25% upon regulatory approval and 12.5% every three months thereafter. The total fair value of the options granted was calculated to be \$5,089 on the grant date. The offsetting entry is to contributed surplus.

On March 10, 2005, as directors' compensation, the company granted options for the purchase of up to 1,000,000 common shares at a price of \$0.40 per share, exercisable up to March 10, 2010. The total fair value of the options granted was calculated to be \$37,013 on the grant date. The offsetting entry is to contributed surplus.

On April 12, 2005, as directors' compensation, the company granted options for the purchase of up to 500,000 common shares at a price of \$0.40 per share, exercisable up to April 12, 2010. The total fair value of the options granted was calculated to be \$nil.

On May 19, 2005, as directors' compensation, the company granted options for the purchase of up to 1,500,000 common shares at a price of \$0.20 per share, exercisable up to May 19, 2010. The total fair value of the options granted was calculated to be \$45,327 on the grant date. The offsetting entry is to contributed surplus.

On September 12, 2005, as directors' compensation, the company granted options for the purchase of up to 600,000 common shares at a price of \$0.30 per share, exercisable up to September 12, 2010. The total fair value of the options granted was calculated to be \$nil.

The following is detailed information regarding options outstanding at December 31, 2005 and 2004. As at December 31, 2005, a total of 2,321,250 of stock options have vested and are exercisable at a weighted average price of \$0.27.

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	<b>Number</b>	<b>Weighted average exercise price</b>
Outstanding, December 31, 2003	2,095,000	\$ 0.19
Exercised	(750,000)	0.10
<hr/>		
Outstanding, December 31, 2004	1,345,000	\$ 0.19
Granted	3,850,000	0.29
Exercised	(830,000)	0.18
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<b>Outstanding, December 31, 2005</b>	<b>4,365,000</b>	<b>\$ 0.28</b>

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

**8. Share Capital and Contributed Surplus (Continued)**

**Stock Options (Continued)**

On the 3,850,000 stock options granted during the year, the following information is provided:

	Weighted average Fair Value	Weighted average exercise price
<b>Stock Options where:</b>		
Exercise price exceeds market value on grant date	\$ 0.00	\$ 0.35
Exercise price equals market value on grant date	0.03	0.36
Exercise price is less than market value on grant date	0.03	0.20
<b>Total</b>	<b>\$ 0.02</b>	<b>\$ 0.29</b>

In calculating the fair value of stock options, the company used the following assumptions. A risk free interest rate of 3.85%, an average expected life of five years, expected volatility based on the historical activity of the stock price over the past five years of 99.37% and expected dividends yield of nil. 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 following table provides additional information with respect to the company's stock options outstanding at December 31, 2005.

Exercise price	Outstanding December 31 2005	Weighted average exercise price	Weighted average life to expiry
<b>\$ 0.20</b>	<b>2,015,000</b>		<b>3.75</b>
<b>0.22</b>	<b>250,000</b>		<b>4.13</b>
<b>0.30</b>	<b>600,000</b>		<b>4.70</b>
<b>0.40</b>	<b>1,500,000</b>		<b>4.22</b>
	<b>4,365,000</b>	<b>\$ 0.28</b>	<b>4.07</b>

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**9. Lake Victoria Joint Venture**

The following summarizes the company's proportionate share of the assets, liabilities, revenue expenses and net loss of the joint venture described in note 3.

	<b>2005</b>
<b>Current Assets</b>	
Cash	\$ 12,990
<b>Long-term Assets</b>	
Loan receivable	18,065
Deferred Exploration Expenditures	347,178
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities	10,709
<b>Revenue</b>	
Interest	51
<b>Expenses</b>	
Management Compensation	1,649
Office supplies	864
Professional Services	1,066
Travel	2,003
<b>Net Loss</b>	\$ 5,531

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**10. Related Party Transactions**

Related parties include management and directors of Currie Rose Resources Inc, and the Lake Victoria Joint Venture. Transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. The following is a summary of transactions with related parties:

	<b>2005</b>	<b>2004</b>
<b>Expenditures</b>		
Directors' compensation	\$ 82,340	\$ -
Management compensation	27,000	-

On December 31, 2004, two companies owned by directors issued credits for 2004 management fees in the amount of \$30,000 and 2004 office rental in the amount of \$12,000. As well, these companies also forgave trade accounts payable relating to 2003 management fees in the amount of \$30,000 and 2003 office rental in the amount of \$12,000.

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## Currie Rose Resources Inc.

### Notes to Consolidated Financial Statements

**December 31, 2005 and 2004**

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#### **10. Related Party Transactions (Continued)**

On March 7, 2005, three directors of the Company participated in the private placement as described in note 8 for a total of 1,000,000 common share at a price of \$0.10 per share for total consideration of \$100,000.

On April 1, 2005, the Company entered into a management agreement with the CEO of Currie Rose Resources Inc. for \$3,000 per month that has been detailed in Note 14.

Included in accounts payable and accrued expenses is \$3,000 (2004 - \$nil) owing to related parties. Balances payable to related parties are non-interest bearing, with no fixed terms of repayment, are payable on demand and are unsecured.

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#### **11. Income Taxes**

The Company has non-capital losses of \$480,058 available to reduce taxes payable up to the year 2015. They also have capital losses of \$12,465 federally and \$192,046 provincially available to offset taxes payable on future capital gains. Deductions of mining claims and deferred development expenses available in future years for income tax purposes exceed the recorded net book values by \$1,581,692 federally and \$1,402,111 provincially. The potential future tax benefits of these items have not been recognized in these financial statements as their realization is not determinable at this time.

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#### **12. Loss per Common Share**

Basic loss per common share for the year was calculated based on a weighted average of 27,960,060 common shares outstanding (December 31, 2004 - 17,519,037). Diluted loss per common share for the year was not calculated as the effect would be anti-dilutive for both the years ended 2005 and 2004.

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#### **13. Option and Joint Venture Agreements**

##### Scadding and Davis Townships

During 2003, the company entered in an option and joint venture agreement ("The Agreement") with another party, with respect to mining claims in the Scadding Township and Scadding & Davis Townships as described in Note 6. As at December 31, 2005 the only remaining condition for the other party to this agreement is to have incurred expenditures of \$3 million by August 25, 2010 or earlier at the option of the other party. If the final condition of this agreement is fulfilled by the other party, then at the other party's option the company will be deemed to have entered into a 50/50 joint venture with the other party for the purposes of further exploring the Scadding Township and Scadding and Davis Townships mining claims as described in Note 6. Once the joint venture has been formed, each party shall then fund their pro rata share of expenditures or have their interest diluted based on a funding formula as per the agreement. In the event that either party is diluted to a 15% interest or less, then its interest shall be converted to a 1% net smelter returns royalty.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**13. Option and Joint Venture Agreements (Continued)**

Tanzania

On March 7, 2005, the Company entered into a Joint Venture Agreement and a concurrent Option Agreement ("The Agreement") with another party. As a condition of the first stage of these agreements, the company issued 4,000,000 common shares at fair value of \$0.41 per share. Also, as a condition of these agreements, the Company completed a private placement of 5,000,000 common shares at \$0.10 per share for total proceeds of \$500,000. These proceeds, were used to fund the second stage of the agreements as described below. The Agreement allows the company the ability to earn up to a 70% interest in properties based on the following:

1st stage: Earn a 10% interest through the issuance of 4,000,000 common shares to Sub-Sahara, as noted above, completed on March 7, 2005;

2nd stage: Earn a further 10% interest by funding a minimum value of US \$300,000, to be utilized by the joint venture towards exploration by September 30, 2005;

3rd stage: Earn a further 20% interest by funding a minimum cumulative value of US \$1,170,000, to be utilized by the joint venture towards exploration by September 30, 2007;

4th stage: Earn a further 30% interest by funding one of the properties through a feasibility study by September 30, 2008, at which point the parties to the agreement will then contribute costs on a pro-rate basis based on their respective joint venture interests.

As at June 30, 2005, the company has met the 2nd stage requirement and holds a 20% interest in the joint venture as described in note 3.

In the event the company does not make the payments required in the 3rd stage, it must pay the minimum exploration expenditures required to the period ending September 30, 2006 to a maximum of US \$25,000 and does not acquire any further interest but rather retains only its 20% interest acquired in accordance with the 2nd stage. In the event that the company does not elect to earn the interest as noted in the 4th stage, then the parties to the agreement maintain a joint venture with the company's share being 40% at which point the parties to the joint venture will then contribute costs on a pro-rata basis based on their respective joint venture interests.

The option agreement contains a purchase option, whereby the company has the right to purchase the other parties interest within one year after completion of the 3rd stage under the joint venture agreement. The agreement also contains a sale option, whereby the other party has the right to sell its interest to the company within one year after completion of the 3rd stage under the joint venture agreement. The purchase price of the other party's interest will be calculated based on fair market value, defined as per the option agreement, to be issued in the form of common shares of the company. Upon exercise of either option, an additional representative of the other party shall be appointed to the board of directors of the company.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**14. Commitments**

**Management Agreement**

On April 1, 2005, the company entered into a management agreement with the CEO in the amount of \$3,000 per month. This agreement shall continue indefinitely until terminated by the company or the CEO. In the event of termination without cause, the company must pay \$18,000 as compensation to the CEO.

**Investor Relations Agreement**

On February 15, 2005, the Company entered into an investor relations agreement with an individual at a cost of \$6,000 per month, which is verbally committed to continue indefinitely until terminated by the company.

**Operating Lease**

On January 31, 2005, the Company entered into a month to month lease agreement for rental of office space in the amount of \$975 per month.

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**15. Segment Disclosure**

The company considers a reportable segment to be a component of their operations which engages in business activities that earn revenues and incur expenses and whose operating results are regularly evaluated through a review of discrete financial information. The company has identified as a reportable segment based on geography, its 20% interest in the Lake Victoria joint venture located in Tanzania. This joint venture is expected to derive its revenue from the commercial development and sale of ore deposits on the related properties. The total assets, liabilities, revenues, expenses and net loss of this joint venture are disclosed in note 9. The company has recognized their share of these items in their financial statements based on the consolidation method described in note 3.

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2005 and 2004**

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**16. Financial Instruments**

**Fair Values**

The fair value of long-term investments is as noted above.

The fair values of cash, short-term investments, accounts receivable, interest receivable and accounts payable and accrued expenses approximate their carrying values due to their short-term maturities.

**Foreign Exchange Risk**

The company is exposed to foreign exchange risk as the joint venture and option agreement described in note 13 is accounted for and requires contributions to be made in U.S. Currency.

**Interest Rate Risk**

The company is subject to interest rate risk as the return on its short-term investment is variable based on the prime rate.

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**17. Supplementary Cash Flow Information**

	<u>2005</u>	<u>2004</u>
Cash received for interest	\$ 1,260	\$ -
Transfer of amounts previously considered receivable from third party to deferred exploration expenses	6,492	-
Transfer of amounts previously considered loan receivable from third party to deferred exploration expenses	9,719	-
Transfer of consideration for loan receivable from third party to contributions to joint venture	24,847	-
Issuance of common shares for mining claims	1,640,000	-

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**Currie Rose Resources Inc.**  
**Notes to Consolidated Financial Statements**

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**18. Subsequent Events**

**Property Acquisition**

On February 6, 2006, the company entered into a letter of agreement, subject to regulatory approval, with the other party to the Joint Venture described in note 13, whereby in consideration of the issuance of 2,000,000 of its common shares, the company will have satisfied the 3rd stage of the joint venture agreement and as such will have earned a 40% interest in the properties as defined in such agreement. In addition, the company will have acquired a 100% interest in the Jubilee Reef tenement comprising one of the tenements of the properties currently held by the joint venture, which Currie Rose holds a 20% interest as at December 31, 2005. As part of the purchase of the Jubilee Reef tenement, the company will be committed to a net smelter return royalty payable as follows: if production from the tenement is 50,000 ounces of gold or less per calendar year, then the royalty shall be U.S. \$3.00 per ounce if the price of gold is U.S. \$350 per ounce or less, or U.S. \$5 per ounce if the price of gold is greater than \$350 per ounce. If production from the tenement is greater than 50,000 ounces of gold per calendar year, then the royalty shall be U.S. \$5.00 per ounce if the price of gold is U.S. \$350 per ounce or less, or U.S. \$7.50 per ounce if the price of gold is greater than \$350 per ounce.

**Private Placement of Common Shares**

On February 22, 2006, a private placement was completed for the issuance of 2,000,000 units consisting of one common share and one half warrant at a price of \$0.25 per unit for total consideration of \$500,000. Costs of this private placement included the issuance of 160,000 units consisting of one common share and one half warrant at a fair value of \$0.25 per unit for total consideration of \$40,000. The common shares are allotted at an issue price of \$0.2499 per share and the half warrants are allotted at an issue price of \$0.00001 per half warrant. A full warrant entitles the owner to purchase one common share at \$0.35 to February 22, 2007.