GGL DIAMOND CORP.

Consolidated Financial Statements

November 30, 2005 and 2004

Index

GGL DIAMOND CORP.

Consolidated Balance Sheets
November 30, 2005 and 2004

	2005	2004
ASSETS		
Current		
Cash and cash equivalents	$ 592,662	$ 882,400
Marketable securities	3,800	3,800
Accounts receivable	127,626	65,648
Prepaid expenses	2,831	223
	726,919	952,071
Mineral properties and deferred exploration costs (Note 3)	12,050,879	9,679,167
Property, plant and equipment (Note 4)	286,211	286,093
	$ 13,064,009	$ 10,917,331
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 110,685	$ 146,075
Current portion of mortgage loan (Note 5)	14,153	14,153
	124,838	160,228
Mortgage loan (Note 5)	28,109	42,806
	152,947	203,034
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	25,308,996	22,393,539
Contributed surplus	823,329	572,372
Deficit	(13,221,263)	(12,251,614)
	12,911,062	10,714,297
	$ 13,064,009	$ 10,917,331

Operations (Note 1)
Commitments (Note 13)
Subsequent events (Note 14)

On behalf of the Board:

"Raymond A. Hrkac"
Raymond A. Hrkac

"Nick DeMare"
Nick DeMare

GGL DIAMOND CORP.

Consolidated Statements of Operations and Deficit
Years Ended November 30, 2005 and 2004

	2005	2004
Administration costs		
Amortization	$ 7,839	$ 3,325
Consulting fees	117,440	70,239
Corporate relations	66,719	31,486
Interest expense	-	811
Legal and audit	70,587	40,373
Licences, taxes, insurance and fees	64,459	76,012
Office services and expenses	160,231	103,913
Shareholders' meetings and reports	35,376	24,880
Stock based compensation	250,957	430,744
Travel	35,449	66,436
Operating loss	(809,057)	(848,219)
Other income (expenses)		
Interest income	24,975	30,218
Foreign exchange loss	(768)	(4,160)
Other Tax expense (Note 11)	(347)	(9,297)
Exploration costs – general	(142,182)	(145,717)
Write-off of exploration and mineral property costs (Note 3(c))	(124,270)	(267,089)
	(242,592)	(396,045)
Loss for the year before taxes	(1,051,649)	(1,244,264)
Future tax recovery	82,000	-
Net loss for the year	(969,649)	(1,244,264)
Deficit, beginning of year	(12,251,614)	(11,007,350)
Deficit, end of year	$ (13,221,263)	$ (12,251,614)
Loss per share - basic and diluted	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	84,383,171	70,830,544

GGL DIAMOND CORP.

Consolidated Statements of Cash Flows
Years Ended November 30, 2005 and 2004

	2005	2004
Cash flows used in operating activities		
Loss for the year	$ (969,649)	$ (1,244,264)
Adjustment for items not involving cash:		
- amortization of property, plant & equipment	38,664	50,462
- future tax recovery	(82,000)	-
- stock based compensation	250,957	430,744
- write off of exploration and mineral property costs	124,270	267,089
	(637,758)	(495,969)
Change in non-cash working capital items:		
- accounts receivable	(61,978)	(6,330)
- prepaid expenses	(2,608)	3,584
- accounts payable and accrued liabilities	(35,390)	(65,385)
	(737,734)	(564,100)
Cash flows from financing activities		
Shares issued for cash, net of share issuance cost	2,772,799	1,494,000
Share issued for cash – flow-through shares, net of share issuance costs	224,658	989,815
Principal reduction of mortgage loan	(14,697)	(13,841)
	2,982,760	2,469,974
Cash flows used in investing activities		
Mineral properties	(4,531)	(94,194)
Deferred exploration costs	(2,491,451)	(2,452,860)
Purchase of property, plant and equipment	(38,782)	(51,549)
	(2,534,764)	(2,598,603)
Decrease in cash and cash equivalents	(289,738)	(692,729)
Cash and cash equivalents, beginning of year	882,400	1,575,129
Cash and cash equivalents, end of year	$ 592,662	$ 882,400
Supplementary cash flow information		
Cash paid for interest charges	$ 1,936	$ 4,031
Cash paid for income taxes	$ -	$ -

1. Operations

The Company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability of the Company to obtain the necessary financing to develop the reserves and upon future profitable production.

The Company intends to continue its exploration programs. The Company's ability to continue its exploration programs is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is actively pursuing such additional sources of financing.

2. The Significant Accounting Policies used in the preparation of these consolidated financial statements are as follows:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its 86.8%-owned subsidiary Rio Sonora Resources Ltd. ("Rio Sonora") and its wholly-owned U.S. subsidiary, Gerle Gold (U.S.) Inc. Rio Sonora is presently inactive. All inter-company transactions and balances have been eliminated.

(b) Mineral Properties and Related Deferred Costs

The cost of mineral properties and the related exploration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned. Management will also periodically determine when or where an exploration property is inactive and the value of such property may be impaired, whether the carrying value of the property should be written down, and the amount at which it should be carried.

The amounts shown for mineral properties interests represent costs or deemed consideration, less write-offs, incurred to date, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Ownership in mineral property interests involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

2. Significant Accounting Policies (continued)

(c) Property Option Agreement

From time to time, the Company may acquire or dispose of mineral properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(d) Cash Equivalents

Cash equivalents usually consist of highly liquid investments, which are readily convertible into cash with maturities of three months or less when purchased.

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost. Amortization of the property, plant and equipment is provided on a declining-balance basis at the following annual rates:

Furniture and fixtures	20%
Exploration equipment	20%

The Yellowknife house is amortized on a straight-line basis over 25 years.

(f) Marketable Securities

Marketable securities are stated at the lower of cost or market value.

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Shares held in escrow are excluded in the computation of loss per share until the conditions for their release are satisfied.

(h) Foreign Exchange Translation

The Company uses the temporal method for translating its U.S. operations from U.S. dollars to Canadian dollars. Under this method, monetary assets and liabilities have been converted at the exchange rate prevailing at the balance sheet dates. Income and expenses are translated at the rates prevailing at dates of the related transactions. Non-monetary assets, liabilities and equity are translated at historical rates. Gains and losses on foreign exchange are included in income and expenses.

2. Significant Accounting Policies (continued)

(i) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the amount of expenses reported during the reporting period. Actual results could differ from those reported.

(j) Income Taxes

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

(k) Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect revision to either timing or the amount of the original estimate of the undiscounted cash flow. As at November 30, 2005, the Company does not have any asset retirement obligations.

(l) Long-lived Assets Impairment

Long-lived assets are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

(m) Stock Based Compensation

The fair value of stock options is determined by the widely used Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and the expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

3. Mineral Properties and Deferred Exploration Costs

	Balance November 30 2004	2005 Property Cost Additions	2005 Exploration Cost Additions	2005 Written Off	Balance November 30 2005
Doyle Lake	$ 943,269	$ 4,361	$ 1,168,284	$ -	$ 2,115,914
Fishback Lake	743,943	-	272,373	-	1,016,316
CH	5,646,033	-	990,566	(124,270)	6,512,329
Happy Creek	917,915	-	9,005	-	926,920
McConnell Creek and other	1,428,007	170	51,223	-	1,479,400
	$ 9,679,167	$ 4,531	$ 2,491,451	$ (124,270)	$ 12,050,879

	Balance November 30 2004	2005 Additions	2005 Written Off	Balance November 30 2005
Mineral property costs	$ 536,421	$ 4,531	$ (4,618)	$ 536,334
Deferred exploration costs	9,142,746	2,491,451	(119,652)	11,514,545
	$ 9,679,167	$ 2,495,982	$ (124,270)	$ 12,050,879

Exploration costs incurred during the year are as follows:

	2005	2004
Chartered aircraft	$ 663,436	$ 551,017
Drilling, excavating, sampling	736,003	369,348
Licences, recording fees, lease payments	116,107	55,180
Project supplies	276,973	144,718
Salaries and wages	131,597	133,412
Surveys	76,672	670,098
Technical and professional services	371,260	365,955
Transportation	119,403	163,132
	$ 2,491,451	$ 2,452,860

3. Mineral Properties and Deferred Exploration Costs (continued)

(a) Doyle Lake, Northwest Territories, Canada

Under the De Beers Agreement ("the Agreement") dated May 25, 1995, De Beers has earned a 60% interest in the Doyle Lake Properties ("the Properties"), which consists of 6 claims (15,351 acres), by completing exploration expenditures of $4,650,000. To November 30, 2005, De Beers has spent $7,521,080 (to November 30, 2004 - $7,494,496). All of the Company's 40% share of costs and expenses of prospecting, exploration, development and construction incurred preproduction and financed by De Beers or by way of third party borrowings will be recovered by De Beers out of 90% of annual available cash flow (i.e. cash flow after provision for ongoing operating and non-operating costs) from any mine constructed on the Properties with interest at a rate equal to LIBOR plus 3% or the actual interest rates agreed to be paid, whichever is applicable, and the remaining 10% of such available cash flow will be distributed to the members in the Agreement in proportion to their interests in the Properties. If after the completion of a feasibility study and prior to the commencement of commercial production from the first mine, the members in the Agreement cease to carry on development work on the Properties otherwise than by reason of force majeure for a period of more than two years, interest other than interest on third party borrowings, shall cease to accrue during the portion of such period exceeding two years. When development work resumes, interest will continue to accrue.

During the year, the Company acquired 21 mining leases (51,109 acres) in the Northwest Territories from Mountain Province Diamonds Inc. (MPV), Camphor Ventures Inc., and De Beers Canada Inc., subject to Royalty Agreements which total 1.5% of net returns (gross revenues less permissible deductions). The Company has agreed to keep the leases in good standing and submit three yearly lease rental period payments to the NWT Mining Recorders Office. The first lease rental payment of $51,109 has been made.

In addition, the Company holds 35 claims (37,165 acres) (2004 - 38 claims; 46,279 acres) in the Doyle Lake area that are not subject to the Agreement. 34 of these claims were originally part of the Agreement and were returned to the Company in 2004. In 2005 the Company staked one claim, allowed four claims to lapse, and had 27 claims go to lease (see Note 14(g)).

(b) Fishback Lake, Northwest Territories, Canada

The Company owns 19 claims (36,664 acres) (2004 - 19 claims; 36,834 acres). Three of these claims have gone to lease. In 2005, acreage for these three claims are calculated using the surveyed acreages.

3. Properties and Deferred Exploration Costs (continued)

(c) CH, Northwest Territories, Canada

The Company owns 125 claims (276,958 acres) (2004 – 129 claims; 285,997 acres), north-northeast of Yellowknife, acquired by staking during the years 2000 to 2003. In 2005, GM2, GM6, CH76 and Ch77 expired and as the Company was no longer interested in any further work on these claims, they were allowed to lapse.

(d) Happy Creek, Nevada, U.S.A.

On June 1, 1985, the Company entered into an agreement through which it has the option to purchase an undivided 100% interest in certain mineral claims located in Humboldt County, Nevada (the Happy Creek property). The option purchase price is a 5% net smelter royalty, payable by advance minimum royalty payments of U.S. $50,000 on December 1 annually until U.S. $3,600,000 has been paid. Payments totalling U.S. $110,000 have been made. The royalty payment due December 1, 2005 was not paid but the agreement is in good standing, as the vendor has not issued a default notice. Once issued, the Company has 30 days to cure the default. The Company has been advised that a default notice will not be issued.

(e) McConnell Creek, British Columbia, Canada

The Company owns 4,878 hectares (2004 – 4,453) hectares in the Omineca Mining Division of British Columbia. One claim was staked in 2005.

4. Property, Plant and Equipment

	2005		
	Cost	Accumulated Amortization	Net book Value
Yellowknife land	$ 98,500	$ -	$ 98,500
Yellowknife house	181,400	87,072	94,328
Exploration equipment	397,170	321,068	76,102
Office furniture and fixture	59,978	42,697	17,281
	$ 737,048	$ 450,837	$ 286,211

	2004		
	Cost	Accumulated amortization	Net book Value
Yellowknife land	$ 98,500	$ -	$ 98,500
Yellowknife house	181,400	79,816	101,584
Exploration equipment	368,904	297,826	71,078
Office furniture and fixture	49,463	34,532	14,931
	$ 698,267	$ 412,174	$ 286,093

5. Mortgage Loan

	2005	2004
Mortgage loan bearing varying interest at the prime rate minus 0.5% per annum (Prime rate of 4.25% at November 30, 2005) repayable in blended bi-weekly payments of principal and interest of $639, due December 3, 2006, collateralized by land and building	$ 42,262	$ 56,959
Less: Principal due within one year	(14,153)	(14,153)
	$28,109	$ 42,806

Required blended payments on the loan are as follows:

Year ending November 30,	
2006	$ 16,602
2007 (total due if mortgage is not renewed)	27,235
	43,837
Less: Interest	(1,575)
	42,262
Less: Principal due within one year	(14,153)
	$ 28,109

The carrying amount of the mortgage loan approximates its fair market value.

6. Share Capital

(a) Authorized: unlimited common shares without par value.

(b) Issued:

	Shares	Amount
Balance, November 30, 2003	65,528,020	$19,909,724
Private placement - flow-through shares, net of share issuance costs of $14,685	2,232,222	989,815
Exercise of warrants	6,010,000	1,202,000
Exercise of stock options	1,015,000	292,000
Balance, November 30, 2004	74,785,242	$22,393,539
Private placement, net of share issuance costs	15,639,405	2,177,799
Private placement – flow through shares, net of share issuance costs	1,150,000	224,658
Less Flow through share renunciation	-	(82,000)
Common shares issued	91,574,647	$24,713,996
13,564,405 Warrants from 2005 private placements	-	595,000
	91,574,647	$25,308,996

(c) During the period ended November 30, 2005, the Company:

(i) completed a private placement of 1,150,000 common shares at $0.20 per share for gross proceeds of $230,000. The Company incurred share issue costs of $5,342 in respect of this private placement. All of the proceeds from these flow-through shares have been spent on Canadian Exploration Expenses (“CEE”) on the Company’s Northwest Territories properties.;

(ii) completed a private placement of 4,150,000 units at $0.20 per unit for gross proceeds of $830,000. Each unit consists of one common share and one-half of a share purchase warrant. One whole share purchase warrant is exercisable at $0.25 per common share during the first year and at $0.30 per share during the second year. The Company paid a cash finders fee of $32,000 and incurred additional share issue costs of $13,875 in respect of this private placement.;

6. Share Capital, continued

(iii) completed a private placement of 7,777,778 units at $0.18 per unit for gross proceeds of $1,400,000. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable at $0.20 per common share during the first year and at $0.22 per share during the second year. The funds from this placement were used for drilling on the Fishback property, delineation drilling and mini bulk-sampling of the Doyle Sill and ground geophysics and drilling on other areas within the Doyle claims. The Company incurred share issue costs of $42,549 in respect of this private placement;

(iv) completed a private placement of 1,666,666 units at $0.18 per unit for gross proceeds of $300,000. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable at $0.20 per common share during the first year and at $0.22 per share during the second year. The Company paid a cash finders fee of $24,600 and incurred additional share issue costs of $5,090 in respect of this private placement and;

(v) completed a private placement of 2,044,961 units at $0.195 per unit for gross proceeds of $398,767. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable for two years at $0.26 per common share. The Company paid a cash finders fee of $24,600 and a commission of $400 on a portion of the proceeds and incurred additional share issue costs of $11,424 in respect of this private placement.

(d) At November 30, 2005 the Company has the following share purchase warrants outstanding (there were no share purchase warrants outstanding at November 30, 2004):

Number of warrants	Exercise Price	Expiry Date
1,075,000	$0.25/$0.30	March 8, 2007
1,000,000	$0.25/$0.30	March 15, 2007
7,777,778	$0.20/$0.22	April 29, 2007
1,666,666	$0.20/$0.22	July 27, 2007
2,044,961	$0.26	Sept. 28, 2007
13,564,405		

The Company has attributed a fair value of $595,000 to the warrants using the Black-Scholes Method.

7. Stock Options

In 2005, the Company's Board of Directors ("the Board") approved and granted 1,570,000 stock options (2004 – 1,475,000) to the directors, officers, employees, consultants and investor relations companies. Each option entitles its holder to acquire one common share of the Company at a price varying between $0.20 to $0.25 per common share. These options are vested over an 18 month period between May 12, 2005 and March 6, 2007 and expire between March 6, 2007 and October 28, 2010. In 2005 the Company recorded $250,957 (2004 - $430,744) of stock based compensation expense for the stock options granted. See Note 14(f) regarding an amendment to the Stock Option Plan subsequent to November 30, 2005.

	Shares	Weighted Average Exercise Price
Options outstanding as at November 30, 2003	6,155,000	$0.27
Granted	1,475,000	$0.50
Exercised	(1,015,000)	$0.29
Expired	(810,000)	$0.31
Options outstanding as at November 30, 2004	5,805,000	$0.32
Granted	1,570,000	$0.20
Expired	(2,009,000)	$0.30
Options outstanding as at November 30, 2005	5,366,000	$0.29
2005 options exercisable	4,369,333	$0.31
2004 options exercisable	5,323,333	$0.30

	2005	2004
Weighted average remaining contractual life	2.44 years	2.68 years
Weighted average fair value of options granted during the year	$0.11	$0.32

The fair value of each option granted to an employee was estimated as of the date of grant using the *Black-Scholes option pricing model* with the following assumptions:

	2005	2004
Risk-free interest rate	3.16 to 3.87%	3.3%
Dividend yield	0%	0%
Volatility	92.6%	58%
Approximate expected lives	1.5 to 5 years	5 years

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

8. Related Party Transactions

During the year, the Company was billed $91,238 (2004 - $97,993) by two directors, including $72,000 (2004 - $68,000) for consulting fees, $17,688 (2004- $28.993) for technical and professional services and $1,550 (2004 - $nil) for Office Services. As at November 30, 2005, no amounts were owing to any related parties (2004 - $3,688 unpaid and included in accounts payable). Transactions with related parties are measured on the basis of amounts agreed to by transacting parties.

9. Income Taxes

The income tax effects of temporary timing differences that give rive to significant components of future income tax assets and liabilities are as follows:

	2005		2004	
Loss before income taxes	$ 1,050,980		$1,243,642	
Expected provision (recovery) for income taxes	367,790	35.00%	445,058	35.79%
Permanent differences	(135,326)		(254,355)	
Loss expiry	(65,549)		(118,908)	
Tax rate changes	(4,136)		(74,159)	
Change in valuation allowance	(80,779)		(4,636)	
	$ 82,000		-	

Future income tax assets and liabilities are as follows:	2005	2004
Property, plant and equipment	$ 158,584	$ 144,732
Resource Interest	413,087	470,403
Non-capital losses carry-forwards	595,633	480,315
Capital losses	4,934	4,934
Total gross future income tax assets	1,172,238	1,100,384
Valuation allowance	(1,172,238)	(1,100,384)
	-	-

9. Income Taxes, continued

Canadian federal non-capital losses totaling approximately $1,745,699 are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follows:

Year	Non Capital Losses
2009	$ 176,272
2010	204,557
2011	98,698
2012	236,598
2013	274,405
2014	229,883
2015	525,286
	$1,745,699

10. Segmented information

The Company is involved in mineral exploration and development activities, which are conducted principally in Canada and the United States. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the years ended November 30, 2005 and 2004.

The Company's total assets are segmented geographically as follows:

	2005	2004
Canada	$ 12,137,089	$ 9,999,416
United States	926,920	917,915
	$ 13,064,009	$ 10,917,331

11. Other Tax Expense

During 2005, the Company incurred a tax expense on the monthly unspent balance of flow-through funds from the December, 2004 private placement. This Part XII.6 tax expense was calculated by multiplying the unspent CEE at the end of each month (starting with February, 2005) by the prescribed interest rate (divided by 12) set by Canada Revenue Agency. This prescribed interest rate between February 1 and May 31, 2005 was 5%. All the flow through funds were spent by May 31, 2005.

12. Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities and mortgage loans approximate their fair value because of the short-term nature of these instruments.

13. Commitments

(a) Subsequent to year end, the Company entered into a three year operating lease agreement with respect to its office premises. The minimum payments required under the agreement are:

Year	Minimum payment per year
2006	$40,902
2007	$42,589
2008	$42,589
2009	$10,647

(b) Pursuant to an agreement dated March 1, 2001, the Company has agreed to pay its President and Chief Executive Officer up to $10,000 per month. Payment of the full amount of $10,000 per month is subject to a number of conditions precedent, none of which have been satisfied as of November 30, 2005. If the conditions precedent had been satisfied at November 30, 2005, the amount owing under the agreement would be $206,670. No amount has been paid or accrued as at November 30, 2005.

(c) Mortgage payments totalling approximately $16,602 are required to be paid in 2006 before the mortgage comes due on December 3, 2006.

14. Subsequent Events

Subsequent to November 30, 2005, the following occurred:

(a) 495,000 stock options expired unexercised;

(b) the Company completed a private placement of 910,571 flow through shares at $0.28 per share for gross proceeds of $254,960. The proceeds from these flow through shares will be spent on Canadian Exploration Expenses on the Company's Northwest Territories properties. In addition the Company issued 3,160,227 units at $0.22 per unit for gross proceeds of $695,250. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable for one year at $0.30 per common share.

The Company paid a cash finders fee of $40,000 on a portion of the proceeds and incurred additional share issue costs of $14,520.;

(c) the Company issued 627,500 common shares upon the exercise of stock options at $0.20 and $0.30 per common share, for gross proceeds of $145,500;

(d) the Company issued 417,500 common shares upon the exercise of warrants at $0.25 per common share for gross proceeds of $104,375;

(e) the Company signed a three year operating lease agreement on its office premises. See Note 13(a) for required yearly payments;

(f) the Company granted 980,000 stock options to employees for a period of five years. These options are exercisable at $0.20 per common share; 120,000 options will expire on December 7, 2010 and 860,000 options will expire on March 23, 2011;

(g) the Company has amended its Stock Option Plan (Note 7) to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. Under the 10% rolling plan, the number of shares available for grant increases as the issued capital of the Company increases and

(h) the Company received the final signed lease agreements from the Northwest Territories Mining Recorder for its 27 Doyle claims that went to lease in 2005. The lease period is 21 years commencing in December 2004. The Company paid the 2004 lease rental payments when it first applied for the leases in 2005 and has paid for the 2005 lease rental payments in 2006. Also, the Company has applied to have five other Doyle claims be taken to lease.