

BRETT RESOURCES INC.

Consolidated Financial Statements

**3rd Quarter
for May 31, 2006 and 2005**

BRETT RESOURCES INC.
Consolidated Financial Statements
As at May 31, 2006

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

"Thomas Hasek"

"Robert V. Matthews"

Thomas Hasek
President and CEO

Robert V. Matthews
Chief Financial Officer

Vancouver, British Columbia
July 28, 2006

The accompanying notes are an integral part of these consolidated financial statements.

BRETT RESOURCES INC.
Consolidated Balance Sheets (note 2)
Unaudited – prepared by management

	May 31, 2006	August 31, 2005
Assets		
Current		
Cash and cash equivalents	\$ 639,708	\$ 322,260
Accounts receivable	-	523
Prepaid expenses and deposits	1,000	1,000
	640,708	323,783
Investment in Mineral Properties (note 6)	485,544	100,002
Office Equipment, net	12,142	-
	\$ 1,138,394	\$ 423,785
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 87,401	\$ 28,272
Shareholders' Equity		
Capital Stock (note 7)	11,377,759	10,624,910
Share Subscription Receivable (notes 7 and 8)	-	(21,000)
Contributed Surplus (note 7)	239,931	91,550
Deficit	(10,566,697)	(10,299,947)
	1,050,993	395,513
	\$ 1,138,394	\$ 423,785

Approved on behalf of the Board:

“Ronald K. Netolitzky”

.....
Ronald K. Netolitzky

“Thomas Hasek”

.....
Thomas Hasek

The accompanying notes are an integral part of these consolidated financial statements.

BRETT RESOURCES INC.
Consolidated Statements of Operations and Deficit
Unaudited – prepared by management

	For the three months ended May 31		For the nine months ended May 31	
	2006	2005	2006	2005
Administrative Expenses				
Property evaluations	\$ 3,047	\$ 35,847	\$ 29,888	\$ 230,184
Professional fees	998	24,709	21,443	80,591
Consulting fees	24,100	7,500	75,555	22,500
Investor relations	5,964	-	10,414	-
Listing and transfer agent fees	8,508	1,908	21,581	12,289
Rent and administration	4,200	6,585	10,675	13,445
Shareholder communications	3,408	1,140	8,215	9,968
Office and miscellaneous	5,855	-	10,130	-
Stock-based compensation (note 7)	64,209	-	148,381	-
Amortization	694	-	1,032	680
Loss before other items	(120,983)	(77,689)	(337,314)	(369,657)
Other Items				
Interest income	4,583	1,474	9,725	5,317
Mineral properties written-off	-	-	-	(8,337)
Future inc. tax recovery (note 10)	-	-	60,839	-
	4,583	1,474	70,564	(3,020)
Net Loss for Period	(116,400)	(76,215)	(266,750)	(372,677)
Deficit, Beginning of Period	(10,450,297)	(10,024,858)	(10,299,947)	(9,728,396)
Deficit, End of Period	\$ (10,566,697)	\$ (10,101,073)	\$ (10,566,697)	\$ (10,101,073)
Loss Per Share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted Average Number of Shares Outstanding	21,466,051	18,661,475	20,106,476	18,661,475

The accompanying notes are an integral part of these consolidated financial statements.

BRETT RESOURCES INC.
Consolidated Statements of Cash Flows
Unaudited – prepared by management

	For the three months ended May 31		For the nine months ended May 31	
	2006	2005	2006	2005
Operating Activities				
Net loss	\$ (116,400)	\$ (76,215)	\$ (266,750)	\$ (372,677)
Items not involving cash				
Mineral properties written off	-	-	-	8,337
Office equipment written off	-	-	-	3,856
Stock-based compensation	64,209	-	148,381	-
Amortization	694	-	1,032	680
Future income tax recovery	-	-	(60,839)	-
Changes in Non-Cash Working Capital				
Accounts receivable	8,192	17,893	524	15,720
Accounts payable and accrued	67,276	(33,086)	59,128	(54,764)
Cash Used in Operating Activities	23,971	(91,408)	(118,524)	(398,848)
Financing Activities				
Proceeds on issuance of capital stock	177,308	-	676,438	-
Agreement cancellation payments	58,050	-	58,050	-
Cash Provided by Financing Activities	235,358	-	734,488	-
Investing Activities				
Acquisition of mineral property	(10,752)	-	(60,998)	-
Expenditures on mineral properties	(219,115)	-	(281,294)	38,353
Property option payments received	56,950	-	56,950	-
Office equipment	(11,000)	-	(13,174)	-
Cash provided by (used in) investing	(240,367)	-	(298,516)	38,353
Inflow (outflow) of cash	18,962	(91,408)	317,448	(360,495)
Cash and cash equiv, beginning of period	620,746	319,328	322,260	588,415
Cash & cash equivalents, end of period	\$ 639,708	\$ 227,920	\$ 639,708	\$ 227,920
Non-cash items				
Issuance of shares for property	\$ 158,250	\$ -	\$ 158,250	\$ -
Issuance of shares for commission	\$ -	\$ -	\$ -	\$ -
Supplemental cash information				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

BRETT RESOURCES INC.
Notes to Consolidated Financial Statements
May 31, 2006 and 2005

1. INCORPORATION AND NATURE OF OPERATIONS

Brett Resources Inc. (the "Company") was incorporated under the Company Act of British Columbia on September 11, 1986. The Company's principal business activity is the exploration for and development of natural resource properties.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company operates primarily in the mining industry. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved any commercial production.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of the amounts shown for mineral property interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to permitting and environmental protection, and upon future profitable operations or proceeds from the disposition thereof.

	May 31	August 31
	2006	2005
Working capital	\$ 553,307	\$ 295,511
Deficit	(10,566,697)	(10,299,947)

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries Gridiron Exploration Ltd. (British Columbia), Compania Minera Magallanes S.A. (Peru), Brett Resources El Salvador, S.A. de C.V., formerly Exploracion Lucero S.A. de C.V., (El Salvador) and Brett Alaska Resources Inc. All significant intercompany balances and transactions are eliminated.

Cash and cash equivalents

Securities with original maturities of three months or less are considered to be cash equivalents.

Deferred expenditures

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties, net of all incidental revenues received. At such time as commercial production commences, these costs are charged to operations on a unit-of-production method based on estimated recoverable reserves. When there is little prospect of further work on a property being carried out by the Company, the costs of that property are charged to operations.

BRETT RESOURCES INC.
Notes to Consolidated Financial Statements
May 31, 2006 and 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is at the same rate as the related asset), at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

Loss per share

Loss per share computations are based on the weighted average number of common shares outstanding during the year. Diluted loss per share has not been presented, as the effects are anti-dilutive.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The adoption of this accounting policy has not affected the Company's financial statements.

Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Stock-based compensation

The Company accounts for stock options granted to directors, employees and consultants using the fair value method. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model charged to operations over the vesting period with a corresponding increase in contributed surplus. Upon exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to capital stock.

Comparative Figures

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

4. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values because of the short maturity of these financial instruments.

Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

Credit risk

The Company is not exposed to significant credit risk.

Currency risk

The Company is exposed to foreign currency fluctuations to the extent that mineral property expenditures incurred by the Company are not denominated in Canadian dollars.

5. REALIZATION OF ASSETS

The Company's investment in mineral properties comprises a significant portion of the Company's assets. Realization of the Company's investment in these properties is dependent on establishing legal ownership of the properties, and on the attainment of successful commercial production or from the proceeds of disposal.

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6. INVESTMENT IN MINERAL PROPERTIES

	Other ⁽¹⁾	El Salvador	Peru	Canada	Alaska, US	Total
Balance,						
August 31, 2004	\$ 212,250	\$ 200,000	\$ -	\$ -	\$ -	\$ 412,250
Additions	25,361	-	-	-	-	25,361
Option payments						
Received	-	(182,611)	-	-	-	(182,611)
Option payments credited to						
Income	-	82,612	-	-	-	82,612
Write-downs	(237,610)	-	-	-	-	(237,610)
Balance,						
August 31, 2005	\$ 1	\$ 100,001	\$ -	\$ -	\$ -	\$ 100,002
Additions	-	147,526	52,417	118,464	124,085	442,492
Option payments	-	(56,950)	-	-	-	(56,950)
Cancellation pymnt	-	(58,050)	-	-	-	(58,050)
Write-downs	-	-	-	-	-	-
Balance,						
May 31, 2006	\$ 1	\$ 132,527	\$ 52,417	\$ 176,514	\$ 124,085	\$ 485,544

⁽¹⁾ includes write down of \$229,273 and \$8,337 of Honduras and Argentinean mineral property interests respectively, in 2004.

El Salvador

Santa Clara/Gaspar/Cerro Bonito: The Company held 100% of two exploration licenses on this gold-silver project located in eastern El Salvador. On August 1, 2002, the Company entered into a joint venture agreement ("JV") on the project with Pacific Rim Mining Corp. ("Pacific Rim") and under the JV, the Company's two licenses were terminated, and two new licenses (totalling 82 square kilometres) were granted to the JV operator under the new mining laws of El Salvador. The JV operator did not meet their obligations to vest in the JV and terminated the agreement in late 2003. According to the terms of the JV, the new licenses were to be returned to the Company; however, the Ministry of Mines in El Salvador did not approve this transfer. In late 2004, the Company re-applied for one new exploration license covering the remaining prospective ground. In February 2005, the Company entered into a letter agreement with Wealth Minerals Ltd. ("Wealth"), allowing Wealth the right to acquire a joint venture interest in the project, but this agreement was not finalized as the time frame outlined in the letter agreement expired prior to completion of all definitive documentation. In June 2005, the Ministry of Mines in El Salvador approved this new 47 square kilometre license, the Cerro Bonito License.

In 2004, management wrote down its costs at Santa Clara/Gaspar to \$100,000.

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El Salvador (Cont'd...)

On January 4, 2006, the Company entered into an agreement whereby Placer Dome Exploration ("Placer") was granted an option to earn up to an 80% interest in the Cerro Bonito licence in Eastern El Salvador. Terms call for US \$200,000 in payments over 3 years (US \$50,000 upon signing was paid to the Company) and \$4,000,000 in expenditures over 4 years to earn a 70% interest. An additional 10% equity may be earned within the succeeding four years by funding a feasibility study, spending not less than \$1,000,000 per year until completion of the feasibility study at which point the project will convert to a joint venture.

Barrick Gold Corporation acquired Placer in February 2006, and in May negotiated a termination of the Santa Clara option. Refer to Note 9. Subsequent Events for an update.

El Potosi: The Company holds 100% of the rights to the 48 square kilometres El Potosi area, located 90 kilometres east of the capital city of San Salvador.

During the year ended August 31, 2002, the Company entered into an agreement with Tournigan Ventures Corporation ("Tournigan") whereby Tournigan had an option to acquire a 100% interest in the El Potosi concession by making payments as follows:

- US \$25,000 within 30 days of signing the agreement (received);
- US \$25,000 on the first anniversary (received);
- US \$50,000 on the second anniversary (received);
- US \$100,000 on the third anniversary (received); and
- US \$1,250,000 on the fourth anniversary (August 31, 2006)

Tournigan could delay payment of the final US \$1,250,000 payment until the fifth anniversary of the agreement by paying the Company US \$150,000 on the fourth anniversary date. The Company will retain a 1% net smelter royalty ("NSR") on production of gold and silver in excess of 200,000 ounces.

In 2004, management wrote down its costs at El Potosi to \$100,000. The third and fourth option payments totalling \$182,611 were received during the year ended August 31, 2005. The Company applied \$99,999 of the option payments against the carrying value of the property. The remaining \$82,612 received in excess of the carrying value was credited to operations. The El Potosi property is now recorded at a nominal value of \$1.

In February 2004, Tournigan assigned the option of El Potosi to Condor Resources Limited ("Condor"). The third and fourth option payments totalling \$150,000 were made by Condor.

Peru

Cerro Condorini: On January 16, 2006, the Company acquired, by staking, a 100% interest in a 1,000 hectare silver, lead and zinc prospect in southern Peru.

Alaska

Sleitat: On August 17, 2005, the Company entered into a Letter of Intent ("LOI") with Solomon Resources

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Limited (“Solomon”), a related party with common directors, to option Solomon’s 100% owned Sleitat Mountain tin-silver-tungsten deposit in southwest Alaska. The 3,520-acre Sleitat Mountain project is located approximately 135 kilometres northeast of the coastal town of Dillingham.

Under the terms of the LOI, the Company can acquire an 80% interest in the Sleitat Mountain property by issuing 1,000,000 shares of the Company to Solomon over a four-year period; the first 200,000 shares were issued upon signing. The Company will issue an additional 200,000 shares on each anniversary date of the LOI, as long as the Company has not terminated its interest in the project. Upon the Company vesting at 80% in the property, a Joint Venture will be constituted. Further exploration or development expenditures will be shared 80/20, unless a given party dilutes to less than a 10% participating interest. In such a case, that party would retain only a 1% NSR on subsequent production of any metals from the property.

Coal Creek: On January 11, 2006, the Company acquired by staking claims, a 100% interest in tin prospects in the Alaska Range foothills.

Canada

JC Project (Smart Group), Yukon: On October 4, 2005, the Company acquired by staking, a 100% ownership of the JC tin deposit in south-central Yukon. Four claim groups totalling 32 claims (668 hectares) were staked in the Smart River area located 30 kilometres north of the Alaska Highway, 58 kilometres east of Teslin, 58 kilometres west northwest of Rancheria.

Hammond Reef, Ontario: On March 1, 2006, the Company entered into an agreement with Kinross Gold Corporation (“Kinross”) to earn up to 60% interest in the Hammond Reef gold property near Atikokan, Ontario and issued 200,000 common shares of the Company valued at \$68,000, the first of 5 instalments for a total of 1,000,000 common shares. The Company is committed to expend US\$1,000,000 in the first year on exploration and development of the property for a total of US\$5,000,000 of expenditures in four years. Upon exercise of the option on the fourth anniversary, a 60/40 participating joint venture will be formed to further develop the property. At that time Kinross will have a one-time opportunity to earn back 20% and the right to operate the project, by electing to fund 100% of the next US\$5,000,000 in expenditures.

Manley Patents (within Hammond Reef): On March 23, 2006, the Company acquired the 90 hectare Manley Patents, a group of three patented mining claims covering some of the original high grade gold occurrences within the Hammond Reef property. Now amalgamated with the Kinross property as per the original option agreement with Kinross to acquire a 60% interest in the Hammond Reef project, this acquisition closes a significant gap in the land position. Under the terms of the purchase agreement, the Company will issue the vendor 250,000 common shares of the Company over a 3 year period; the first 100,000 were issued at the execution. The vendor will retain a 2% Net Smelter Return royalty, one half of which may be purchased for \$500,000.

BRETT RESOURCES INC.
Notes to Consolidated Financial Statements
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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of shares	Capital stock	Contributed surplus
Authorized			
100,000,000 common shares without par value			
Issued			
As at August 31, 2004	18,661,475	\$ 10,624,910	\$ 91,550
As at August 31, 2005	18,661,475	\$ 10,624,910	\$ 91,550
For cash:			
Private placement, net of issue costs	2,137,999	495,830	-
Exercise of options	363,167	97,283	-
Exercise of warrants	207,750	62,325	-
For mineral properties	500,000	158,250	-
Stock based compensation	-	-	148,381
Future income tax benefit	-	(60,839)	-
As at May 31, 2006	21,870,391	\$ 11,377,759	\$ 239,931

Private placements

On October 6, 2005, the Company completed a non-brokered private placement of 1,650,000 units at \$0.20 per unit for gross proceeds of \$330,000. Each unit consists of one common share and one-half of a non-transferable share purchase warrant entitling the holder to acquire one common share within two years of issuance. Each full share purchase warrant will be exercisable at \$0.30 per share in year one and at \$0.40 per share in year two. Commissions on a portion of the placement payable were \$4,970 cash and 35,500 broker warrants exercisable at \$0.30 per share for a period of one year.

On December 30, 2005, the Company completed a non-brokered private placement of \$170,800 and issued 488,000 flow through shares at \$0.35 per share. No finders' fees were paid.

As part of its reorganization plans, the Company granted 815,000 options to newly appointed directors, employees and consultants, exercisable for a five-year period at \$0.25 per share.

On March 20, 2006, the Company granted 200,000 options to certain employees and consultants, exercisable for a five-year period at \$0.50 per share.

Share Subscription Receivable

A portion of the amount due for subscribed shares (\$21,000) was owing to the Company in fiscal 2005. The Company collected the share subscription receivable from the past director in fiscal 2006.

BRETT RESOURCES INC.
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Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock option and share purchase warrant transactions are summarized as follows:

	<u>Stock Options</u>		<u>Warrants</u>	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, August 31, 2004	1,425,000	\$ 0.28	5,932,499	\$ 0.28
Granted	-	-	-	-
Exercised	-	0.20	-	-
Expired/cancelled	<u>(225,000)</u>	0.30	<u>(2,475,000)</u>	0.28
Outstanding, August 31, 2005	1,200,000	\$ 0.27	3,457,499	\$ 0.40
Granted	1,015,000	0.30	860,500	0.30
Exercised	(363,167)	0.27	(207,750)	-
Expired/cancelled	<u>(98,500)</u>	0.24	<u>(3,457,499)</u>	0.40
Outstanding, May 31, 2006	1,753,333	\$ 0.29	652,750	\$ 0.30
Number currently exercisable	1,703,333	\$ 0.29	652,750	\$ 0.30

As at May 31, 2006, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	383,333	\$ 0.30	June 11, 2007
	220,000	0.20	June 16, 2008
	150,000	0.30	August 3, 2009
	800,000	0.25	October 18, 2010
	200,000	0.50	March 20, 2011
Warrants	635,000	0.30	October 7, 2006
		then at 0.40	October 7, 2007
	17,750	0.30	October 7, 2006

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Stock-based compensation

On October 18, 2005, the Company granted 815,000 options to consultants, officers and directors. Accordingly, using the Black-Scholes option-pricing model, the stock options are recorded at fair value in the statement of operations. Total stock-based compensation recognized in the statement of operations was \$84,172 and the weighted average fair value of options granted was \$0.16 per share. This amount was also recorded as contributed surplus on the balance sheet.

On March 20, 2006, the Company granted 200,000 options to certain employees and consultants. Accordingly, using the Black-Scholes option-pricing model, the stock options are recorded at fair value in the statement of operations. Total stock-based compensation recognized in the statement of operations was \$64,209 and the weighted average fair value of options granted was \$0.32 per share. This amount was also recorded as contributed surplus on the balance sheet.

There were no options granted in fiscal 2005.

The following weighted average assumptions were used for the valuation of stock options and share purchase warrants:

	2006
Risk-free interest rate	3.74%
Expected life of options and/or warrants	5 years
Annualized volatility	74.2%
Dividend rate	0.00%

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a. paid or accrued consulting fees of \$75,555 (2005 - \$22,500) to companies controlled by directors or officers;
- b. paid or accrued geological services of \$5,100 (2005 - \$84,505) to companies controlled by directors or officers; and
- c. paid \$10,675 (2005 - \$8,250) for office and related costs to a company with a common officer.
- d. included in accounts payable and accrued liabilities is \$23,979 (2005 - \$2,218) owed to directors and officers of the Company; and
- e. a subscription receivable of \$21,000 due from a past director for a portion of his participation in the 2004 private placement and shown as a reduction of equity, was paid in fiscal 2006.

9. SUBSEQUENT EVENTS

Subsequent to the quarter, the Company:

- a. issued 100,000 common shares on exercise of options for proceeds of \$28,333; and
- b. announced a proposed non-brokered private placement to raise \$4 million by issuing \$2 million in flow through shares at \$0.70 per share and \$2 million units at \$0.60 per unit; each unit consisting of one

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common share and one-half share purchase warrant. Each full warrant is exercisable at \$0.80 for a period of two years. The expiry period of the warrants may be reduced, upon notice to holders and at the election of the Company, if the shares trade at a price equal to or greater than \$1.00 per share for 20 consecutive trading days. If this condition is met and the Company so elects, the exercise period will be reduced to 25 business days from the date notice is provided by the Company to the warrant holders. The Company is in the process of closing the first tranche for \$1.25 million flow through and \$2.5 million non-flow through units for a total \$2.4 million; the balance expected in early August.

- c. entered into an option agreement whereby Kinross Gold Corporation may earn 66 $\frac{2}{3}$ interest in the Santa Clara project in El Salvador. Over 4 years, Kinross will expend US \$5 million in exploration of the property, with a minimum of US\$500,000 in the first year. In addition, Kinross agreed to underwrite a portion of the private placement in the Company, discussed in point b.) above, in the amount of US \$750,000 consisting of approximately 1,400,000 units as per the terms described above for non-flow through units.

9. FUTURE INCOME TAX BENEFIT

During fiscal 2006, the Company renounced mining expenditures, which flow through to investors incurring a future income tax benefit.

BRETT RESOURCES INC.
FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS – 3RD QUARTER OF FISCAL 2006

The following Management Discussion and Analysis (“MD&A”), prepared as of *July 21, 2006*, should be read in conjunction with the Company’s interim consolidated financial statements for the quarter ended May 31, 2006 as well as the Company’s audited consolidated financial statements, related notes and annual MD&A for the year ended August 31, 2005. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all numbers are reported in Canadian dollars, unless otherwise noted.

This information may contain forward-looking statements that involve inherent risks and uncertainties. The Company’s actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events.

Description of Business and Overall Performance

Brett Resources Inc. (hereinafter referred to as “Brett” or the “Company”) is a mineral exploration stage corporation company. The Company’s main properties are located in Latin America, Canada and Alaska. Brett and its wholly owned subsidiary, Gridiron Exploration Ltd., conduct their activities through local subsidiary companies. The Company is a reporting issuer in British Columbia, Alberta, and Saskatchewan and trades on the TSX Venture Exchange under the symbol BBR.

During the most recently completed quarter, the option to Placer Dome Exploration Inc. (“Placer”) of the Santa Clara property in El Salvador, was terminated by a decision of the parties, effective April 28, 2006, shortly after the takeover of Placer by Barrick Gold Corporation. Placer relinquished all interest in the Property, including outlays of a US\$50,000 option payment and US\$58,050 cash call towards planned exploration expenditures that did not occur under the option and so, considered to be a cancellation payment.

The Company subsequently entered into an option agreement whereby Kinross Gold Corporation (“Kinross”) may earn 66 ⅔% interest in the Santa Clara project in El Salvador. Over 4 years, Kinross will be required to expend US \$5 million in exploration of the property, with a minimum of US \$500,000 in the first year to become vested in the project. In addition, Kinross agreed to underwrite a portion of the announced private placement in the Company, discussed in the following paragraph, in the amount of US \$750,000 consisting of approximately 1,400,000 units; terms discussed in the following paragraph.

To fund current exploration programs, the Company announced a proposed non-brokered private placement on July 5, 2006 to raise \$4 million by issuing \$2 million in flow through shares at \$0.70 per share and \$2 million in units, of which Kinross will take a portion, at \$0.60 per unit; each unit consisting of one common share and one-half share purchase warrant. Each full warrant is exercisable at \$0.80 for a period of two years.

The Company completed and SEDAR filed technical NI 43-101 reports for JC Tin Project in the Yukon, Sleitat Mountain Tin-Silver-Tungsten property in Alaska, and the Hammond Reef Gold property in Ontario.

Current working capital at July 21, 2006 is approximately \$2,000,000 and with the completion of the financing, there will be sufficient funds to complete exploration programs for 2006 and to more than cover general and administrative expenses for the up-coming year.

Quarterly results

In the third quarter ended May 31, 2006, the Company had a net loss of \$116,400 as compared to a net loss of \$76,215 for the same quarter in fiscal 2005. The following discussion explains the variations in the key components of these numbers.

The Company's general and administrative expenses are averaging \$30,000 a quarter before property expenditures. The largest component of administrative expenses this quarter was stock-based compensation charges of \$64,209 using the Black-Scholes pricing-module to determine fair market value of the 200,000 options granted to certain employees and consultants exercisable at \$0.50 per share for a period of 5 years. Consulting fees of \$24,100 (2005 - \$7,500) were charged by directors and an officer during the period. Other general and administrative costs for office rent and administration of \$4,200 (2005 - \$6,585), professional fees \$908 (2005 - \$24,709).

Property evaluations and research in the current quarter were \$3,047 (2005 - \$35,847).

Liquidity and capital resources

The Company relies on the capital markets and the economic trends to generate funds to finance operations and explorations.

When acquiring mineral properties the Company will sometimes issue its own stock to the vendor of the property as partial or full consideration for the property.

The Company spent \$219,115 (2005 - \$ nil) in mineral property expenditures in the most recent quarter; 500,000 shares were issued for mineral properties valued at \$158,250 (2005 - \$ nil) and \$10,752 (2005 - \$ nil) in mineral property acquisition costs.

At May 31, 2006 the Company had no long-term debt or other commitments and working capital was \$553,307. Subsequent to the quarter ending, a private placement was initiated to raise \$4 million in a 50:50 combination of flow through and non-flow through shares, the latter with a ½ warrant. With the completion of this private placement, expected to be early August, there will be sufficient funds to cover the cost of operating the Company for the next year and fund the exploration programs currently in progress.

Summary of Quarterly Results

The following tables report selected financial information of the Company for the past eight quarters.

Quarter ended	31-May-06	28-Feb-06	30-Nov-05	31-Aug-05
Capitalized property acquisition and exploration costs	\$ 329,567 ⁽²⁾	\$ (20,608) ⁽⁴⁾	\$ 76,583	\$ (265,559) ⁽⁷⁾
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (116,400) ⁽³⁾	\$ (14,030) ⁽⁵⁾	\$ (136,320) ⁽⁶⁾	\$ (198,874) ⁽⁸⁾
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Summary of quarterly results (cont'd...)

Quarter ended	31-May-05	28-Feb-05	30-Nov-04	31-Aug-04
Capitalized property acquisition and exploration costs	\$ -	\$ 16,922	\$ (63,611)	\$ (1,001,516)
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (76,215)	\$ (118,990)	\$ (177,472)	\$ (1,256,518) ⁽⁹⁾
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.07)

(1) being in the exploration stage, the company does not have revenues from operations.

(2) includes \$58,050 in forfeited payments towards exploration expenditures by Placer (now Barrick Gold Corporation) subsequent to the decision by all parties to terminate the option agreement on the Santa Clara property in El Salvador.

(3) includes \$ 64,209 stock-based compensation.

(4) includes \$56,950 CAD equivalent of \$50,000 US, option payment from Placer for the Santa Clara property.

(5) includes \$ 60,839 future income tax recovery from renounced expenditures flowed through to investors.

(6) includes \$ 84,172 stock-based compensation.

(7) includes \$ 237,610 in mineral property write-offs.

(8) includes \$ 74,640 stock based compensation.

(9) includes \$ 1,010,094 in mineral property write-offs.

Mineral properties and expenditures

At May 31, 2006, the Company's mineral properties and expenditures thereon were as follows:

	HAM-MOND REEF	JC PROP	SLEI-TAT MTN.	COAL CREEK	S.CLARA EL SAL-VADOR	CONDOR -INI PERU	OTHER	TOTAL
BALANCE, AUG.31, 2005	\$ -	\$ -	\$ -	\$ -	\$100,001	\$ -	\$ 1	\$ 100,002
LAND COSTS	110,346	18,914	53,204	26,930	23	9,831	-	219,248
ANALYTICAL SERVICES	-	-	1,886	-	321	4,498	-	6,705
DRILLING / TRENCHING	-	-	563	228	78,156	-	-	78,947
FIELD SUPPORT	-	-	265	-	12,014	8,951	812	22,042
GEOLOGY / GEOPHYSICS	19,066	20,305	8,867	27,702	51,719	14,445	-	142,104
LOCAL OFFICE & LEGAL	-	-	-	-	-	7,769	-	7,769
MAPS AND REPORTS	2,544	-	33	-	-	-	-	2,577
TRAVEL/TRANSPORT COSTS	2,040	3,299	3,901	506	4,481	6,923	-	21,150
CURRENT YEAR EXPENDITURES	133,996	42,518	68,719	55,366	146,714	52,417	812	500,542
TOTAL EXPENDITURES	133,996	42,518	68,719	55,366	246,715	52,417	813	600,544
WRITE OFF OF MINERAL PROPERTY INTERESTS	-	-	-	-	-	-	-	-
OPTION PAYMENTS	-	-	-	-	(56,950)	-	-	(56,950)
CANCELLATION PYMNTS	-	-	-	-	(58,050)	-	-	(58,050)
BALANCE, MAY 31, 2006	\$ 133,996	\$ 42,518	\$ 68,719	\$ 55,366	\$ 131,715	\$ 52,417	\$ 813	\$ 485,544

Mineral properties and expenditures (cont'd...)

Santa Clara, El Salvador: In January 2006, Placer Dome Exploration Inc., ("Placer") acquired an option to earn up to an 80 % interest in the Cerro Bonito license, the Company's wholly owned Santa Clara Property in eastern El Salvador. Barrick Gold Corporation acquired Placer Dome in February 2006, and in May negotiated a termination of the Santa Clara option. On June 22nd Kinross Gold Corporation subsequently acquired an option to earn a 66 ⅔ interest in the Cerro Bonito license upon the following terms: Kinross will expend US \$5 million on exploration of the property over 4 years, with a minimum of US \$500,000 in the first year. In addition, Kinross will underwrite a private placement in Brett in the amount of US \$750,000 through the purchase of approximately 1,400,000 units. Each unit will be priced at \$0.60 and will be comprised of one common share and one half of one share purchase warrant, subject to a four-month hold period. Each full warrant will be exercisable into one common share of the Company at an exercise price of \$0.80. The warrants will have a two-year term and an accelerator clause whereby if Brett's stock closes at or above \$1.00 per share for 20 consecutive trading days, the expiry date may be reduced, at the election of Brett and upon written notice to Kinross, to thirty days from the triggering event. Upon completion of the Kinross earn-in, the project will be operated as a standard joint venture with each participant carrying its pro rata share of costs. The agreement incorporates an area of influence clause whereby the subject property has been enlarged to include the new Jicaras Largas license, a 36 square kilometre area lying immediately adjacent to the west of Cerro Bonito. A core drilling program was initiated at the south of the property in late May, and is continuing, currently in the central Santa Clara mine area.

El Potosi, El Salvador: Condor Resources Limited ("Condor"), the optionee of the property, completed a diamond drilling program on the property. A news release is pending.

Sleitat, Alaska: An NI 43-101 technical report was filed on the SEDAR website for the Sleitat Mountain Tin-Silver-Tungsten property, which has been optioned from Solomon Resources Limited ("Solomon"), located approximately 135 km northeast of the coastal town of Dillingham.

The prospect is exposed in a saddle on Sleitat Mountain, where tin, tungsten silver and gold occur in an east-west trending, steeply dipping greisen zone that extends nearly 1 kilometre along trend. The mineralized greisen varies from 30 to 240 metres wide and, based on results of drilling by Cominco in 1989, extends at least to a minimum depth of 90 metres. An 826 kg bulk sample collected and analyzed by the US Bureau of Mines and reported by Alaska State Department of Natural Resources geologist Robert Burleigh in 1991 assayed 0.37% tin, 17 g/t silver and 432 ppm tungsten. Cominco drilling results include a 29.4 meter intersection of 1.6% tin (including 3.1 metres grading 12.6% tin and 198 g/t silver).

A 750 metre helicopter-supported core-drilling program commenced in early July to confirm and extend historical results, and is nearing completion.

Coal Creek, Alaska: The Company acquired a 100% interest in the Coal Creek tin prospect in the foothills of the Alaska Range by staking. Located 200 kilometres due north of Anchorage, the property lies 8 kilometres west of the Hurricane rail station, just west of the Parks Highway between Anchorage and Fairbank.

The 971 ha (2,400 acres) property covers an area that was subject to an intensive exploration program between 1982 and 1988 by a joint venture of Houston International Minerals Corporation and Billiton Exploration U.S.A. Inc., including 42 diamond drill holes to depths of up to eight hundred feet. Most of the core is archived in the State operated storage facility near Anchorage. Previous work included an inferred resource estimate of five million tons at a grade of 0.27% Sn (1982 unpublished Field Report - Houston International Minerals) with "important" silver credits along with possible fluorine, zinc, and tungsten credits. There is also excellent potential for defining smaller, higher-grade resources in nearby skarn deposits. Intercepts such as 0.25% Sn with 16g Ag over 140' in hole DDH 32 are typical as the basis for this estimate. This mineral resource was estimated prior to the adoption of Canadian Securities Regulators' National Instrument 43-101 and should be considered as historical. The reader is cautioned that the resource estimate has not been verified by the issuer's qualified person and should not be relied upon. The data assembled to date covers most of the significant drill intercepts and locations, and while only appropriately verified selections may be included in future resource assessments, the data as a whole will provide a useful database for planning further exploration. Preliminary metallurgical analysis of selected core samples indicated that the tin mineralization could readily be liberated from the gangue materials, and that the mineralized drill intercepts investigated had good potential for the production of a high-grade tin concentrate.

A 750 metre core drilling program to confirm and expand on historical results is due to commence.

Mineral properties and expenditures (cont'd...)

Cerro Condorini, Peru: In January 2006, the Company acquired, by staking, a 100% interest in this 1000 hectare zinc-lead-silver prospect in southern Peru. An initial program of mapping and sampling yielded sufficient encouragement that a second contiguous 900 hectare claim was staked to the east of the original ground. Subsequent mapping and sampling uncovered a zone of greater than 15% Zn over a true width of 20 metres, as well as other zones anomalous in lead silver and zinc. A confidentiality agreement has been executed with a group interested in the possible acquisition of this prospect.

Hammond Reef, Canada: In March 2006, the Company entered into an agreement with Kinross Gold Corporation (“Kinross”) to earn up to a 60% interest in Kinross’ Hammond Reef gold property near Atikokan, Ontario. The terms of the option agreement require the Company to expend a total of US \$5,000,000 on exploration and development of the property within four years, with US \$1,000,000 to be spent in the first year; and to issue to Kinross a total of 1,000,000 shares of the Company in five equal tranches, the first 200,000 common shares were issued upon execution and the rest are to be issued on each anniversary of the Agreement. Upon exercise of the option on the fourth anniversary, a 60/40 participating joint venture will be formed to further develop the property. At that time Kinross will have a one-time opportunity to earn back 20% and the right to operate the project, by electing to fund 100% of the next US \$5,000,000 in expenditures.

Manley Patents, Canada: The Company entered into an agreement to acquire the 90 hectare Manley Patents, a group of 3 patented mining claims situated entirely within the Kinross Hammond Reef property (see above). Now amalgamated with the Kinross property and covered by the option agreement with Kinross to acquire a 60% interest in the Hammond Reef project, this inclusion of the Manley Patents has closed a significant gap in the land position and now allows for a rationalization of exploration along the gold bearing Hammond Reef Schist Zone, of which 500 metres strike length is covered by the Manley Patents. Under the terms of the option agreement, the Company will issue the vendor, 250,000 common shares of the Company over a 3 year period, with the first 100,000 issued at the execution. The vendor will retain a 2% Net Smelter Return royalty, one half of which may be purchased for \$500,000.

The Company’s agreement with Kinross Gold Corporation and the vendor of Manley Patents are as follows:

	SHARE ISSUANCES TO KINROSS	SHARE ISSUANCES TO MANLEY PATENTS VENDOR	EXPENDITURES (EXPLORATION COMMITMENTS) US\$
March 1, 2006	200,000 issued		
May 31, 2006		100,000 issued	\$ 1,000,000 1 st year
March 1, 2007 ⁽¹⁾	200,000	50,000	\$ 1,000,000
March 1, 2008	200,000	50,000	\$ 1,000,000
March 1, 2009	200,000	50,000	\$ 1,000,000
March 1, 2010	200,000		\$ 1,000,000
	<u>1,000,000</u>	<u>250,000</u>	<u>\$ 5,000,000</u>

- (1) Assumption made that dates of issuance to Manley Patents vendor will correspond with Kinross anniversary dates of share issuances.

Data assembly and review in April and May was followed by line cutting to re-establish and extend cut-line survey grids from previous work, with a view to undertaking an intensive diamond drilling project together with mapping, prospecting, as well as geochemical and geophysical surveys to continue through the second half of the year. A minimum 15,000 metre core drilling contract was tendered and a contractor has been selected. Camp construction and road improvement work is planned to commence shortly.

Mineral properties and expenditures (cont'd...)

JC Project (Smart Group), Yukon: A three week program of mapping, sampling and geophysics was undertaken in July to confirm and extend values from earlier work, with a view to laying groundwork for a core drilling program to follow.

Transactions with related parties

In mid October 2005, new management and directors were installed. Details of the corporate restructuring were explained in the annual MD&A and a news release dated October 18, 2005.

Geological and management consulting services were provided to the Company by various directors and officers charging a total of \$24,100 for the most recent quarter and includes \$15,000 paid to the President at a rate of \$5,000 a month.

Rent and administration services are provided by a company controlled by a common officer on a shared cost basis among several companies. Brett paid \$4,200 in the most recent quarter (2005 - \$6,585).

In fiscal 2004, a past director participated in one of the Company's private placement for 100,000 shares. At February 28, 2006 a portion of the amount due for these shares (\$21,000) was still owing to the Company. During the most recent quarter, the Company collected the share subscription receivable.

Other Management's Discussion and Analysis

Additional disclosure for venture issuers without significant revenue:

Capital Stock and Contributed Surplus as at July 21, 2006:

Authorized:

Unlimited common shares without par value

Issued:

21,970,391 common shares with a recorded value of \$11,377,759 and contributed surplus of \$239,931 for a total combined capitalization of \$11,617,690.

Warrants:

635,000 exercisable at \$0.30 in year 1 and \$0.40 in year 2, date of expiry October 7, 2007.

17,750 exercisable at \$0.30 for 1 year, date of expiry October 7, 2007.

1. Stock options:

Number	Exercise Price	Date of Expiry
300,000	\$0.30	June 11, 2007
203,333	\$0.20	June 11, 2008
150,000	\$0.30	August 3, 2009
800,000	\$0.25	October 18, 2010
<u>200,000</u>	\$0.50	March 20, 2011
1,653,333		

2. Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com.

Other Information

List of Directors and Officers

Directors

Thomas Hasek, P. Eng.; Vancouver, BC
J. Rupert Allan, P. Geol.; Vancouver, BC
Ronald K. Netolitzky, M. Sc.; Victoria, BC
Lawrence Nagy, P. Geo.; Vancouver, BC
Carl Hering, PhD.; Brandon, Manitoba

Officers

Thomas Hasek, President & CEO
Robert V. Matthews, CFO
Karen A. Allan, CMA, Corporate Secretary

Auditors:

Smythe Ratcliffe

Company solicitors:

DuMoulin & Black

Company banker:

HSBC Bank of Canada