EAGLE PLAINS RESOURCES LTD.

(A Development Stage Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended
December 31, 2006 and 2005

Deloitte.

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Auditors' Report

To the Shareholders of
Eagle Plains Resources Ltd.
(A Development Stage Corporation):

We have audited the consolidated balance sheets of Eagle Plains Resources Ltd. as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and of 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 audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

(signed) "Deloitte & Touche LLP"

Chartered Accountants

Calgary, Alberta
April 5, 2007

Eagle Plains Resources Ltd.
(A Development Stage Corporation)
Consolidated Balance Sheets

As at December 31	2006	2005
Assets		
Current		
Cash and cash equivalents	$ 5,969,041	$ 3,743,403
Accounts receivable	1,766,203	1,189,741
Mineral exploration tax credits recoverable	114,802	36,690
Deferred finance costs	-	89,004
	7,850,046	5,058,838
Long-term investments, at cost (Note 3)		
(Quoted trading price - $2,537,333 (2005 - $1,746,350))	1,414,703	1,107,034
Property and equipment (Note 4)	218,742	143,628
Mineral exploration properties (Note 5)	5,725,264	4,217,756
	$ 15,208,755	$ 10,527,256
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	$ 398,786	$ 260,241
Future income tax (Note 14)	1,679,747	977,366
	2,078,533	1,237,607
Shareholders' equity		
Share capital (Note 6)	15,388,946	12,144,343
Contributed surplus (Note 6)	1,354,714	1,289,053
Deficit	(3,613,438)	(4,143,747)
	13,130,222	9,289,649
	$ 15,208,755	$ 10,527,256

Commitments and contingencies (note 10)
Subsequent events (note 13)

On behalf of the Board:

“Signed” Director
Mr. Timothy J. Termuende

“Signed” Director
Mr. Glen J. Diduck

Eagle Plains Resources Ltd.
(A Development Stage Corporation)
Consolidated Statements of Operations and Deficit

For the years ended December 31	2006	2005
Revenue		
Geological Services	$ 3,207,420	$ 2,193,072
Geological expenses		
Services	1,853,717	1,394,920
Amortization	37,143	19,100
Salaries and subcontractors	433,868	347,262
	2,324,728	1,761,282
	882,692	431,790
Other Expenses		
Administration costs	485,446	465,381
Trade shows, travel and promotion	486,057	422,825
Stock compensation expense	311,500	746,200
Public company costs	36,383	44,730
Professional fees	143,336	132,001
Amortization	23,221	28,439
Write down of mineral properties	-	1,267,756
	1,485,943	3,107,332
Loss before other items	(603,251)	(2,675,542)
Other items		
Write down of long-term investments	-	(52,550)
Interest and other	270,850	86,108
Gain on sale of long-term investments	860,761	231,166
	1,131,611	264,724
Income (loss) before future income tax	528,360	(2,410,818)
Future income tax expense (recovery)	(1,949)	(634,760)
Net income (loss) for the year	530,309	(1,776,058)
Deficit, beginning of year	(4,143,747)	(2,367,689)
Deficit, end of year	$ (3,613,438)	$ (4,143,747)
Net income (loss) per share – basic (Note 7)	$ 0.0112	$ (0.0415)
- diluted (Note 7)	0.0109	(0.0415)

Eagle Plains Resources Ltd.
(A Development Stage Corporation)
Consolidated Statements of Cash Flows

For the years ended December 31	2006	2005
Cash flows from operating activities		
Net income (loss) for the year	**$ 530,309**	$ (1,776,058)
Adjustments for :		
Amortization	**60,364**	47,539
Loss on mineral properties written down	**-**	1,267,756
Stock compensation	**311,500**	746,200
Gain on sale of investments	**(860,760)**	(231,166)
Loss on investment written down	**-**	52,550
Loss on disposal of equipment	**260**	634
Future income tax	**(1,949)**	(697,822)
	39,724	(590,367)
Changes in non-cash working capital items		
Increase in accounts receivable	**(1,034,495)**	(1,095,912)
Increase in mineral exploration tax credits recoverable	**(78,112)**	(3,778)
Increase in accounts payable and accrued liabilities	**138,545**	67,759
	(974,062)	(1,622,298)
Cash flows from financing activity		
Issue of shares for cash, net	**5,071,883**	2,550,625
Cash flows from investing activities		
Transfer of cash per plan of arrangement	**(650,000)**	-
Proceeds from sale of investments	**1,917,789**	371,586
Development of mineral exploration properties	**(3,043,958)**	(1,796,955)
Purchase of equipment	**(136,738)**	(89,230)
Proceeds from disposal of equipment	**1,000**	15,735
	(1,911,907)	(1,498,864)
Increase (decease) in cash and cash equivalents	**2,225,638**	(570,537)
Cash and cash equivalents, beginning of year	**3,743,403**	4,313,940
Cash and cash equivalents, end of year	**$ 5,969,041**	$ 3,743,403
Cash and cash equivalents comprises:		
Bank deposits	**172,832**	199,015
Term deposits	**5,796,209**	3,544,388
	$ 5,969,041	$ 3,743,403

1. Nature of Operations

Eagle Plains Resources Limited (the “Company” or “Eagle Plains”) was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia and the Northwest Territories. The Company is in the business of exploring for mineral resources and is actively exploring properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan. As the Company has not commenced production on any of its mining properties the Company continues to be a development stage company.

Recoverability of the amounts shown for mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount.

On June 9, 2006, the shareholders approved a plan of arrangement (“the arrangement”) to reorganize the Company's mineral property assets. in an effort to maximize shareholder value.

Under the terms of the arrangement, three of Eagle Plains’ existing projects, Copper Canyon**,** Severance, Abo (Harrison-gold) and $650,000 in cash was transferred into Copper Canyon Resources Ltd. (“Copper Canyon”)**.** Under the terms of the arrangement, Eagle Plains' shareholders of record on closing of the arrangement received one share of Copper Canyon for every one Eagle Plains share held.

Included in the arrangement was an agreement whereby those entitled to exercise options within Eagle Plains receive when exercised, in addition to the new Eagle Plains shares, an equal number of Copper Canyon shares. The proceeds from the exercise of options will be split between Eagle Plains and Copper Canyon 40.65% and 59.35%, respectively. The purpose of this agreement was to ensure that the value attributed to the Eagle Plains option holders was not diluted and to ensure compliance with the requirements of this type of corporate restructuring.

The carrying value of the assets transferred to Copper Canyon included:

Cash	$ 650,000
Mineral Properties	754,285
Future tax liability	(256,457)
Net impact on share capital	$ 1,147,828

The net carrying value of $1,147,828 was charged to share capital.

2. Significant Accounting Policies

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles. The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

2. Significant Accounting Policies - continued

a) Principles of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bootleg Exploration Inc.

b) Mineral exploration properties
Costs of acquisition, exploration and development of mineral properties are capitalized on an area-of-interest basis. General and administrative costs are either charged to expense in the year incurred or capitalized if they directly relate to exploration. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found. Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When significant properties in an area of interest are abandoned, the costs related thereto are charged to operations on a pro-rata basis to the total costs to date included in the area, in the year of abandonment. The proceeds received from a partial disposition or an option payment is credited against the capitalized costs. In addition, if there has been a delay in development activity for several successive years, a write-down of those project-capitalized costs will be charged to operations.

c) Investments
Securities acquired under option agreements executed with joint venture partners on the Company's mineral properties are recorded at the "fair value" as determined by management. Fair value is based on closing market prices for publicly traded shares recognizing the possible effects of price fluctuations, quantities traded and similar items. The fair value may or may not approximate trading prices at the time the agreement is executed. As such, the related capitalized mining expenditures are also reduced by the fair value of the investment received.

d) Property and equipment
Property and equipment consists of automotive, computers, office and field equipment and leasehold improvements, and is recorded at cost. Amortization is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	- 20 % to 30 % per annum
Computer	- 30 % and 45 % per annum
Computer software	- 100% per annum
Furniture and equipment	- 20 % per annum
Leasehold improvements	- straight line over 6 years

e) Asset retirement obligations
A liability for the fair value of environmental and site restoration obligations are recorded when the obligations are incurred. For most projects, the Company restores the site as ongoing basis as is required by local laws. For the Company, significant obligations will be incurred at the time the related assets are brought into production. The fair value of the obligations is based on the estimated cash flow required to settle the obligations discounted using the Government of Canada Bond Rate for the applicable term adjusted for the Company's credit rating. The fair value of the obligations is recorded as a liability with the same amount recorded as an increase in capitalized costs. The amounts included in capitalized costs will be depleted using the unit-of-production method. The liability is adjusted for accretion expense representing the increase in the fair value of the obligations due to the passage of time.

2. Significant Accounting Policies – continued

f) Flow-through shares
The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the future income taxes related to the temporary difference arising at the renunciation date are recorded at that time together with a corresponding reduction to the carrying value of the shares issued.

g) Financial instruments
The Company carries various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

h) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with maturities of three months or less from the date of purchase.

i) Per share amounts
Basic income (loss) per common share is computed by dividing the net income (loss) for the year by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

j) Income taxes
The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis and the carry forward of unused tax pools and unamortized share issue costs. Future income tax assets and liabilities are measured using income tax rates expected to apply on the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.

k) Stock-based compensation plan
The Company has equity incentive plans which are described in Note 6. The fair value of options to purchase common shares is calculated at the date of grant using the Black-Scholes option-pricing model and that value is recorded as compensation expense over the grant's vesting period with an offsetting credit to contributed surplus. Upon exercise of the share purchase option, the associated amount is reclassified from contributed surplus to share capital. Consideration paid by employees upon exercise of share purchase options is credited to share capital.

2. Significant Accounting Policies – continued

l) Mineral tax credit
The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of mineral exploration expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

m) Revenue recognition
Revenue associated with the geological services provided by the Company is recognized when services are performed.

n) Joint venture
The Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

o) Measurement Uncertainty
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include impairment of mineral properties; impairment of capital assets; useful lives for amortization of capital assets; reclamation and environmental obligations; and contingencies reported in the notes to the financial statements. Financial results as determined by actual events could differ from those estimates.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

3. Investments

	Dec 31 2006	Dec 31 2005
900,000 (2005 – 900,000) common shares of Northern Continental Resources Inc. (market value - $648,000 (2005 - $414,000))	**$ 240,250**	$ 240,250
65,000 (2005 – 110,000) common shares of NovaGold Resources Inc. (market value - $1,285,700 (2005 - $1,156,100))	**631,445**	773,789
50,000 (2005 – 53,000) common shares of Kobex Resources (market value - $66,000 (2005 – $74,200)	**27,000**	28,620
9,710,658 (2005 – 550,000) common shares of Golden Cariboo Resources Ltd. (market value - $485,533 (2005 - $66,000)	**485,533**	27,500
140,000 (2005 – 180,000) common shares of Shoshone Silver Mining (market value - $40,600 (2005 – $28,800)	**22,400**	28,800
25,000 (2005 – 25,000) common shares of Amarc Resources Ltd (market value - $11,500 (2005 – $7,250)	**8,075**	8,075
	$1,414,703	$1,107,034

Market value is based on the quoted closing prices of the securities at December 31, 2006. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

4. Property and Equipment

	Dec 31 2006		Dec 31 2005	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Automotive	**65,515**	**20,821**	33,750	9,959
Computer equipment & software	**95,510**	**67,592**	82,310	45,125
Equipment and furniture	**170,992**	**42,979**	81,219	22,198
Leasehold Improvements	**29,246**	**11,129**	29,246	5,615
	361,263	**142,521**	226,525	82,897
Net book value	**$ 218,742**		$ 143,628	

5. Mineral Properties

During 2006, the Company expended $2,261,793 (2005 - $1,395,500), net of grants, option payments, and mineral tax credits of $ 1,149,001 (2005 - $792,113), on the exploration and development of their mineral properties, of which $194,073 (2005 - $1,059,214) was expended in B.C., $810,339 (2005 - $189,982) in the Northwest Territories, $719,643 (2005 – $146,304) in the Yukon and $537,738 (2005 – nil) in Saskatchewan.

The Company has interests in a number of mining projects. As at December 31, 2006, the Company had executed agreements with third parties on the following projects:

a) **Blende Project:** In 2005 the Company entered into an option agreement with Blind Creek Resources Ltd. ("Blind Creek") whereby Blind Creek may earn a 60% interest in Eagle Plains' wholly owned Blende property by completing $5,000,000 in exploration expenditures, issuing to Eagle Plains 900,000 common shares, and making $225,000 in cash payments by December 31, 2010. The payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 13,500	180,000		Upon execution
27,000	180,000	$ 500,000 (completed)	December 31, 2006
36,000	180,000	500,000	December 31, 2007
36,000	180,000	1,000,000	December 31, 2008
45,000	180,000	1,000,000	December 31, 2009
67,500	-	2,000,000	December 31, 2010
$ 225,000	900,000	$5,000,000	

All of the commitments made by Blind Creek to December 31, 2006 have been met.

b) **Bohan Project:** The Company entered into an option agreement with Richard J. Billingsley ("Billingsley") dated June 6, 2005, and modified January 19, 2006, to purchase a 100% interest in certain mineral claims adjacent to the Company's Bohan property situated in the Arrow Creek/Mount Bohan area in south eastern British Columbia. Original terms were the issuance of 25,000 common shares of the Company upon execution of the agreement and 75,000 common shares on or before the first anniversary date of the agreement. The 25,000 shares have been issued.

The modified agreement revises the number of shares for the complete purchase of the mineral claims to a maximum of 75,000 shares of Eagle Plains, not the earlier agreed amount of 100,000 shares. Under the revised terms Eagle Plains has issued a second tranche of 25,000 common shares with the understanding that Billingsley would attempt to sell/option the Bohan property to a qualified buyer/optionor by January 31, 2007. If successful, Billingsley would be eligible for an additional 25,000 common shares of Eagle Plains. If not successful, Billingsley will not have any further interest in the property and the property would revert to Eagle Plains. Billingsley was not successful in securing a qualified buyer/optionor by January 31, 2007 and the property reverted back to Eagle Plains.

5. Mineral Properties - continued

c) **Coyote Creek Project:** On October 2, 2006, the Company completed an option-to-purchase agreement with CGC Inc. ("CGC"). Under terms of the agreement, CGC has the right to acquire a 100% interest in Eagle Plains' 100% owned Coyote Creek gypsum project by paying $1,250,000 to Eagle Plains prior to October 2, 2007, the expiry date of the option. CGC has paid to Eagle Plains the sum of $30,000 for the right to evaluate the property. In the fourth quarter, CGC completed a further drill program to assist in evaluating the property.

d) **Eagle Lake Project:** **I**n December 2006, the Company completed an option agreement whereby Blue Sky Uranium Corp ("Blue Sky") can earn a 60% interest in Eagle Plains' 100% owned uranium project located in north-central Saskatchewan by incurring $5,000,000 in exploration expenditures by December 31, 2010, issuing 1,000,000 common shares of Blue Sky to Eagle Plains and reimburse Eagle Plains for all acquisition costs. A 1% royalty has been reserved for a third-party individual, and may be purchased at any time for $1,000,000. Payments are due from Blue Sky as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$10,000	50,000		30 days following qualified independent report
25,000	50,000		On signing of formal agreement
	100,000	$ 200,000	December 31, 2006
	200,000	300,000	December 31, 2007
	200,000	500,000	December 31, 2008
	200,000	2,000,000	December 31, 2009
	200,000	2,000,000	December 31, 2010
$35,000	1,000,000	$5,000,000	

On February 2, 2007, the Company received 200,000 shares of Mulligan Capital Corp. (formerly Blue Sky) valued at $184,000, based on the closing trading price of $0.92, and cash payment of $35,000 as required by the Eagle Lake option agreement. The exploration expenditure commitment was met by December 31, 2006.

e) **Hall Lake Project:** On October 3, 2005, the Company signed a letter of intent with Solomon Resources Limited ("Solomon") whereby Solomon had certain rights to earn up to a 75% interest in Eagle Plain's 100% owned Hall Lake (formerly "Cretin") property located in southeast British Columbia. Solomon will have the option to acquire a 60% interest in the project from the Company by completing $40,000 in exploration expenditures prior to January 1, 2006 and a further $1,150,000 by June 30, 2008, issuing 225,000 shares of Solomon and making payments totaling $110,000. Solomon could also have earned an additional 15% interest in the project by paying the Company $50,000, issuing 225,000 shares of Solomon and completing $3,250,000 in exploration expenditures by December 31, 2010. Solomon satisfied the January 1, 2006 commitment but on January 16, 2007, Solomon allowed the Letter of Intent Option Agreement to lapse.

5. Mineral Properties - continued

f) **LCR Project:** On February 12, 2003, the Company entered into an option agreement to earn a 100% interest, subject to a 1% net smelter return royalty, in the LCR property through option payments, exploration expenditures, and issuance of the Company's common shares as detailed below:

Option Payments	Common Shares	Due Date
$ 5,000	100,000	December 31, 2003
-	100,000	December 31, 2005
-	100,000	December 31, 2007
$ 5,000	300,000	

Pursuant to this option agreement, the Company issued 100,000 common shares to the property owner valued at $15,000. The value assigned to these shares issued was based on recent share issuances. In March 2005 the Company issued an additional 100,000 common shares to the property owner valued at $73,000 to complete the option commitment for 2005.

The property had been optioned to Northern Continental Resources Ltd. ("Northern Continental") with the option agreement terminating in December 2005. Northern Continental expended $1,241,382 on the project and issued 400,000 shares to the Company from the commencement of the option agreement, January 2004, to the termination of the option agreement, December 2005.

g) **McQuesten Project:** The Company entered into an option agreement with Viceroy Resources Corporation (as of July 2003, Viceroy changed their name to Quest Capital Corp.) dated October 1, 1997, and transferred to NovaGold Resources Inc. ("NovaGold") on April 26, 1999. The agreement was amended on October 12, 2001 whereby NovaGold can earn up to a 70% interest in the property through an $80,000 option payment and by undertaking a pre-determined 10,000 foot drilling program on the optioned property. As of December 31, 2004, all option payments have been received and a joint venture established between the Company and NovaGold whereby the Company will retain a 30% interest. On March 15, 2005, NovaGold sold their 70% interest to Alexco Resource Group, who will be continuing with the joint venture agreement.

h) **Sphinx Project:** On February 15, 2005, the Company signed a property option agreement with Gordon Johnstone and Bryan Johnstone whereby the Company can purchase a 100% interest (less 2.5% NSR) of certain mineral properties (molybdenum) located in the Baker Creek area in south-eastern British Columbia through option payments and expenditures as follows:

Option Payments	Common Shares	Exploration Expenditures	Due Date
20,000	25,000		February 15, 2005
	50,000	200,000	December 31, 2005
	50,000	200,000	December 31, 2006
	50,000	200,000	December 31, 2007
		200,000	December 31, 2008
		200,000	December 31, 2009
20,000	175,000	1,000,000	

All of the commitments to December 31, 2006 have been met by the Company.

5. Mineral Properties - continued

i) **Titan Project:** On October 25, 2002, the Company entered into an option agreement to earn a 100% interest in the property through option payments as detailed below:

Option Payments	Exploration Expenditures	Due Date
$ 5,000		December 31, 2003
7,000		December 31, 2004
10,000		December 31, 2005
15,000		December 31, 2006
35,000	$150,000	December 31, 2007 Cumulative
$72,000	$150,000	

As of December 31, 2006 the Company has expended $192,340 on the property.

All of the commitments to December 31, 2006 have been met by the Company.

6. Equity Instruments

a) Authorized
Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

	2006 Number of Shares	**2006**	2005 Number of Shares	2005
Common Shares				
Balance, beginning of year	**46,139,501**	**$ 11,062,355**	39,796,446	$ 8,072,475
Issued flow through shares for cash	**3,038,663**	**2,361,700**	667,237	667,237
Issued for cash via private placement	**1,649,400**	**1,072,110**	1,269,285	888,500
Issued upon exercise of Agent's options	**418,524**	**209,262**	157,615	81,358
Issued in exchange for mineral claims	**175,000**	**124,500**	350,000	251,250
Issued for cash on exercise of warrants	**1,269,285**	**1,269,285**	2,961,500	772,000
Issued for cash on exercise of options	**499,500**	**274,550**	905,418	232,842
Issued upon exercise of Agent's options	**-**	**-**	32,000	20,800
Black Scholes value of warrants issued	**-**	**(585,500)**	**-**	(124,600)
Black Scholes value of options exercised	**-**	**245,839**	**-**	135,588
Black Scholes value of warrants exercised and expired		**1,081,989**		88,012
Transfer of properties and cash per Plan of Arrangement (note 1)	**-**	**(1,147,827)**	**-**	-
Tax effect of flow through shares	**-**	**(1,030,367)**	-	-
Share issue costs, net of tax effect of $69,577 (2005 - $63,062)	**-**	**(134,450)**	**-**	(23,107)
Balance, end of year	**53,189,873**	**$ 14,803,446**	46,139,501	$ 11,062,355
Warrants				
Balance, beginning of year	**1,334,346**	**$ 1,081,988**	5,953,166	$ 1,045,400
Issued in private placement	**4,457,294**	**585,500**	1,269,285	124,600
Issued to Agents	**-**	**-**	53,705	-
Expired	**(65,061)**	**(957,388)**	(2,983,310)	-
Exercised	**(1,269,285)**	**(124,600)**	(2,961,500)	(88,012)
Balance, end of year	**4,457,294**	**$ 585,500**	1,334,346	$ 1,081,988
Total share capital		**$ 15,388,946**		$ 12,144,343

The Company valued the warrants issued using the Black-Scholes model with the following assumptions: Dividend yield Nil, expected volatility 50% (2005 – 44%), risk-free interest rate 4.04% (2005 – 3.35%) and weighted average life of five years (2005 – two years). For the warrants issued to Agent in 2005, there was no value assigned on the date of issue as it was considered not material.

6. Equity Instruments – continued

c) Directors and management share options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 5 years.

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

	Number of Options	**Option Price per Share Range**	**Weighted Average Exercise Price**
Options outstanding, December 31, 2005	**5,022,868**	**$0.10 - $1.00**	**$0.58**
Options - granted	**700,000**	**$0.75 - $1.40**	**$0.84**
Options - exercised	**(918,024)**	**($0.10 - $0.70)**	**($0.54)**
Options - expired	**(194,344)**	**($0.65 - $1.00)**	**($0.53)**
Options outstanding, December 31, 2006	**4,610,500**	**$0.10 - $1.40**	**$0.63**

As at December 31, 2005 the Company had the following stock options outstanding:

	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding, December 31, 2004	3,826,401	$0.10 - $0.65	$0.53
Options - granted	2,355,000	$0.65 - $0.75	$0.70
Options - exercised	(1,095,033)	($0.10 - $1.00)	($0.36)
Options - expired	(63,500)	($0.50 - $1.00)	($0.85)
Options outstanding, December 31, 2005	5,022,868	$0.10 - $1.00	$0.58

The following table summarizes information about the stock options outstanding at December 31, 2006:

Options outstanding	**Option price**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life**	**Number of Options Currently Exercisable**	**Weighted Average Exercise Price of Options Currently Exercisable**
97,500	**$0.10**	**$0.10**	**0.75 years**	**97,500**	**$0.10**
300,000	**$0.25**	**$0.25**	**1.25 years**	**300,000**	**$0.25**
10,000	**$0.50**	**$0.50**	**2.25 years**	**10,000**	**$0.50**
525,000	**$0.50**	**$0.50**	**2.50 years**	**525,000**	**$0.50**
650,000	**$0.50**	**$0.50**	**2.75 years**	**610,000**	**$0.50**
30,000	**$0.65**	**$0.65**	**3.00 years**	**10,000**	**$0.65**
813,000	**$0.65**	**$0.65**	**3.25 years**	**753,000**	**$0.65**
625,000	**$0.75**	**$0.75**	**3.50 years**	**625,000**	**$0.75**
860,000	**$0.70**	**$0.70**	**4.00 years**	**695,000**	**$0.70**
100,000	**$1.40**	**$1.40**	**4.50 years**	**20,000**	**$1.40**
600,000	**$0.75**	**$0.75**	**5.00 years**	**460,000**	**$1.40**
4,610,500		**$0.63**		**4,105,500**	**$0.68**

6. Equity Instruments – continued

The following table summarized information for the stock options outstanding at December 31, 2005:

Options outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
160,000	$0.10	$0.10	2.25 years	160,000	$0.10
300,000	$0.25	$0.25	3.75 years	300,000	$0.25
40,000	$0.50	$0.50	3.65 years	40,000	$0.50
572,868	$1.00	$1.00	0.75 years	572,868	$1.00
555,000	$0.50	$0.50	4.00 years	555,000	$0.50
50,000	$0.65	$0.65	4.00 years	50,000	$0.65
650,000	$0.50	$0.50	3.75 years	650,000	$0.65
100,000	$0.65	$0.65	4.00 years	40,000	$0.65
250,000	$0.65	$0.65	4.00 years	250,000	$0.65
845,000	$0.65	$0.65	4.25 years	765,000	$0.65
625,000	$0.75	$0.75	4.50 years	612,500	$0.75
875,000	$0.70	$0.70	5.00 years	630,000	$0.70
5,022,868		$0.58		4,625,368	$0.57

d) <u>Compensation expense for share options</u>
Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

For options issued in 2006, the fair value of stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield Nil (2005 – Nil), expected volatility 55% (2005 – 44-59%); risk-free interest rate 4.04% (2005 – 2.25 - 3.35%); and weighted average life of 5 years (2005 - 5 years), fair value of $0.39 per option (2005 - $0.46 per option).

As at December 31, 2006, $311,500 (2005 - $746,200) has been recorded as stock based compensation related to the options issued to employees and directors with the corresponding amount charged to stock compensation expense.

e) <u>Warrants outstanding</u>

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

Total issued and outstanding	**Expiry**	**Number**	**Price**
Balance, December 31, 2005	Mar 2006 & Dec 2007	1,334,346	$1.00
Issued	Mar 2008 & Jun 2008	4,457,294	$0.80 - $1.00
Exercised	Dec 2007	(1,269,285)	($1.00)
Expired	Mar 2006	(65,061)	($1.00)
		4,457,294	**$0.80 - $1.00**

461,538 half share purchase warrants (2 warrants required for purchase of 1 share) were issued with an exercise price of $0.80 per share as part the unit offering in the flow-through financing completed September 2006. 4,226,525 full share purchase warrants were issued at $1.00 as part of the unit offering in the financing completed in December 2006.

6. Equity Instruments – continued

As at December 31, 2005, the Company had the following share purchase warrants outstanding:

Total Issued and outstanding	Expiry	Number	Price
Balance, December 31, 2004	Feb 2004 to Sep 2005	5,953,166	$0.20-$1.00
Issued	Mar 2006 to Dec 2007	1,324,490	$1.00
Exercised	Feb 2005 to Mar 2006	(2,960,000)	$0.20-$1.00
Expired	Dec 2005	(2,983,310)	$1.00
Balance, December 31, 2005		1,334,346	
Agent's warrants to be issued	Mar 2006	189,456	$1.00
Total issued and outstanding at December 31, 2005		1,523,802	$0.20-$1.00

f) Contributed surplus

	2006	2005
Options		
Balance, beginning of year	**$ 1,289,053**	$ 678,441
Granted – employees (Note 6 (c))	**311,500**	746,200
Exercised	**(245,839)**	(135,471)
Expired	**-**	(117)
Balance, end of year	**$ 1,354,714**	$ 1,289,053

g) Shareholder rights protection plan
The shareholders have approved a plan which the directors intend to implement at their discretion to provide adequate time for the shareholders and the directors to seek alternatives to, and to assess the merits of, bids for the shares of the Company. This plan attaches special rights to the issued shares of the Company. These special rights are void to a bidder who seeks to acquire more than 20 % of the voting shares of the Company.

7. Per Share Amounts

The calculation of income (loss) per share have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2006 of 47,875,207 shares (2005 – 42,771,045).

	Number of Shares	
	2006	2005
Weighted average number of common shares outstanding	**47,875,207**	42,771,045
Effect of dilutive securities:		
Stock Options	**830,242**	-
Warrants	**10,989**	-
Diluted weighted average number of common shares outstanding	**48,716,438**	42,771,045

7. Per Share Amounts - continued

Excluded from the computation of diluted (loss) earnings per share were:

- 4,226,525 (2005 – 1,523,802) warrants with an average exercise price greater than the average market price of the Company's common shares.
- 100,000 (2005 – 1,197,868) options with an average exercise price greater than the average market price of the Company's common shares.

8. Related Party Transactions

Except as noted elsewhere in these consolidated financial statements, the Company was involved in the following related party transactions during the year:

a) During 2006, directors fees were paid in the amount of $34,000 (2005 - $35,250).

b) Included in administrative expenses is $20,030 (2005 - $32,421) paid for accounting services and related expenses to a director and officer of the Company.

c) Included in flow-through shares issued in the year are 117,500 (2005 – 94,737) shares purchased by directors of the Company and persons related to them, resulting in proceeds to the company of $94,000 (2005 - $94,737). The shares were purchased at the same price as those offered to arms length parties.

d) Legal fees of $172,345 (2005 - $139,615) were paid to a company of which one of the directors is a partner.

e) Management fees of $30,000 and other costs of $36,180 were received from a related company which has common directors.

f) The Company received $7,314 from a related company which has common directors.

Except as disclosed, all related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. The exchange amounts approximate fair values.

9. Asset Retirement Obligation

At December 31, 2006 and 2005, the Company estimate for asset retirement obligations is not material. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages

10. Commitments and Contingent Liabilities

As detailed in Note 5, the Company has entered into various option agreements pursuant to the terms of which it is committed to the following over the next three years:

2007	$200,000 Expenditures, $35,000 Cash Payments, 150,000 Shares
2008	$200,000 Expenditures
2009	$200,000 Expenditures

At the beginning of the year the company was committed to incur exploration expenditures of $458,769, of which $338,687 must be expended in British Columbia, to meet the renouncement requirements from the issuance of flow through shares in the previous year. This requirement has been fulfilled. The Company is committed to incur exploration expenditures of $2,061,700 in 2007 to meet the renouncement requirements from the issuance of flow-through shares in December 2006, of which $945,700 must be expended in British Columbia.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

Additionally, in the ordinary course of business, other indemnifications may have also been provided pursuant to provisions of purchase and sale contracts, service agreements, joint venture agreements, operating agreements and leasing agreements. In these agreements, the Company has indemnified counterparties if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

11. Financial Instruments

As disclosed in Note 2 (g), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk and currency risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

11. Financial Instruments - continued

a) Concentration risk
At December 31, 2006 and 2005, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions.

At December 31, 2006, 84% (2005 – 13%) of the Company's accounts receivable and 75% (2005 – 6%) of revenue was from one company. As a result, the Company was exposed to all the risks associated with that company.

b) Currency risk
Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

12. Statement of Cash Flow

a) Pursuant to option agreements the Company issued 175,000 (2005 – 350,000) common shares to the property owners with an attributed value of $124,500 (2005 - $251,250).

b) Pursuant to certain mineral property option agreements, the Company received 74,074 (2005 – 399,074) shares with an attributed value of $906,665 (2005 - $657,129).

c) Pursuant to the Plan of Arrangement, properties were transferred to Copper Canyon Resources Ltd. valued at $754,285 (note 1).

d) Pursuant to a Shares for Debt Agreement, the Company received 9,160,658 shares with a value of $458,034. This value was based on the estimated value of the shares as determined by companies on the date of the agreement which was $0.05 per share. The debt was for exploration services provided by Bootleg Exploration to Golden Cariboo Resources Ltd.

e) At December 31, 2006, the Company held cashable guaranteed investment certificates (GIC's) bearing interest rates from 2.15% to 4.14% (2005 – 1.25% to 3.10%) with maturity terms of January 2, 2007 to March 19, 2007 (2005 – January 3, 2006 to January 17, 2006). All of these GIC's are cashable before maturity and have been treated as cash equivalents.

13. Income Taxes

The effective tax rate of income tax varies from the statutory rate as follows:

	2006	2005
Statutory tax rates	**34%**	36%
Expected income tax recovery (payable) at statutory rates	**$ 179,642**	$ (867,894)
Stock compensation	**105,910**	268,632
Gain on sale of long-term investments	**(146,329)**	(41,610)
Adjustment to opening tax pools	**52,797**	-
Rate change	**(30,394)**	-
Change in valuation allowance	**(173,382)**	-
Other permanent differences	**9,807**	6,112
	$ (1,949)	$ (634,760)

At the end of the year, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools:

	2006	2005
Undepreciated capital cost	**$ 298,594**	$ 162,027
Cumulative eligible capital	**14,505**	15,597
Non-capital losses carried forward for tax purposes available from time to time until 2010	**1,292**	482,837
Cumulative Canadian exploration expenses (“CEE”)	**2,440,515**	763,972
Undeducted share issue costs carried forward	**470,602**	443,865
	$3,225,508	$ 1,868,298

These pools are deductible from future income at rates prescribed by the Canadian Income Tax Act. The pools have not been adjusted for $2,061,700 of CEE to be incurred in 2007.

The components of the Company’s future income tax liability are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	**2006**	2005
Property and equipment	**$ (1,839,751)**	$(1,137,157)
Unused tax losses carry forward	**439**	173,821
Share issue costs	**160,004**	159,791
Future income tax	**(1,679,308)**	(803,545)
Valuation allowance	**(439)**	(173,821)
Future income tax liability	**$ (1,679,747)**	$ (977,366)

	December 31 2005	Acquisition and Exploration	Grants,Option Payments & Mineral Tax Credits	Property Transfers	**December 31 2006**
British Columbia	3,699,291	1,133,508	(939,435)	(690,269)	**3,203,095**
NW Territories	283,091	1,067,064	(256,725)	**-**	**1,093,430**
Yukon	235,374	672,484	47,159	(64,016)	**891,001**
Saskatchewan	-	537,738	-	**-**	**537,738**
	4,217,756	3,410,794	(1,149,001)	(754,285)	**5,725,264**

	December 31 2004	Acquisition and Exploration	Grants,Option Payments & Mineral Tax Credits	Property Written Off	December 31 2005
British Columbia	2,644,261	1,716,918	(657,704)	(4,184)	3,699,291
NW Territories	93,109	189,982	-	**-**	283,091
Yukon	1,352,642	280,713	(134,409)	(1,263,572)	253,374
	4,090,012	2,187,613	(792,113)	(1,267,756)	4,217,756

	2006 Claims	**Hectares**	2005 Claims	Hectares
British Columbia	**570**	**121,424**	583	125,764
Northwest Territories	**63**	**240,857**	49	1,023
Yukon	**681**	**12,882**	711	13,512
Saskatchewan	**7**	**21,805**	-	-
		396,968		140,299