

INTERNATIONAL ARIMEX RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004



AUDITORS' REPORT

To the Shareholders of
International Arimex Resources Inc.

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

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

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

Vancouver, Canada

April 18, 2006

"Morgan & Company"

Chartered Accountants

INTERNATIONAL ARIMEX RESOURCES INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	2005	2004
ASSETS		
Current		
Cash	\$ 332	\$ 173,691
Amounts receivable	4,564	28,632
Prepaid expenses	-	6,762
	4,896	209,085
Capital Assets		
Interest In Mineral Properties (Note 3)	-	6,172
	126,523	73,000
	\$ 131,419	\$ 288,257
LIABILITIES		
Current		
Accounts payable	\$ 177,884	\$ 203,540
Due to related parties	1,796	7,962
	179,680	211,502
SHAREHOLDERS' EQUITY		
Shares Subscribed	46,033	-
Share Capital (Note 4)	7,252,957	7,242,457
Contributed Surplus	177,150	30,550
Deficit	(7,524,401)	(7,196,252)
	(48,261)	76,755
	\$ 131,419	\$ 288,257

Approved by the Board of Directors:

"Chris England"

 Director

"David Boyd"

 Director

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

INTERNATIONAL ARIMEX RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

	YEARS ENDED DECEMBER 31	
	2005	2004
Administration Costs		
Amortization	\$ 1,852	\$ 2,191
Interest, bank charges and foreign exchange	554	887
Administration and management fees (Note 5)	42,000	51,017
Office, rent, telephone and sundry	30,250	34,368
Professional fees	16,087	64,015
Filing and transfer fees	14,599	25,619
Travel and business promotion	37,121	38,397
Shareholder communications	35,905	41,954
Stock based compensation	146,600	30,550
Loss Before The Following	(324,968)	(288,998)
Gain On Settlement Of Debt	14,439	-
Write Off Of Abandoned Mineral Properties	(13,300)	(221,208)
Write Off Of Capital Assets	(4,320)	-
Loss Before Future Income Tax	(328,149)	(510,206)
Future Income Tax Recovery	-	44,617
Loss For The Year	(328,149)	(465,589)
Deficit, Beginning Of Year	(7,196,252)	(6,730,663)
Deficit, End Of Year	\$ (7,524,401)	\$ (7,196,252)
Basic And Diluted Loss Per Share	\$ (0.02)	\$ (0.03)
Weighted Average Number Of Shares Outstanding	18,182,981	14,569,250

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

INTERNATIONAL ARIMEX RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2005	2004
Cash Flows From (Used By)		
Operating Activities		
Loss for the year	\$ (328,149)	\$ (465,589)
Adjustments for:		
Write off of capital assets	4,320	-
Stock based compensation	146,600	30,550
Amortization	1,852	2,191
Write off of abandoned mineral properties	13,300	221,208
Future income tax recovery	-	(44,617)
	(162,077)	(256,257)
Change in non-cash working capital items:		
Decrease (Increase) in accounts receivable	24,068	(6,789)
Decrease (Increase) in prepaid expenses	6,762	(4,762)
Increase (Decrease) in amounts payable	(25,656)	65,082
	(156,903)	(202,726)
Financing Activities		
Share proceeds	10,500	293,282
Share subscription received	46,033	-
Due to related parties	(6,166)	60,097
	50,367	353,379
Investing Activities		
Additions to capital assets	-	(2,124)
Interest in mineral properties	(66,823)	-
	(66,823)	(2,124)
Increase (Decrease) In Cash	(173,359)	148,529
Cash, Beginning Of Year	173,691	25,162
Cash, End Of Year	\$ 332	\$ 173,691

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

INTERNATIONAL ARIMEX RESOURCES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

1. NATURE OF OPERATIONS

- a) The Company is in the process of exploring its mineral claims and has not determined whether these mineral claims contain ore reserves which are economically recoverable. The recoverability of amounts shown for mineral claims and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the mineral claims or proceeds from disposition.
- b) These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern. The Company has an accumulated deficit of \$7,524,401, and has a working capital deficiency of \$174,784 at December 31, 2005. These factors create doubt as to the ability of the Company to continue as a going concern.

The Company's ability to meet its obligations and maintain its operations is contingent upon attaining profitable operations, continuing support of its creditors and raising of additional financing.

These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

- a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, International Arimex USA, Ltd. (incorporated under the laws of the State of Idaho, U.S.A.).

- b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses for the periods reported. Actual results could differ from these estimates.

INTERNATIONAL ARIMEX RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and amounts due to related parties.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

d) Mineral Properties and Related Deferred Exploration Expenditures

The Company defers all direct exploration expenditures on mineral properties in which it has a continuing interest to be amortized over the productive period when a property reaches commercial production. On abandonment of any property, applicable accumulated deferred exploration expenditures will be written off.

Management reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property.

e) Asset Retirement Obligations

The Company follows the recommendations under Section 3110, Asset Retirement Obligations, of the Canadian Institute of Chartered Accountants Handbook ("Section 3110"). Section 3110 applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operation of a long-lived asset.

These recommendations require that the fair value of a liability for an asset retirement obligation be recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Upon settlement of the liability, a gain or loss is recorded. This differs from the prior practice that involved accruing for the estimated reclamation and closure liability through charges to the statement of operations over the life of the related asset. As at December 31, 2005, the Company does not have any asset retirement obligations.

INTERNATIONAL ARIMEX RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Income Taxes

The Company uses the liability method of accounting for future income taxes whereby future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet, and their corresponding tax values using the currently enacted, or substantially enacted, income tax rates expected to apply when these differences reverse. Future income tax assets also result from unused loss carryforwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by the use of a valuation allowance which is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

g) Earnings Per Share

Basic and diluted loss per share amounts are computed using the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and other similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Diluted loss per share is not included, as the effect of employee stock options and warrants was anti-dilutive.

h) Foreign Currency Transactions

Transactions denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year-end exchange rate. Exchange gains and losses are included in operating results.

i) Stock Based Compensation

The Company recognizes stock compensation expense based on the estimated fair value of the options on the date of grant which is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as stock compensation expense with an offset to contributed surplus. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded is credited to share capital.

INTERNATIONAL ARIMEX RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Flow-Through Common Shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow through share arrangements are renounced to subscribers in accordance with income tax legislation. To recognize the foregone tax benefits to the Company, the carrying value of the shares is reduced by the tax effect of the tax benefits renounced to the subscribers.

k) Capital Assets

Capital assets consist of computer equipment. Amortization is recorded on the diminishing balance basis over its estimated useful lives at a rate of 30% per year.

3. INTEREST IN MINERAL PROPERTIES

	2005	2004
a) Omineca Mining Division, B.C., Canada	\$ 74,099	\$ 73,000

The Company has entered into an agreement to acquire a 100% interest, subject to a 3% net smelter royalty, in four mineral claims, known as the Claw claims, located in the Omineca Mining Division in north central British Columbia, in consideration of the payment of \$45,000 (paid) and the issuance of 200,000 common shares (issued). An amount of \$1,099 was incurred in 2005 on restaking fees.

b) Kimberley

In 2005, the Company had entered into an agreement to acquire a 50% interest in 34 mineral claims, known as the Kimberley Claims. The Kimberley Claims comprise the Empire Creek Properties consisting of 34 mineral claims and the Kimberley Gold Mine Property consisting of 9 mining claims. The properties are located in Washington and Idaho States. During the year ended December 31, 2005, the Company determined that further exploration work was not warranted and, accordingly, wrote off the acquisition costs of \$13,300.

INTERNATIONAL ARIMEX RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. INTEREST IN MINERAL PROPERTIES (Continued)

c) California Creek Uranium Prospect

On November 9, 2005, the Company entered into a letter of intent on an option to acquire a 100% interest (subject to a 2% net smelter returns royalty) in 27 unpatented mining claims located in Elko County, Nevada ("California Creek Uranium Prospect"). To earn its interest, the Company will be required to pay US\$290,000, issue 500,000 common shares and expend US\$700,000 on exploration, all over a period of four years. Subsequent to December 31, 2005, an option agreement was completed.

	2005	2004
d) Washington Uranium Prospect	\$ 52,424	\$ -

In 2005, the Company staked 101 uranium claims located in Washington State, USA. As at December 31, 2005, the Company continued to hold 12 of these claims. The remaining claims were allowed to lapse.

4. SHARE CAPITAL

a) Authorized

100,000,000 Class A preference shares, with a par value of \$10 each.
 100,000,000 Class B preference shares, with a par value of \$50 each.
 100,000,000 common shares, with no par value.

b) Common Shares

Issued and Outstanding

	SHARES	AMOUNT
Balance, December 31, 2003	12,685,660	\$ 6,730,942
Shares issued for cash – private placement	3,418,154	349,082
Shares issued for debt – exercise of warrants	395,000	59,250
Shares issued for debt	1,570,000	157,000
Benefit of resource expenditures foregone	-	(44,617)
Share issue costs	-	(9,200)
	18,068,814	7,242,457
Balance, December 31, 2004	18,068,814	7,242,457

INTERNATIONAL ARIMEX RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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4. SHARE CAPITAL (Continued)

b) Common Shares (Continued)

	SHARES	AMOUNT
Balance, December 31, 2004	18,068,814	\$ 7,242,457
Shares issued for cash – exercise of warrants	70,000	10,500
Shares issued for finder's fees	91,000	9,100
Share issue costs	-	(9,100)
	18,229,814	\$ 7,252,957
Balance, December 31, 2005		

In February 2004, the Company issued:

- i) 30,000 units for proceeds of \$3,000. Each unit consisted of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share until March 22, 2005.
- ii) 363,334 flow-through shares for proceeds of \$43,600.
- iii) 1,570,000 common shares and 75,000 share purchase warrants to settle outstanding debt totalling \$157,000, of which \$138,500 was due to directors and officers of the Company. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 until March 22, 2005.

The Company paid finders' fees totalling \$1,000 in connection with the above transaction.

In December 2004, the Company issued 3,024,820 units for proceeds of \$302,482. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.15 until December 22, 2005. The Company paid \$8,200 as a finder's fee in connection with the private placement.

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4. SHARE CAPITAL (Continued)

b) Common Shares (Continued)

During the year ended December 31, 2005, the Company issued 91,000 common shares for finder's fees valued at \$9,100 relating to a private placement completed in 2004.

During the year ended December 31, 2005, 70,000 common shares were issued on exercise of warrants for proceeds of \$10,500.

c) Stock Options

A summary of changes in stock options is presented below:

	<u>SHARES</u>	<u>EXERCISE PRICE</u>	<u>EXPIRY DATE</u>
Balance outstanding, December 31, 2003	150,000	\$ 0.10	November 15, 2004
Granted	2,700,000	0.10	October 28, 2009
Expired	<u>(150,000)</u>	<u>0.10</u>	
Balance outstanding, December 31, 2004	2,700,000	0.10	
Granted	400,000	0.10	October 28, 2009
Granted	500,000	0.10	February 15, 2010
Cancelled	<u>(400,000)</u>	<u>0.10</u>	
Balance outstanding, December 31, 2005	<u>3,200,000</u>	<u>\$ 0.10</u>	
Balance exercisable, December 31, 2005	<u>2,525,000</u>	<u>\$ 0.10</u>	

INTERNATIONAL ARIMEX RESOURCES INC.
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4. SHARE CAPITAL (Continued)

c) Stock Options (Continued)

The following table summarizes information about the stock options outstanding at December 31, 2005:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
EXERCISE PRICE	NUMBER OF SHARES	REMAINING CONTRACTUAL LIFE (YEARS)	NUMBER OF SHARES	EXERCISE PRICE
\$ 0.10	2,700,000	3.83	2,025,000	\$ 0.10
\$ 0.10	500,000	4.13	500,000	0.10
\$ 0.10	3,200,000	3.88	2,525,000	

The fair value of the stock options granted was estimated on the grant date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value are as follows:

	2005	2004
Risk free interest rate	3.5	3.5
Expected dividend yield	-	-
Expected lives	3 years	3 years
Expected volatility	166%	147%

The weighted average fair value of the stock options granted during the year ended December 31, 2005 was \$0.09 (2004 - \$0.05)

d) Share Purchase Warrants

As at December 31, 2005, there were no share purchase warrants outstanding.

5. RELATED PARTY TRANSACTIONS

During the year, the Company incurred administration and management fees totalling \$42,000 (2004 - \$42,500) with directors, officers, and with a company controlled by a director, and incurred shareholder communications expenses of \$30,000 (2004 - \$Nil) to a director. The Company also incurred secretarial fees totalling \$10,200 (2004 - \$Nil) to a relative of a director. Included in accounts payable is an amount of \$19,099 owing to a company controlled by a director.

INTERNATIONAL ARIMEX RESOURCES INC.

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6. INCOME TAXES

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	<u>2005</u>	<u>2004</u>
Statutory rate	<u>34.0%</u>	35.6%
Recovery of income taxes computed at statutory rate	\$ (111,571)	\$ (181,700)
Non-deductible items	5,991	8,500
Tax effect of flow-through renunciation	-	(44,617)
Stock based compensation	49,844	10,900
Tax benefit not recognized on current year's losses	55,736	162,300
	<u> </u>	<u> </u>
Future income tax recovery	\$ -	\$ (44,617)

Future tax assets of the Company are as follows:

	<u>2005</u>	<u>2004</u>
Resource property expenditures	\$ 996,000	\$ 1,018,000
Operating losses	403,000	459,000
	<u>1,399,000</u>	<u>1,477,000</u>
Less: Valuation allowance	(1,399,000)	(1,477,000)
	<u> </u>	<u> </u>
Future tax asset recognized	\$ -	\$ -

As at December 31, 2005, the Company has incurred operating income tax losses totalling approximately \$1,185,000 which expire from 2006 to 2015. In addition, the Company has incurred approximately \$2,929,000 of resource expenditures which may be carried forward indefinitely and used to reduce taxable income in future years.

A valuation allowance has been recorded to reduce the net benefit recorded in the financial statements related to these future tax assets. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of these tax assets.

7. SUBSEQUENT EVENTS

- a) On March 7, 2006, the Company has entered into an Option Agreement to acquire 100% interest (subject to a 3% net smelter return royalty) in the Key Lake Project in Saskatchewan.

INTERNATIONAL ARIMEX RESOURCES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

7. SUBSEQUENT EVENTS (Continued)

The Key Lake Project is comprised of five mineral claims for a total of 14,821 acres (5,998 hectares) in Saskatchewan's eastern Athabasca Basin.

Under the terms of the Agreement, the Company will pay a total of \$100,000, issue 300,000 shares, and commit to \$2 million in expenditures on the claims in exchange for receiving a 50% interest in the Project over a 3 year period.

The Company may elect, within 90 days of completing its commitments for the 50% interest, to acquire an additional 10% interest by agreeing to spend an additional \$2 million on exploration expenditures within two years of vesting its 50% interest. A further 15% interest (for a total of 75%) may be acquired by electing, within 90 days of completing its 60% interest, by agreeing to completing a feasibility study within two years, issuing 200,000 additional common shares to the optionor and expending a minimum of \$500,000 per year on the project. The agreement is subject to regulatory approval.

- b) On February 1, 2006, the Company completed a non-brokered private placement, consisting of 8,160,600 units for gross proceeds of \$408,030. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to buy one additional common share for a period of 12 months from the date of the closing of the private placement at an exercise price of \$0.10 per share.
- c) On February 15, 2006, the Company completed a non-brokered private placement, consisting of 920,654 units for gross proceeds of \$46,032. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to buy one additional common share for a period of 12 months from the date of the closing of the private placement at an exercise price of \$0.10 per share.
- d) On April 3, 2006, the Company granted one million share purchase options to directors, officers, employees and consultants effective March 31, 2006. The stock options have an exercise price of \$0.20 per share and will expire in five years.
- e) On April 5, 2006, the Company granted one million share purchase options to directors, officers, employees and consultants effective April 4, 2006. The stock options have an exercise price of \$0.20 per share and will expire in five years.

8. RECLASSIFICATION OF COMPARATIVE FIGURES

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