

BRETT RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

1st QUARTER
FOR NOVEMBER 30, 2006 AND 2005

BRETT RESOURCES INC.
Consolidated Financial Statements
As at November 30, 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”

Thomas Hasek
President and CEO

“Robert V. Matthews”

Robert V. Matthews
Chief Financial Officer

Vancouver, British Columbia
January 2007

BRETT RESOURCES INC.
Consolidated Balance Sheets
Unaudited – prepared by management

	November 30 2006	August 31 2006
Assets		
Current		
Cash (note 8(d))	\$ 2,562,618	\$ 3,540,110
Accounts receivable	95,255	212,345
Prepaid expenses and deposits	36,889	45,551
	2,694,762	3,798,006
Mineral property interests (note 5 and 8)	2,517,139	1,504,531
Equipment (note 4)	26,469	19,747
	\$ 5,238,370	\$ 5,322,284
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 395,928	\$ 616,136
Shareholders' Equity		
Capital stock (note 6 and 8)	15,271,219	15,078,394
Contributed surplus (note 6)	773,940	264,565
Deficit	(11,202,717)	(10,636,811)
	4,842,442	4,706,148
	\$ 5,238,270	\$ 5,322,284

Nature and continuance of operations (note 1)
 Subsequent events (note 8)

On behalf of the Board:

“Ronald K. Netolitzky”
 Director
 Ronald K. Netolitzky

“Thomas Hasek”
 Director
 Thomas Hasek

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

	For the three months ended November 30	
	2006	2005
Expenses		
Stock-based compensation	\$ 509,376	\$ 84,172
Management and consulting fees	38,900	21,355
Property evaluations	3,291	3,965
Professional fees	7,332	19,637
Office and miscellaneous	15,568	1,169
Listing and transfer agent fees	3,746	3,672
Investor relations	14,457	1,450
Rent and administration	4,200	2,100
Shareholder communications	2,740	359
Overhead recovery	(14,393)	-
Amortization	5,385	169
Loss before other items and future income tax recovery	(590,602)	(138,048)
Other items		
Interest income	19,723	1,728
Gain on foreign exchange	4,973	-
	24,696	1,728
Net loss for period	(565,906)	(136,320)
Deficit, beginning of period	(10,636,811)	(10,299,947)
Deficit, end of period	\$ (11,202,717)	\$ (10,436,267)
Loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	23,836,601	19,658,728

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

	For the three months ended	
	November 30	
	2006	2006
Operating activities		
Net loss	\$ (565,906)	\$ (136,320)
Items not involving cash		
Stock-based compensation	509,375	84,172
Amortization	5,385	169
Changes in non-cash working capital		
Accounts receivable	117,090	(3,117)
Prepaid expenses and deposits	8,662	-
Accounts payable and accrued liabilities	(220,208)	30,365
Cash provided by (used in) operating activities	(145,602)	(24,731)
Financing Activities		
Proceeds on issuance of capital stock	192,825	330,000
Share issue costs	-	(4,970)
Cash provided by financing activities	192,825	325,030
Investing activities		
Acquisition of mineral property interest	-	(40,532)
Expenditures on mineral property interests	(1,012,608)	(36,051)
Purchase of equipment	(12,107)	(2,174)
Cash provided by (used in) investing activities	(1,024,715)	(78,757)
Increase (decrease) in cash during year	(977,492)	221,542
Cash beginning of year	3,540,110	322,260
Cash end of year	\$ 2,562,618	\$ 543,802
Non-cash items		
Issuance of shares for mineral property interests	\$ -	\$ -

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

1. NATURE AND CONTINUANCE 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 mineral properties in Latin America, Canada and Alaska.

The Company's consolidated financial statements have been presented on the basis that it will continue as a going-concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders and other related parties, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

	November 30 2006	August 31 2006
Working capital	\$ 2,298,834	\$ 3,181,870
Deficit	(11,202,717)	(10,636,811)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned integrated 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.

Mineral property interests

All costs related to the acquisition, exploration and development of mineral property interests are capitalized on a property by property basis. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written-off to operations. If after management review it is determined that the carrying amount of a mineral property interest is impaired, that property is written-down to its estimated fair value. A mineral property interest is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral property interests do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Field equipment	20%

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

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

- a. Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- b. 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
- c. 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 of outstanding stock options and warrants 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 more likely than not to be realized.

Flow-through common shares

The Company adopted the CICA accounting pronouncement EIC-146, relating to flow-through shares, for all flow-through share agreements dated after March 18, 2004. Under the terms of Canadian flow-through share legislation, the tax attributes of qualifying expenditures are renounced to the subscribers. The tax impact to the Company of the renouncement is recorded on the date that the Company renounces the tax deductions, through a decrease in share capital and the recognition of a future tax liability.

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

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 and 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.

3. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, 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 with respect to its accounts receivable.

The Company's financial asset that is exposed to credit risk consists primarily of cash, which is placed with major financial institutions.

Currency risk

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

4. EQUIPMENT

	November 30, 2006			August 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 4,096	\$ 914	\$ 3,182	\$ 1,174	\$ 176	\$ 998
Field equipment	30,017	6,939	23,078	20,832	2,083	18,749
	\$ 34,113	\$ 7,853	\$ 26,260	\$ 22,006	\$ 2,259	\$ 19,747

BRETT RESOURCES INC.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005**5. MINERAL PROPERTY INTERESTS**

	El					
	Salvador	Peru	Canada	Alaska, US	Other	Total
Balance,						
August 31, 2005	\$ 100,001	\$ -	\$ -	\$ -	\$ 1	\$ 100,002
Additions:						
Acquisition costs	23	9,831	130,021	129,134	-	269,009
Analyses	4,054	4,410	1,300	13,455	-	23,219
Drilling/trenching	245,656	-	-	394,136	-	639,792
Field support	87,144	8,987	92,910	199,280	-	388,321
Geology/geophysics	109,704	6,830	129,029	112,400	-	357,963
Maps/drafting	13,633	-	12,246	991	-	26,870
Transport/travel	9,788	16,106	58,465	64,555	-	148,914
Local office costs	14,880	16,244	-	-	-	31,124
Option payments	(56,950)	-	-	-	-	(56,950)
Cancellation payment	(64,163)	-	-	-	-	(64,163)
Recovery of costs	(359,570)	-	-	-	-	(359,570)
Total additions	4,199	62,408	423,971	913,951	-	1,404,529
Balance,						
August 31, 2006	\$ 104,200	\$ 62,408	\$ 423,971	\$ 913,951	\$ 1	\$ 1,504,531
Additions:						
Acquisition costs	-	-	1,408	3,933	-	5,341
Analyses	1,629	-	32,484	20,145	-	54,258
Drilling/trenching	1,031	-	195,240	30,929	-	227,200
Field support	42,163	-	567,135	30,158	-	639,456
Geology/geophysics	57,467	-	94,940	17,775	-	170,182
Maps/drafting	4,199	-	12,084	2,066	-	18,349
Transport/travel	-	-	37,307	-	-	37,307
Local office costs	17,669	9,377	2,686	-	-	29,732
Recovery of costs	(169,217)	-	-	-	-	(169,217)
Total additions	(45,059)	9,377	943,284	105,006	-	1,012,608
Balance,						
November 30, 2006	\$ 59,141	\$ 71,785	\$ 1,367,255	\$ 1,018,957	\$ 1	\$ 2,517,139

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

5. MINERAL PROPERTY INTERESTS (cont'd...)

The Company's investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the mineral properties, the attainment of successful commercial production, or from the proceeds of their disposal. The amounts shown as mineral property interests represent acquisition costs and deferred exploration expenditures incurred to date and do not necessarily reflect present or future values.

El Salvador

Santa Clara: In 2002, the Company acquired by application to the Government, 100% of two exploration licenses on this project located in eastern El Salvador. In 2004, management wrote down its costs at Santa Clara/Gaspar to \$100,000, based on results of earlier programs. In late 2004, the Company re-applied for one new exploration license covering the remaining untested 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 a new application over 47 square kilometres, the Cerro Bonito License.

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 Santa Clara project in Eastern El Salvador. Terms called 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 was to be earned within the succeeding four years by funding a feasibility study and spending not less than \$1,000,000 per year until completion of the feasibility study at which point the project would convert to a joint venture.

Barrick Gold Corporation acquired Placer in February 2006, and in May 2006 negotiated a termination of the Santa Clara option and paid the Company US \$58,050 in cancellation payments to cover expenditures to the date of termination.

In July 2006 the Company entered into an option agreement whereby Kinross Gold Corporation ("Kinross") may earn a 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 July 21, 2006 private placement in the Company in the amount of \$838,125 (US \$750,000) consisting of approximately 1,400,000 units as per the terms for non-flow-through units described under Private Placements in Note 6. The Company remains the operator of the project until such time as the program has progressed to a point where Kinross takes over.

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:

- a. US \$25,000 within 30 days of signing the agreement (received);
- b. US \$25,000 on the first anniversary (received in year ended August 31, 2003);
- c. US \$50,000 on the second anniversary (received in year ended August 31, 2005);
- d. US \$100,000 on the third anniversary (received in year ended August 31, 2005); and
- e. US \$1,250,000 on the fourth anniversary (August 31, 2006 – renegotiated; refer to note 8, Subsequent Events).

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

6. MINERAL PROPERTY INTERESTS (cont'd...)

El Potosi, El Salvador (cont'd...)

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, when the second anniversary payment was not made, management wrote down its costs at El Potosi to \$100,000. In February 2004, Tournigan assigned the option of El Potosi to Condor Resources Limited ("Condor"). Condor made the third and fourth option payments totalling \$182,611 (US \$150,000) 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 was recorded at a nominal value of \$1.

Refer to Subsequent Events Note 8 (c).

Peru

Cerro Condorini: The Company acquired, by staking 1,000 ha. October 19, 2005 and 900 ha. October 19, 2006, a 100% interest in a 1,900 ha. prospect in southern Peru. Refer to Subsequent Events Note 8 (b).

Alaska

Sleitat: On August 17, 2005, the Company entered into a Letter of Intent ("LOI") with Solomon Resources Limited ("Solomon"), a related party with common directors, to option Solomon's 100% owned Sleitat Mountain 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 (the 2nd tranche of 200,000 shares was issued in August 2006), 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.

Canada

JC Project (Smart Group), Yukon: On October 4, 2005, the Company acquired by staking, a 100% ownership of the 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.

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

5. MINERAL PROPERTIES (cont'd...)

Canada (cont'd...)

Hammond Reef, Ontario: On March 1, 2006, the Company entered into an agreement with Kinross to earn up to a 60% interest in the Hammond Reef 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 and a total of US \$5,000,000 of expenditures over 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 property): On March 23, 2006, the Company acquired the 90-hectare Manley Patents, a group of three patented mining claims within the Kinross Hammond Reef property. Now amalgamated with the Kinross property in accordance with 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.

Refer to Subsequent Events Note 8 (a).

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 PERIOD ENDED NOVEMBER 30, 2006 AND 2005

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of shares	Capital stock	Contributed surplus
Authorized			
100,000,000 common shares without par value			
Balance, August 31, 2005	18,661,475	\$ 10,624,910	\$ 91,550
Issued during the year			
For cash:			
Private placements	7,906,874	4,248,325	-
Exercise of options	463,167	135,075	(9,458)
Exercise of warrants	207,750	62,325	-
For mineral properties	700,000	207,250	-
Stock-based compensation	-	-	182,473
Share issue costs	-	(138,652)	-
Future income tax benefit	-	(60,839)	-
Balance, August 31, 2006	27,939,266	\$ 15,078,394	\$ 264,565
Issued during the year			
For cash:			
Exercise of warrants	642,750	192,825	-
Stock-based compensation	-	-	509,375
Balance, November 30, 2006 (note 8 (d))	28,582,016	\$ 15,271,219	\$ 773,940

Private placements

On July 21, 2006 and August 21, 2006, the Company completed a non-brokered private placement in two tranches, to raise \$3,747,525. The issue was comprised of 2,862,000 flow-through shares at \$0.70 per share and 2,906,875 units 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 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. In conjunction with an option agreement on the Santa Clara project in El Salvador, Kinross Gold Corporation took 1,396,875 units of non-flow-through of the private placement for \$838,125 (US \$750,000); included in the total \$3,747,525. Commission of \$18,938 and finders' fees of \$112,294 were paid and 152,600 one-year warrants exercisable at \$0.80 were issued on a portion of the financing.

On December 30, 2005, the Company completed a non-brokered private placement of 488,000 flow-through shares at \$0.35 per share for gross proceeds of \$170,800.

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 consisted 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.

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 PERIOD ENDED NOVEMBER 30, 2006 AND 2005

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**Stock options and warrants**

The Company has a rolling 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.

During 2006, the Company granted 815,000 options to newly appointed directors, employees and consultants, exercisable for a five-year period at \$0.25 per share and 200,000 options to certain employees and consultants, exercisable for a five-year period at \$0.50 per share.

On September 6, 2006, the Company granted 1,130,000 options to directors, employees and consultants, exercisable for a five year period at \$0.70 per share.

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

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, August 31, 2005	1,200,000	\$ 0.27	3,457,499	\$ 0.40
Granted	1,015,000	\$ 0.30	2,466,538	\$ 0.63
Exercised	(463,167)	\$ 0.27	(207,750)	\$ 0.30
Expired/cancelled	(98,500)	\$ 0.25	(3,457,499)	\$ 0.40
Outstanding, August 31, 2006	1,653,333	\$ 0.29	2,258,788	\$ 0.66
Granted	1,130,000	\$ 0.70	-	-
Exercised	-	-	(642,750)	\$ 0.29
Outstanding, November 30, 2006	2,783,333	\$ 0.46	1,616,038	\$ 0.80

At November 30, 2006, outstanding incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	300,000	\$ 0.30	June 11, 2007
	203,333	\$ 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
	1,130,000	\$ 0.70	September 6, 2011
Warrants	10,000	\$0.40	October 7, 2007
	98,560	\$ 0.80	July 21, 2007
	1,262,438	\$ 0.80	July 21, 2008
	54,040	\$ 0.80	August 21, 2007
	191,000	\$ 0.80	August 21, 2008

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

On September 6, 2006, the Company granted 1,130,000 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 and recorded as contributed surplus on the balance sheet was \$505,434 and the weighted average fair value of options granted was \$0.44 per share. A further \$8,530 is to be charged in the next three quarters when the remaining options vest.

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 and recorded as contributed surplus on the balance sheet was \$58,189 and the weighted average fair value of options granted was \$0.31 per share. A further \$4,012 is to be charged in the next two quarters when the remaining options vest.

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 and as contributed surplus on the balance sheet was \$124,284 and the weighted average fair value of options granted was \$0.16 per share.

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:

	November 30 2006	August 31 2006
Risk-free interest rate	4.03%	3.74%
Expected life of options and/or warrants	5 years	5 years
Annualized volatility	71.0%	72.4%
Dividend rate	0.00%	0.00%

7. RELATED PARTY TRANSACTIONS

During the period, the Company:

- paid or accrued management consulting fees of \$38,900 (2005 - \$21,355) to companies controlled by directors or officers;
- paid or accrued geological services of \$4,350 (2005 - \$nil) to companies controlled by directors or officers;
- paid \$4,200 (2005 - \$2,100) for rent and related costs to a company with a common officer.
- included in accounts payable and accrued liabilities is \$19,489 (August 31, 2006 - \$97,769) owed to directors and officers of the Company; and
- paid \$nil (August 31, 2006 - \$12,000) for equipment to a director and officer of the Company.

BRETT RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005

8. RELATED PARTY TRANSACTIONS

The above transactions except for note 7(e) are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The purchase of equipment is not in the normal course of operations and is measured at the exchange amount, which is the resale value.

9. SUBSEQUENT EVENTS

Subsequent to November 30, 2006, the Company:

- a. entered into an option to acquire the surface rights of the Manley Patents (within Hammond Reef) for the consideration of \$75,000 cash payment to be made by Kinross Gold Corporation, issuance of 175,000 shares of the Company, a two year warrant for the purchase of 125,000 shares of the Company at a price of \$0.70 per share and a final cash payment at the Company's election and timing, of \$1 million to take full possession;
- b. optioned the Cerro Condorini Property in Southern Peru to Zincore Metals Inc ("Zincore"). Under the terms of the agreement, Zincore has the option to earn a 60% interest in the property by spending US \$1,500,000 on exploration and making cash payments to the Company of US \$75,000 over two years. The first year's minimum exploration expenditure of US \$200,000 is a firm commitment. Zincore will be the operator of the property. Zincore can earn an additional 10% interest in the Cerro Condorini property (for a total 70% interest) by expending US \$2,500,000 on exploration over the next two years and a further 10% interest in the property (for a total 80% interest) by contributing US \$4,000,000 over the following four years. In total, to earn its 80% interest, Zincore will spend US \$8 million over a period of 8 years;
- c. renegotiated the El Potosi Gold Concession option agreement with Condor Resources Plc ("Condor") to substitute a share issue for a portion of the cash payment to the Company in order to accommodate Condor's intent to increase expenditure on work. In order to earn a 100% interest in the El Potosi Project, Condor was to pay the Company US \$1,250,000 by August 24, 2006, or defer the payment for a year by paying the Company US \$150,000 by the due date and US \$1,250,000 by August 24, 2007. Condor elected to defer the payment, and the Company has accepted US \$50,000 cash and 500,000 shares of Condor in lieu of the US \$150,000 payment. Condor may defer the payment of US \$1,250,000 for a further year, to August 24, 2008, by paying the Company a further \$150,000 of which \$100,000 may be substituted at Condor's option with a quantity of Condor shares equal to \$100,000 valued at the average market price for three days prior to the settlement date or at 10 pence per share, whichever is greater. During each year that Condor defers payment, Condor must expend a minimum of US \$250,000 on the property. The Company will retain a 1% NSR on any production over 200,000 ounces from the property.
- d. completed a non-brokered private placement on December 22, 2006 and January 10, 2007 in two tranches and raised \$4,980,300 by issuing \$2,553,400 in flow through shares at \$0.70 per share and \$2,462,900 in units at \$0.80 per unit; each unit consisting of one common share and one-half of one non-transferable share purchase warrant exercisable at \$0.95 for a period of two years from the closing date. At the election of the Company, the expiry period may be reduced to 25 business days from a notice date should the closing price of the shares be equal to or greater than \$1.20 per share for 10 consecutive trading days. Finders' fees of \$171,525 were paid on a portion of the financing.

BRETT RESOURCES INC.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED NOVEMBER 30, 2006 AND 2005**10. SEGMENTED INFORMATION**

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	November 30 2006	August 31 2005
Assets		
Canada	\$ 4,056,648	\$ 4,063,287
El Salvador	90,980	276,892
Peru	71,786	68,154
Other	1	-
United States	1,018,955	913,951
	\$ 5,238,370	\$ 5,322,284

**BRETT RESOURCES INC.
FORM 51-102F1**

MANAGEMENT DISCUSSION AND ANALYSIS – 1st QUARTER

The following Management Discussion and Analysis (“MD&A”), prepared as of *January 22, 2007*, provides information that management believes is relevant to an assessment and understanding of Brett Resources Inc.’s financial condition and the results of its operations and cash flows for the first quarter ended November 30, 2006. The discussion should be read in conjunction with the first quarter consolidated financial statements at November 30, 2006, with its related notes and the annual audited consolidated financial statements with its related notes for the year ended August 31, 2006. 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.

Description of Business

Brett Resources Inc. (hereinafter referred to as “Brett” or the “Company”) is a mineral exploration stage company with its main properties 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 Tier 2 reporting issuer in British Columbia and Alberta and trades on the TSX-Venture Exchange under the symbol BBR.

Exploration Overview and Overall Performance

Hammond Reef, Ontario, 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. Additionally, the Company will issue Kinross a total of 1,000,000 common shares of the Company in five equal tranches, of which the first 200,000 common shares were issued upon execution of the Agreement, and the remainder are to be issued on each of the four subsequent anniversary dates thereof. Upon exercise of the option prior to or by 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 a 20% interest and the right to operate the project, by electing to fund 100% of the next US \$5,000,000 in expenditures.

The property comprises 142 claims and leases totaling 3,785 hectares, and covers a strike length of 10 kilometres along the favourable structure and stratigraphy which is host to the gold mineralization. Hammond Reef has been subject to historic exploration, including almost eighteen thousand metres of diamond drilling in 83 holes since 1984.

Manley Patents- The Company entered into an agreement to acquire the mineral rights to 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, the inclusion of the Manley Patents closed a significant gap in the original land position, allowing exploration to be conducted along the entire strike length of the gold bearing Hammond Reef Schist Zone. 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 execution. The vendor will retain a 2% Net Smelter Return royalty, one half of which may be purchased for \$500,000.

Since the owner had previously alienated the surface rights to the Manley Patents, a separate agreement was negotiated with the owner of these rights. Under the terms of this agreement, Brett and Kinross have acquired an option to purchase the surface rights, including all improvements for \$1,000,000 for the following consideration: a cash payment of \$75,000 (to be paid by Kinross); the issuance of 175,000 common shares of the Company; a two year option for the purchase of 125,000 shares of the Company at a price of \$0.70 per share which may convert to a five year option if and when Brett attains Tier 1 status on TSX-V. The agreement also includes some seasonal and areal restrictions, not considered material to the exploration program; and adequate notice prior to exercise of the option.

Hammond Reef (including Manley Patents), Ontario, Canada (cont'd...)

The Company's agreement with Kinross Gold Corporation and the vendor of the mining rights of the Manley Patents is as follows:

PAYMENT ISSUANCE DATE	SHARE ISSUANCES TO KINROSS	SHARE ISSUANCES TO MANLEY PATENTS VENDOR	EXPENDITURES (EXPLORATION COMMITMENTS) US\$
March 1, 2006	200,000 (issued)		\$ 1,000,000 1 st year *
May 31, 2006		100,000 (issued)	
March 20, 2007	200,000	50,000	
March 20, 2008	200,000	50,000	
March 20, 2009	200,000	50,000	\$ 4,000,000 **
March 20, 2010	200,000		
	1,000,000	250,000	\$ 5,000,000

* Expended \$133,477 in fiscal 2006 and \$ 921,008 in the current quarter for a total \$1,054,485 to November 30, 2007.

** Total expenditures excluding land costs are \$1,352,016 at mid January, 2007.

Data assembly and review in April and May led to the filing on SEDAR of an NI 43-101 technical report and subsequent to this data compilation, initial work on the property consisted of line cutting to re-establish and extend cut-line survey grids from previous work. Mapping, prospecting, geochemical surveys, and differential GPS survey of the grids and drill hole collars continued through the second half of the year. A diamond drilling program commenced on October 18, 2006 and assay results for the initial 10 holes of 2,753 meters of NQ core completed prior to the new year were published in a news release dated January 18, 2007. Drilling is expected to recommence in January, with a second drill rig expected on site before the end of the month. The next phase of drilling is anticipated to be in the order of 15,000 meters in 80 holes. Proposed lake drilling and drilling in swampy areas will be given priority for completion in winter months. The objectives of the program include extending the mineralized system along strike to both the northeast and southwest, and to complete in-fill and definition drilling for preparation of a new resource calculation that will be N.I. 43-101 compliant.

Recently completed financings have ensured that the Company has sufficient funds to complete the earn-in on the Hammond Reef Project. The current budget and plans are targeting completion of this by late fall 2007.

Santa Clara, El Salvador

In December 2006, the Company granted 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, to Placer Dome Exploration Inc. ("Placer"). Barrick Gold Corporation acquired Placer in February 2006, and in May negotiated a termination of the Santa Clara option, relinquishing all interest in the Property, including the outlays of US\$50,000 (initial option payment) and US\$58,050 in exploration expenditures under the option.

On June 22nd the Company granted an option to Kinross Gold Corporation ("Kinross") to earn a 66 2/3 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. 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 which has resulted in the subject property being enlarged to include the new Jicaras Largas license, a 36 square kilometre area lying immediately adjacent to and west of Cerro Bonito. In addition, Kinross underwrote a private placement in Brett in the amount of US \$750,000 through the purchase of 1,396,875 units. Each unit was priced at \$0.60 and was comprised of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.80. The warrants 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 advanced, at the election of Brett and upon written notice to Kinross, to thirty days from the triggering event.

Santa Clara, El Salvador (cont'd...)

Fourteen HQ diamond drill holes, totaling 1,692 meters, were completed in 2006 on two targets, designated as Tinta Amarilla and Santa Clara, on the Cerro Bonito License. Both targets are low sulphidation colloform-banded, quartz-chalcedony-adularia vein systems localized within a mid-Tertiary volcanic rift system. Encouraging results from both areas have resulted in a further drilling campaign proposed to commence as soon as new drill permitting is completed. The contiguous Jicaras Largas license area, still at the prospecting and mapping stage, is host to banded veins and vein breccias up to 5 m wide. The Company and Kinross have recently applied for yet another 95 sq. km of adjacent ground encompassing additional areas of anomalous gold-silver mineralization related to mid-Tertiary felsic to intermediate volcanism, hydrothermal alteration and epithermal veining.

El Potosi, El Salvador

The Company granted an option to earn a 100% interest in the 48 square kilometre El Potosi property to Tournigan Gold Corporation in 2002. This option was later assigned to Condor Resources Plc ("Condor"), an AIM listed company, which trades under the symbol CNR. The terms of the option require payment of US\$1.45 million over a period of four years, with certain extension and penalty provisions. A total of US\$200,000 in payments has to date been received by the Company.

The Company renegotiated the El Potosi Gold Concession option agreement with Condor Resources Plc ("Condor") to substitute a share issue for a portion of the cash payment to the Company in order to accommodate Condor's intent to increase expenditure on work. In order to earn a 100% interest in the El Potosi Project, Condor was to pay the Company US \$1,250,000 by August 24, 2006, or defer the payment for a year by paying the Company US \$150,000 by the due date and US \$1,250,000 by August 24, 2007. Condor elected to defer the payment, and the Company has accepted US \$50,000 cash and 500,000 shares of Condor in lieu of the US \$150,000 payment. Condor may defer the payment of US \$1,250,000 for a further year, to August 24, 2008, by paying the Company a further \$150,000 of which \$100,000 may be substituted at Condor's option with a quantity of Condor shares equal to \$100,000 valued at the average market price for three days prior to the settlement date or at 10 pence per share, whichever is greater. During each year that Condor defers payment, Condor must expend a minimum of US \$250,000 on the property. The Company will retain a 1% NSR on any production over 200,000 ounces from the property.

Condor completed a program of 2,436m of RC and 656m of diamond drilling in 24 holes in the late fall of 2005.

Refer to the Company's news release dated November 14, 2006.

Cerro Condorini, Peru

In October 2005, 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 to stake a second contiguous 900 hectare claim east of the original ground. Geological mapping and sampling resulted in discovery of high-grade silver, zinc and lead mineralization in and peripheral to historic mine workings, and has identified oxide mineralization along strike to the northwest of the historic mine in a broad zone up to 1.5 kilometres wide and 5 kilometres long. Surface sampling near the southern end of this zone returned a weighted average grade of 15.3% Zn over a true width of 20 metres. Additional values up to 280 g/t Ag and up to 4% Pb over narrower widths were also reported.

In November 2006 an option agreement was negotiated with Zincore Metals Inc., whereby Zincore may acquire a 60% interest in the property by spending US\$1,500,000 on exploration and making cash payments to Brett of US\$75,000 over two years. The first year's minimum exploration expenditure of US\$200,000 is a firm commitment. Zincore has been appointed operator of the project. Upon Zincore earning its interest, the parties will incorporate a Peruvian corporation in accordance with their respective interests to continue exploration on the property. Zincore can earn an additional 10% interest in the Cerro Condorini property (for a total 70% interest) by expending a further US\$2,500,000 on exploration over the next two years and an additional 10% interest in the property (for a total 80% interest) by expending US\$4,000,000 over the following four years. In total, to earn an 80% interest, Zincore would be required to spend US\$8 million over a period of 8 years.

Sleitat, Alaska

The Sleitat Mountain Tin-Silver-Tungsten property is optioned from Solomon Resources Limited (“Solomon”) and located approximately 135 km northeast of the coastal town of Dillingham. Under the terms of an LOI, dated August 2005, 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 (the 2nd tranche of 200,000 shares was issued in August 2006), 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.

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 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).

An NI 43-101 technical report was filed on the SEDAR website in February 2006.

A 700 metre helicopter-supported core-drilling program completed by the Company in July 2006 succeeded in confirming the results of the earlier drilling by Cominco and providing encouragement for expanding the resource.

Coal Creek, Alaska

In 2005, 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 Fairbanks.

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. Preliminary metallurgical analysis conducted by the Houston Oil & Minerals/Billiton JV on selected core samples indicates the tin mineralization can readily be liberated from gangue materials, and shows good potential for production of a high-grade tin concentrate.

In spring of 2006, 398 feet of core from 5 historic holes were quartered and re-sampled by the Company. Results confirmed the presence of tin and silver mineralization but with values approximately one-third lower than previously recorded. Subsequently, a 670 metre core drilling program to confirm and expand on historical results was conducted in late summer 2006. Unfortunately, the program was initiated under adverse weather conditions which impacted the helicopter supported work. The difficulties were compounded by broken ground which prevented two of four planned holes reaching target depths. The tin values encountered were significantly lower than those reported from earlier work, with the broader intervals in the order of 100-200 m returning less than 0.15 % Sn and less than 5 g Ag. The complete dataset from the historical work has recently been acquired and, combined with the current results, will provide the basis for further evaluation of the property. The apparent discrepancy between the original (Houston Oil & Minerals/Billiton JV) tin values in mineralized core intervals and the recent re-sampling of the core will be investigated further in order to find a reason for the discrepancy and determine whether the older data may be relied upon.

JC Project (Smart Group), Yukon

Four claim groups totaling 668 hectares comprising the JC project were staked for the Company in the fall of 2005 and are 100% owned. 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 possible core drilling program. The program was successful in confirming the validity of prior results, which had culminated with a program of 33 diamond drill holes totaling 3,822m outlining an historical resource (Pre-N.I. 43-101 and non-compliant with C.I.M. categories, and therefore not to be relied upon for economic evaluation) of 1.25 Mt grading 0.54% tin, using a 0.30% tin cutoff.

Mineral properties and expenditures

At November 30, 2006, the Company's mineral properties and expenditures thereon were as follows:

	HAM- MOND REEF	JC PROP	SLEITAT MTN.	COAL CREEK	S.CLARA EL SAL- VADOR	CONDO- RINI PERU	OTHER	TOTAL
BALANCE, AUG.31, 2006	\$ 244,584	\$ 179,387	\$ 507,694	\$406,256	\$ 98,248	\$ 62,409	\$5,953	\$ 1,504,531
LAND COSTS	-	1,408	2,647	1,285	-	-	-	5,340
ANALYTICAL SERVICES	18,398	14,086	12,215	7,930	1,629	-	-	54,258
DRILLING / TRENCHING	195,240	-	-	30,929	1,031	-	-	227,200
FIELD SUPPORT	567,136	-	2,721	27,437	42,163	-	-	639,457
GEOLOGY / GEOPHYSICS	88,157	6,783	3,636	14,139	57,467	-	-	170,182
LOCAL OFFICE & LEGAL	2,686	-	-	-	17,670	9,377	-	29,733
MAPS AND REPORTS	12,084	-	515	1,550	4,199	-	-	18,348
TRAVEL/TRANSPORT COSTS	37,307	-	-	-	-	-	-	37,307
CURRENT YEAR EXPENDITURES	921,008	22,277	21,734	83,270	124,159	9,377	-	1,181,825
TOTAL EXPENDITURES	1,165,592	201,664	529,428	489,526	222,407	71,786	5,953	2,686,356
RECOVERY OF COSTS	-	-	-	-	(169,217)	-	-	(169,217)
BALANCE, NOV. 30, 2006	\$1,165,592	\$ 201,664	\$ 529,428	\$489,526	\$ 53,190	\$ 71,786	\$5,953	\$ 2,517,139

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 can be found on the Company's website or SEDAR filed at www.sedar.com.

Results of Operations

Being in the exploration stage the Company does not have revenues from operations and, except for income from its cash and cash equivalents, relies on equity funding for its continuing financial liquidity.

Cash flows for the quarter ended November 30, 2006

During the period, the Company had cash proceeds of \$192,825 from the exercise of warrants. Cash expenditures on acquisition of mineral resource properties were \$nil (2005 - \$40,532) and exploration expenditures were \$1,012,608 (2005 - \$36,051). All transactions resulted in a decrease in cash position of \$977,492 (an increase in 2005 - \$221,542) for a total cash position of \$2,562,618 (2005- \$543,802).

Loss for the quarter ended November 30, 2006

During the period, the Company reported a loss of \$565,906 (2005 - \$136,320). The major component of the recorded loss is stock-based compensation of \$509,376 (2005 - \$84,172). Stock-based compensation is a non-cash item that attempts to put a dollar value on the benefit being given on the granting of stock options. It is based on statistical models, taking into account the volatility of the stock, the risk free rate and the weighted average life of the options. Where the market is highly volatile and not very liquid the results may not be very meaningful. The major costs in general and administrative expenses are management and consulting fees of \$38,900 (2005 - \$21,355), investor relations of \$14,457 (2005 - 1,450) and office \$15,568 (2005 - \$1,169) of which \$10,226 (2005 - \$nil) is insurance. The Company recovered \$14,393 (2005 - \$nil) in overhead with respect to the billing of operatorship costs of the Santa Clara project in El Salvador.

Capital property expenditures for year ended August 31, 2006

During the quarter, there was \$1,012,608 net of recovery of costs, recorded in mineral property acquisition and exploration costs.

Liquidity and capital resources

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

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

At November 30, 2006 the Company had no long-term debt or other commitments and had working capital of \$2,298,834.

During the quarter, 642,750 common shares were issued for the exercise of \$0.30 warrants, the exercise price of which increased on October 7, 2006, to \$0.40 for a further year term, for cash proceeds of \$192,825 to bring the total outstanding common shares to 28,582,016 at November 30, 2006.

Subsequent to the quarter, on December 22, 2006 and January 10, 2007, the Company completed a non-brokered private placement in two tranches and raised \$4,980,300 by issuing \$2,553,400 in flow through shares at \$0.70 per share and \$2,462,900 in units at \$0.80 per unit; each unit consisting of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant is exercisable at \$0.95 for a period of two years from the closing date.

To this time, the amount of flow-through proceeds remaining to be expended on flow-through eligible expenditures is approximately \$3.7 million with just over \$2.5 million available for general and administrative expenses and project generation or research.

Summary of Quarterly Results

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

Quarter ended	30-Nov-06	31-Aug-06	31-May-06	28-Feb-06
Capitalized property acquisition and exploration costs	\$ 1,012,608	\$ 1,018,887	\$ 329,567 ⁽⁴⁾	\$ (20,608) ⁽⁶⁾
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (565,906) ⁽²⁾	\$ (70,114) ⁽³⁾	\$ (116,400) ⁽⁵⁾	\$ (14,030) ⁽⁷⁾
Loss per share	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Quarter ended	30-Nov-05	31-Aug-05	31-May-05	28-Feb-05
Capitalized property acquisition and exploration costs	\$ 76,583	\$ (265,559) ⁽⁹⁾	\$ -	\$ 16,922
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (136,320) ⁽⁸⁾	\$ (198,874) ⁽¹⁰⁾	\$ (76,215)	\$ (118,990)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)

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

(2) includes \$ 509,376 stock-based compensation.

(3) includes \$ 34,091 stock-based compensation.

(4) includes \$64,163 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.

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

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

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

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

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

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

Transactions with related parties

Geological and management consulting fees were charged to the Company by various directors and officers invoicing a net total of \$38,900 for the period and includes \$23,000 paid to the President.

Property research fees and project costs of \$4,350 (2005 - \$nil) were paid to various past and present directors, (all of whom are professional geologists).

Rent and administration services are provided by a company controlled by a common officer on a shared cost basis among several companies. The Company's portion of costs was \$4,200 for the period (2005 - \$2,100).

Risk Factors

Success in the mining exploration business is measured by a company's ability to raise funds, secure properties of merit and, ideally, identify deposits on one of its properties. The attainment of these objectives is influenced by many factors not necessarily within management's control.

Other risk factors include political risks, metal prices, the establishment of undisputed title to mineral properties, environmental concerns and obtaining governmental permits and licenses when required.

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing far greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire, explore and develop properties in the future.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with respect to the Company and such other companies. In addition, such directors and officers are required to declare and refrain from voting on any matter in which such directors and officers may have a conflict of interest.

The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, metal prices and perceptions as to which way the market is headed.

Forward-looking statements 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.

Disclosure Controls and Procedures

The Board of Directors of the Company has adopted a formal Corporate Disclosure Policy relating to disclosure controls and procedures. This Policy extends to the conduct of directors, officers, spokespersons and other employees and agents of the Company, and all methods that the Company uses to communicate to the public. The disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures, and believes that they have been effective in providing reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

All relevant information related to the Company is filed electronically at www.sedar.com.

Other Management's Discussion and Analysis

Capital Stock fully diluted as at January 22, 2007:

Authorized:

Unlimited common shares without par value

Issued:

35,415,766 common shares

Warrants:

Number	Exercise Price	Date of Expiry
10,000	\$0.40 in year 2	October 7, 2007
1,262,438	\$0.80	July 21, 2008
98,560	\$0.80	July 21, 2007
191,000	\$0.80	August 18, 2008
54,040	\$0.80	August 18, 2007
1,400,250	\$0.95	December 22, 2008
<u>333,250</u>	\$0.95	December 22, 2008
3,349,538		

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
200,000	\$0.50	March 20, 2011
<u>1,130,000</u>	\$0.70	September 06, 2011
2,783,333		

Fully diluted:

41,548,637

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