

**OPAWICA EXPLORATIONS INC.**  
(An Exploration Stage Entity)

**AMENDED**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MAY 31, 2006**  
**UNAUDITED**

**REVIEW OF INTERIM FINANCIAL STATEMENTS**

**THE ACCOMPANYING UNAUDITED INTERIM FINANCIAL STATEMENTS OF OPAWICA EXPLORATIONS INC. 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.**

**OPAWICA EXPLORATIONS INC.**  
 (An Exploration Stage Entity)  
 INTERIM BALANCE SHEETS  
 May 31, 2006 and August 31, 2005  
 (Unaudited)

	<u>ASSETS</u>	May 31, <u>2006</u>	August 31, <u>2005</u>
Current			
Cash		\$ 1,246,477	\$ 362,972
Other receivables – Note 3		89,346	59,847
Due from related party		1,433	8,560
Loan receivable – Note 4		25,000	539,056
Prepaid expenses – Note 8		<u>68,318</u>	<u>40,000</u>
		1,430,574	1,010,435
Mineral interests – Note 5		<u>831,197</u>	<u>-</u>
		<u>\$ 2,261,771</u>	<u>\$ 1,010,435</u>
	<u>LIABILITIES</u>		
Current			
Accounts payable – Note 8		<u>\$ 31,743</u>	<u>\$ 124,388</u>
	<u>STOCKHOLDERS' EQUITY</u>		
Share capital – Notes 5, 6 and 11		16,757,527	14,420,643
Contributed surplus – Note 7		959,444	151,926
Deficit		<u>(15,486,942)</u>	<u>(13,686,522)</u>
		<u>2,230,029</u>	<u>886,047</u>
		<u>\$ 2,261,772</u>	<u>\$ 1,010,435</u>

**APPROVED BY THE DIRECTORS:**

“Dan Clark”

Director

“Paul Antoniazzi”

Director

**OPAWICA EXPLORATIONS INC.**  
(An Exploration Stage Entity)  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
for the six and nine months ended May 31, 2006  
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expenses				
Accounting and legal	\$ 42,881	\$ 16,955	\$ 91,975	\$ 39,048
Business development	188,441	(1,060)	239,675	199
Consulting fees	71,950	-	154,194	-
General administration	82,899	27,824	172,512	101,194
Investor communications	2,052	9,566	76,321	26,711
Management fees	43,990	-	60,050	-
Rent	2,127	-	13,376	-
Stock-based compensation	<u>857,401</u>	<u>-</u>	<u>899,401</u>	<u>-</u>
Loss before other	(1,291,741)	(53,285)	(1,707,504)	(167,152)
Other items:				
Gain on Disposal	-	(2,694)		(2,694)
Interest income	-	-	16,179	-
Foreign exchange loss	-	-	(23,220)	-
Write-off for uncollectible advances and loans – Note 4	<u>-</u>	<u>-</u>	<u>(85,875)</u>	<u>-</u>
Net loss for the period	(1,291,741)	(50,591)	(1,800,420)	(164,458)
Deficit, beginning of period	<u>(14,195,201)</u>	<u>(13,241,577)</u>	<u>(13,686,522)</u>	<u>(13,127,710)</u>
Deficit, end of period	<u>\$ (15,486,942)</u>	<u>\$ (13,292,168)</u>	<u>\$ (15,486,942)</u>	<u>\$ (13,292,168)</u>
Basic loss per share	<u>\$ (0.02)</u>	<u>\$ (0.001)</u>	<u>\$ (0.03)</u>	<u>\$ (0.005)</u>
Weighted average number of shares outstanding	<u>69,756,256</u>	<u>32,720,171</u>	<u>63,100,256</u>	<u>29,477,219</u>

**OPAWICA EXPLORATIONS INC.**  
(An Exploration Stage Entity)  
**INTERIM STATEMENTS OF CASH FLOWS**  
for the six and nine months ended May 31, 2006  
(Unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Operating Activities</b>				
Net loss for the period	\$ (1,291,745)	\$ (50,591)	\$ (1,800,420)	\$ (164,458)
Items not relating to cash:				
Unrealized foreign exchange loss	-	-	23,220	-
Gain on disposal	-	(2,694)		(2,694)
Stock-based compensation	857,401	-	899,401	-
Write-off for uncollectible advances/loans	-	-	<u>85,875</u>	<u>-</u>
	(434,344)	(53,285)	(791,924)	(167,152)
Changes in non-cash working capital:				
Advances and receivables	-	(6,853)	(12,700)	(3,659)
Other receivables	(44,737)	-	(29,499)	-
Due from related party	(1,433)	-	7,127	-
Loans receivable	25,000	-	417,661	-
Prepaid expenses	(68,318)	(111,000)	(28,318)	(111,000)
Accounts payable	<u>(25,071)</u>	<u>(122,919)</u>	<u>(92,645)</u>	<u>(26,430)</u>
Net cash from (used in) operating activities	<u>598,899</u>	<u>(294,057)</u>	<u>(530,298)</u>	<u>(308,241)</u>
<b>Investing Activities</b>				
Mineral interest expenditures	<u>(90,672)</u>	<u>2,694</u>	<u>(593,697)</u>	<u>2,694</u>
<b>Financing Activities</b>				
Shares issued for warrants exercised	1,100,000	1,500,000	1,255,000	1,500,000
Shares issued for options exercised	252,500	-	252,500	-
Shares issued for cash	-	-	500,000	-
Share issue costs	-	54,000	-	(54,000)
Loans payable	<u>-</u>	<u>(21,574)</u>	<u>-</u>	<u>(17,268)</u>
Net cash provided by financing activities	<u>1,352,500</u>	<u>1,424,426</u>	<u>2,007,500</u>	<u>1,428,732</u>
Net increase (decrease) in cash	662,929	(1,133,063)	883,505	(1,123,185)
Cash, beginning of the period	<u>583,548</u>	<u>3,821</u>	<u>362,972</u>	<u>13,699</u>
Cash, end of the period	<u>\$ 1,246,477</u>	<u>\$ 1,136,884</u>	<u>\$ 1,246,477</u>	<u>\$ 1,136,884</u>
<b>Supplemental disclosure of cash flow information</b>				
Cash paid during the year for:				
Interest	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 875</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Non-cash Transaction – Note 10

**OPAWICA EXPLORATIONS INC.**  
(An Exploration Stage Entity)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
May 31, 2006  
(Unaudited)

Note 1 Basis of Presentation

These unaudited interim financial statements are prepared in accordance with generally accepted accounting principles in Canada (“GAAP”). They do not include all the information and disclosures required by GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the nine months ended May 31, 2006, are not necessarily indicative of the results that may be expected for the year ended August 31, 2006. For further information, see the financial statements, including the notes thereto, included in the audited financial statements for the year ended August 31, 2005.

Note 2 Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At May 31, 2006 the Company had not yet achieved profitable operations, has accumulated losses of \$15,486,942 since its inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 3 Other Receivables

The balance of other receivables at May 31, 2006 relates to GST input tax credits not yet recovered.

Note 4 Loan Receivable

The loan receivable is an interest only advance to an arm’s length party bearing interest at 7% per annum with the principal due on August 31, 2006.

The write-off for uncollectible advances and loans is an amount written off pursuant to a settlement and General Release entered into between the Company and previously related parties in respect of advances and a balance due under an August 2005 loan that had not received consent of the majority of the Board.

Note 5 Mineral Interests

On September 9, 2005, the Company entered into an option agreement to earn a 100% interest in the mineral rights on the Atikwa Lake Gold property located approximately sixty kilometers southeast of Kenora, Ontario. The property consists of twenty-two patented mining claims totalling 890 acres.

In order to earn its interest, the Company must make cash payments of \$700,000 and issue 10,000,000 common shares of the Company over a four-year period. The cash consideration will be paid as follows:

- i) \$50,000 on acceptance of the agreement; (paid November 30, 2005);
- ii) \$100,000 by November 30, 2006;
- iii) \$150,000 by November 30, 2007; and
- iv) \$200,000 by November 30, 2008

The Company is required to make eight payments of \$50,000 for advanced smelter royalties. These payments are to be made February 28, 2009 and every three months thereafter. The Company will be entitled to a 100% interest following the first four quarterly payments.

The Company must issue 2,500,000 common shares on each of acceptance by the Toronto Stock Exchange of the agreement, July 21, 2006, March 21, 2007 and November 21, 2007. The Company has received acceptance of the Toronto Stock Exchange for the ~~Bannoekburn~~ property option agreement and, to date, has issued 5,000,000 of the total 10,000,000 shares to be issued pursuant to the agreement.

The Atikwa Lake property mineral interests are subject to a 3% net smelter royalty. The Company may purchase one-half of the royalty (1.5%) for \$1,000,000 by November 30, 2010. If the Company does not purchase the royalty by November 30, 2010, the net smelter thereafter will be 5%, provided that the Company may purchase one-half of the royalty (2.5%) for \$1,000,000 at any time thereafter.

Note 6 Share Capital – Notes 5 and 11

Authorized:

Unlimited number of common shares

Issued and outstanding:

		<u>Shares</u>	<u>Amount</u>
Balance, August 31, 2005		52,828,867	\$ 14,420,643
For cash:			
Exercise of warrants	- at \$0.10	12,400,000	1,240,000
Exercise of warrants	- at \$0.15	100,000	15,000
Options exercised	- at \$0.10	2,525,000	252,500
Private Placement	- at \$0.10	5,000,000	500,000
Shares issued for mineral interests	- at \$0.095	<u>2,500,000</u>	<u>237,500</u>
Balance, as at May 31, 2006		<u>75,353,867</u>	<u>\$ 16,655,643</u>

Commitments: – (cont'd)

Share Purchase Warrants

The Company has 4,900,000 share purchase warrants outstanding as of May 31, 2006. These warrants have an exercise price of \$0.15 per share with an expiration date of December 13, 2006.

Share Purchase Options

The Company, in accordance with the policies of the Toronto Stock Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees and consultants and to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for maximum term of ten years.

During the quarter, the Company granted 972,000 share purchase options to two directors of the Company exercisable at \$0.13 until March 27, 2008, and further director's options for 680,000 shares exercisable at \$0.18 until April 19, 2008 and 1,000,000 shares exercisable at \$0.24 until May 12, 2008. Also, during the period, consultants were granted options to purchase 2,000,000 shares of the Company at \$0.11 until March 1, 2008 and 730,000 shares of the Company at \$0.18 until May 29, 2008. An aggregate of 2,525,000 shares were issued during the quarter pursuant to the exercise of incentive stock options at \$0.10 per share.

The Company has the following share purchase options outstanding as at May 31, 2006:

	Exercise \$/Share	Expiration Date	Number Granted	Number Exercised Since date of Grant	Number Exercised Since date of Grant	Outstanding as of May 31, 2006
Directors	\$0.10	May 17, 2007	4,925,000	(2,175,000)	(1,100,000)	1,650,000
	\$0.013	March 27, 2008	972,000			972,000
	\$0.18	April 19, 2008	680,000			680,000
	\$0.24	May 12, 2008	1,000,000			1,000,000
Consultants	\$0.10	May 17, 2007	850,000	(350,000)	(500,000)	0
	\$0.11	March 1, 2008	2,000,000			2,000,000
	\$0.18	May 29, 2008	730,000			730,000
			11,157,000	(2,525,000)	(1,600,000)	7,032,000

The following assumptions were used for the Black-Scholes valuation of stock-based compensation.

	2006
Volatility	268% - 313%
Risk-free interest rate	3.91% – 4.11%
Dividend yield	-
Expected life of options	2 years

Note 7 Contributed Surplus

	May 31, <u>2006</u>	August 31, <u>2005</u>
Balance, beginning of period	\$ 193,926	\$ -
Stock-based compensation	<u>899,401</u>	<u>151,926</u>
Balance, end of period	<u>\$ 1,093,401</u>	<u>\$ 151,926</u>

Note 8 Related Party Transactions

\$1,433 is due from a related party for payroll deductions. Prepaid expenses includes \$41,635 in fees and/or expenses advanced to related parties.

Included in mineral interests are on-site project management fees (\$87,522) and office and equipment rental payments (\$11,450) paid to a director of the Company who manages the Atikwa Lake project. Also included in mineral interests is a total of \$32,804 in administration and management fees paid to a director of the Company and a company controlled by a director of the Company.

Included in accounts payable is \$2,999 due to a company with directors in common with the Company for shared office expenditures. The balance of accounts payable is expense reimbursements owed to a director of the Company.

On March 14, 2006 the Company entered into a mutual general release agreement to settle a dispute with a former officer of the Company by the payment from the Company of \$15,000 for all amounts claimed as due and owing.

Note 9 Commitments – Note 6

The Company is committed to monthly payments of approximately \$1,128 under a lease of office premises expiring February 27, 2009.

Pursuant to an agreement dated January 1, 2006, the Company will be paying \$5,000 per month to OPW Acquisition Corp. until December 31, 2008 for management and consulting services. The Company is related by a common director.

On March 1, 2006, the Company entered into a Public Relations and Marketing agreement with Skyline Investments Corp. pursuant to which the Company was committed to pay \$135,000, which has now been paid in full. Pursuant to the said agreement, Skyline was also granted an option to purchase up to 2,000,000 shares of the Company exercisable at \$0.11 per share until March 1, 2008.

Note 10 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. On October 15, 2005, the Company issued 2,500,000 shares valued at \$237,500 to acquire mineral interests. This transaction has been excluded from the statement of cash flows.

Note 11    Subsequent Events

Option Re-pricing

Subject to approval of the Toronto Stock Exchange and independent shareholder vote, the Company has re-priced an aggregate of 2,410,000 of the outstanding incentive stock options, which are priced at \$0.18 or \$0.24 to \$0.15. The President of the Company, holds 1,680,000 of the re-priced options.

Acquisition of Bannockburn Gold Property

On June 22, 2006, the Company entered into an option to purchase the Bannockburn gold property located in Bannockburn and Montrose townships, Larder Lake Mining Division, Ontario. This property consists of 12 unpatented mining claims comprising 768 hectares located approximately 18km west of the town of Matachewan, Ontario. The option agreement is subject to the approval of the Toronto Stock Exchange. The Company may earn up to a 100% interest in the Bannockburn property by paying 2,000,000 shares of the Company over the next three years, \$100,000 cash on signing and by carrying out \$200,000 in exploration over the next two years. Of the above consideration, 1,500,000 shares, \$100,000 cash and \$100,000 in exploration over the next year are firm commitments with the balance being optional commitments by the Company. The vendors shall retain a 2% **net smelter return royalty interest** in the property.

Incorporation of Foreign Subsidiary

In June 2006, the Company incorporated an Argentinian subsidiary company for the purposes of potential acquisitions in Argentina.