

Interim Consolidated Financial Statements of

ALHAMBRA RESOURCES LTD.

Six Months Ended June 30, 2006

ALHAMBRA RESOURCES LTD.

Interim Consolidated Balance Sheets

	June 30, 2006 (unaudited)	December 31, 2005 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,358,893	\$ 708,593
Accounts receivable	608,574	1,517,483
Deposits and prepaid expenses	814,415	434,079
Work in progress (note 1(c))	3,205,205	–
	<u>9,987,087</u>	<u>2,660,155</u>
Mining assets (note 3)	17,456,901	17,433,844
Property and equipment	67,995	38,876
	<u>\$ 27,511,983</u>	<u>\$ 20,132,875</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,969,630	\$ 1,574,276
Advances (note 13(b))	823,582	874,403
	<u>2,793,212</u>	<u>2,448,679</u>
Convertible debenture (note 4)	–	792,812
Asset retirement obligations (note 5)	70,846	61,428
Shareholders' equity:		
Share capital (note 6(b))	25,719,122	15,590,718
Warrants (note 6(c))	1,200,530	2,660,523
Contributed surplus (note 6(d))	1,393,287	1,013,636
Deficit	(3,665,014)	(2,434,921)
	<u>24,647,925</u>	<u>16,829,956</u>
Nature of operations and basis of presentation (note 1)		
Subsequent event (note 6(c))		
Commitments (note 13)		
Segment information (note 14)		
	<u>\$ 27,511,983</u>	<u>\$ 20,132,875</u>

See accompanying notes to interim consolidated financial statements.

ALHAMBRA RESOURCES LTD.

Interim Consolidated Statements of Income (Loss) and Deficit
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Revenue (note 1(c)):				
Sales of gold and silver	\$ 1,335,941	\$ -	\$ 1,335,941	\$ -
Expenses:				
Operating	860,013	-	860,013	-
General and administrative	596,859	113,597	946,855	266,330
Stock-based compensation	195,640	377,776	515,238	407,815
Depreciation, depletion and accretion	146,995	2,680	149,467	5,150
Interest	33,085	19,594	48,914	58,988
Foreign exchange loss	28,770	7,737	16,619	36,516
	1,861,362	521,384	2,537,106	774,799
Loss from continuing operations before taxes on income	(525,421)	(521,384)	(1,201,165)	(774,799)
Current income taxes	28,928	-	28,928	-
Loss before continuing operations	(554,349)	(521,384)	(1,230,093)	(774,799)
Gain from discontinued operations (note 2)	-	974,905	-	1,094,325
Net income (loss)	(554,349)	453,521	(1,230,093)	319,526
Deficit, beginning of period	(3,110,665)	(2,253,396)	(2,434,921)	(2,119,401)
Deficit, end of period	\$(3,665,014)	\$(1,799,875)	\$(3,665,014)	\$(1,799,875)
Per share (note 10):				
Loss from continuing operations per share basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Gain on discontinued operations per share basic and diluted	\$ -	\$ 0.02	\$ -	\$ 0.02
Net income (loss) per share basic and diluted	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ 0.00

See accompanying notes to interim consolidated financial statements.

ALHAMBRA RESOURCES LTD.

Interim Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Cash provided by (used in):				
Operating:				
Loss from continuing operations	\$ (554,349)	\$ (521,384)	\$(1,230,093)	\$ (774,799)
Items not involving cash:				
Stock-based compensation	195,640	377,776	515,238	407,815
Depreciation, depletion and accretion	146,995	2,680	149,467	5,150
Unrealized foreign exchange loss	–	9,930	–	16,048
	(211,714)	(130,998)	(565,388)	(345,786)
Change in non-cash working capital (note 8)	15,000	18,086	4,711	(104,287)
Discontinued operations	–	(212,459)	–	(119,899)
	(196,714)	(325,371)	(560,677)	(569,972)
Financing:				
Repayment of convertible debenture	–	–	–	(601,000)
Repayment of convertible promissory notes	–	(550,250)	–	(550,250)
Repayments to officers and directors, net	–	(540,000)	–	(540,000)
Issuance of shares and warrants	4,791,517	(11,861)	7,227,012	6,881,652
	4,791,517	(1,102,111)	7,227,012	5,190,402
Investing:				
Expenditures on mining assets	(2,556,408)	(3,192,513)	(2,848,722)	(4,083,760)
Acquisition of property and equipment, net	(32,605)	–	(35,708)	(2,611)
Change in non-cash working capital (note 8)	780,765	703,910	868,395	355,898
Discontinued operations	–	2,197,389	–	2,190,233
	(1,808,248)	(291,214)	(2,016,035)	(1,540,240)
Change in cash	2,786,555	(1,718,696)	4,650,300	3,080,190
Cash and cash equivalents, beginning of period	2,572,338	4,881,374	708,593	82,488
Cash and cash equivalents, end of period	\$ 5,358,893	\$ 3,162,678	\$ 5,358,893	\$ 3,162,678
Supplemental disclosure of cash flow information:				
Interest paid	\$ 33,085	\$ 36,700	\$ 48,914	\$ 82,242

Supplemental disclosure of cash flow information (note 9)

See accompanying notes to interim consolidated financial statements.

ALHAMBRA RESOURCES LTD.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2006 and 2005
(Unaudited)

1. Nature of operations and basis of presentation:

(a) Nature of operations:

The Company's business consists of the exploration for and development of mineral properties in the Republic of Kazakhstan ("Kazakhstan"). On April 7, 2005, the Company entered into an agreement to sell 100% of its oil and natural gas properties thus allowing management to focus all of its attention on the mineral exploration and development business. Prior to this, these properties generated cash flow to fund corporate overhead. The net proceeds were used to fund the continued development of the Company's Uzboy Project located in north central Kazakhstan and to fund liabilities.

The Company's operations are subject to economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

(b) Basis of presentation:

Due to Alhambra's continued net losses and limited working capital, its ability to continue with its business plan is dependent upon its ability to raise additional capital to fund these activities and on achieving positive earnings and cash flow. Management believes the equity capital raised (note 6) and the sale of the oil and natural gas assets in 2005 (note 2) have improved Alhambra's ability to carry out its business plan and to continue as a going concern.

These interim 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 continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

If the going concern assumption was not appropriate for these financial statements, then material adjustments would be necessary to the carrying values of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used.

(c) Adoption of accounting policies

Revenue recognition

Effective May 1, 2006, the Company began commercial operations from the oxide portion of its Uzboy project. Revenue is recognized from the sale of gold and silver when the price is determinable, the product has been delivered and title has been transferred to the customer and collection of the sales price is reasonably assured.

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Notes to Interim Consolidated Financial Statements, page 2

Six months ended June 30, 2006 and 2005
(Unaudited)

1. Nature of operations and basis of presentation (continued):

Work in progress

All costs associated with the production of gold and silver, including direct costs incurred in the mining, leaching and resin stripping processes as well as depreciation of equipment used in each process, are charged to work in progress and expensed based on the quantity of gold sold as a percentage of total gold mined. Overhead costs such as office general and administration and interest on Pre-payment Gold Sales Facility Agreement (note 13(b)) are expensed except to the extent they relate to exploration or development projects currently in the exploration, development or preproduction stages.

Depletion of mining assets

The Company depletes deferred exploration and development costs related to mining properties in commercial operations using the units of production method over proven and probable reserves.

2. Discontinued operations:

In 2004, the Company evaluated its oil and natural gas operations in Canada and decided to pursue the sale of these assets. The assets for sale comprise 100% of the Company's oil and natural gas assets in Canada. These assets were classified as assets held for sale as at December 31, 2004, and are reflected as discontinued operations in 2005.

On April 7, 2005, the Company sold the asset for gross proceeds of \$2.2 million prior to working capital adjustments and transaction costs.

Selected financial information for the activities included in discontinued operations is presented below:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Oil and natural gas sales net of royalties	\$ -	\$ (8,683)	\$ -	\$ 165,554
Net income from discontinued operations	\$ -	\$ 974,905	\$ -	\$ 1,094,325
Gain on discontinued operations	\$ -	\$ 974,905	\$ -	\$ 1,094,325

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Notes to Interim Consolidated Financial Statements, page 3

Six months ended June 30, 2006 and 2005
(Unaudited)

3. Mining assets:

Mining assets consist of the following:

	June 30, 2006	December 31, 2006
Deferred exploration and development costs, net of accumulated gross revenue from sales of gold and silver of \$9,292,718 (2005 – \$1,374,956) and and net of accumulated depletion and accretion of \$130,382 (2005 - \$Nil)	\$ 9,674,241	\$11,582,318
Equipment, net of accumulated depreciation of \$498,779 (2005 –\$199,536)	3,071,071	2,854,432
Construction in progress	3,974,888	2,304,951
Inventory	736,701	692,143
	<u>\$17,456,901</u>	<u>\$17,433,844</u>

All expenditures relating to the Uzboy Project were capitalized up to April 30, 2006 being the date of start up of commercial operations. These expenditures consisted of pre-production costs, property and equipment and construction in progress costs, general and administration costs and interest on the Pre-payment Gold Sales Facility Agreement (note 13(b)). Pre-production costs are expenditures that related to geological exploration, pre-production activities, and directly attributable overhead expenditures. In December 2004, the Company started a test heap leach operation at the Uzboy Project to test the equipment and processes built and established to produce gold. Management believed that it was necessary to test the operation for at least an entire operating cycle to ensure that a viable operation existed before going into commercial operation. During the six months ended June 30, 2006, gross proceeds of \$3,134,385 (2005 - \$ 1,374,956) were recognized as part of the test heap leach operation and were recorded as a reduction of mining assets.

4. Convertible debenture:

The principal amount of the debenture was convertible at any time, in whole or in part, at the option of the holder into common shares at Cdn\$0.60 (the "Conversion Price") based on the exchange rate in effect at the time of conversion (US\$0.86 at March 30, 2006). The debenture was convertible at the option of the Company if the common shares of the Company traded over a ten-day consecutive period at a closing price equal to or greater than Cdn\$1.20 per common share. Interest at the rate of 10% on the debenture was compounded semi-annually and was payable on a quarterly basis. The debenture was secured by the assets of the Company.

On March 30, 2006, the convertible debenture of Cdn\$792,812 was settled through the issuance of 1,321,353 common shares of the Company.

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Notes to Interim Consolidated Financial Statements, page 4

Six months ended June 30, 2006 and 2005
(Unaudited)

5. Asset retirement obligations:

Mineral properties:

The following table presents the reconciliation of the asset retirement obligations associated with the retirement of the Uzboy Project in Kazakhstan.

	2006	2005
Balance, beginning of period	\$ 61,428	\$ 77,938
Revisions	4,783	(16,510)
Accretion	4,635	–
Balance, end of period	\$ 70,846	\$ 61,428

The Company estimates the total undiscounted cash flows required to settle its asset retirement obligations at June 30, 2006 is approximately \$438,000, and estimated to be incurred between the years 2020 to 2022. A credit adjusted risk free rate of 14% and an inflation rate of 7% was used to calculate the fair value of the asset retirement obligation.

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Notes to Interim Consolidated Financial Statements, page 5

Six months ended June 30, 2006 and 2005
(Unaudited)

6. Share capital:

(a) Authorized:

Unlimited voting common shares

Unlimited non-voting preferred shares, of which none have been issued

(b) Issued:

	Six months ended		Year ended	
	June 30, 2006		December 31, 2005	
	Number	Amount	Number	Amount
Common shares				
Balance, beginning of period	50,478,230	\$ 15,590,718	35,233,612	\$ 9,154,286
Exercise of warrants (note 6(c))	9,901,616	6,928,887	1,310,424	879,727
Transfer to common shares upon exercise of warrants (note 6(c))	–	1,432,234	–	266,385
Conversion of convertible debenture (note 4)	1,321,353	792,812	–	–
Purchase of mineral properties	225,000	513,000	–	–
Exercise of stock options (note 6(d))	770,000	298,125	265,000	103,000
Transfer from contributed surplus (note 6(d))	–	163,346	–	59,567
Pursuant to private placements	–	–	13,510,818	7,430,950
Amount subscribed to warrants	–	–	–	(1,502,753)
Exercise of broker options	–	–	158,376	79,188
Share issuance costs	–	–	–	(879,632)
Balance, end of period	62,696,199	\$ 25,719,122	50,478,230	\$ 15,590,718

- (i) During the six months ended June 30, 2006, 9,901,616 common shares were issued upon the exercise of warrants that had been issued in 2005 and 2004 pursuant to brokered private placements completed for total proceeds of \$6,928,887. In addition, a total of \$1,432,234 was transferred to common shares in connection with the exercise of the warrants
- (ii) On March 30, 2006, the convertible debenture of Cdn\$792,812 was settled through the issuance of 1,321,353 common shares of the Company.
- (iii) During the six months ended June 30, 2006, a total of 770,000 stock options were exercised for total proceeds of \$298,125. In addition, a total of \$163,346 was transferred from contributed surplus to reflect the value of the options calculated on the grant date and charged as stock-based compensation expense.

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Notes to Interim Consolidated Financial Statements, page 6

Six months ended June 30, 2006 and 2005
(Unaudited)

6. Share capital (continued):

(c) Warrants:

	Six months ended		Year ended	
	June 30, 2006		December 31, 2005	
	Number	Amount	Number	Amount
Balance, beginning of period	15,484,397	\$ 2,660,523	11,867,567	\$ 1,119,482
Pursuant to private placements	–	–	8,040,681	1,807,426
Exercise of warrants	(9,901,616)	(1,432,234)	(1,310,424)	(266,385)
Expired	(110,000)	(27,759)	(3,113,427)	–
Balance, end of period	5,472,781	\$ 1,200,530	15,484,397	\$ 2,660,523

Subsequent to June 30, 2006, 4,575,882 common shares of the Company were issued upon the exercise of warrants, for total proceeds of \$3,423,166.

	Six months ended		Year ended	
	June 30, 2006		December 31, 2005	
	Number of Warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	15,484,397	\$ 0.73	11,867,567	\$ 0.67
Issued	–	–	8,040,681	0.75
Exercised	(9,901,616)	0.70	(1,310,424)	0.67
Expired	(110,000)	0.70	(3,113,427)	0.60
Outstanding, end of period	5,472,781	\$ 0.75	15,484,397	\$ 0.73
Exercisable, end of period	5,472,781	\$ 0.75	15,484,397	\$ 0.73

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Notes to Interim Consolidated Financial Statements, page 7

Six months ended June 30, 2006 and 2005
(Unaudited)

6. Share capital (continued):

(d) Options:

The Company has a stock option plan under which directors, officers, employees and consultants of the Company are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued common shares of the Company at the time of granting of the options. Options granted under the plan generally have a term of three years but may not exceed five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the stock exchange(s) on which the Company's common shares are then listed.

A summary of the status of the Company's stock option plan is as follows:

	Six months ended June 30, 2006		Year ended December 31, 2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	4,237,500	\$ 0.47	3,045,000	\$ 0.42
Granted	1,350,000	0.99	1,520,000	0.55
Cancelled	—	—	(62,500)	0.42
Exercised	(770,000)	0.38	(265,000)	0.39
Outstanding, end of period	4,817,500	\$ 0.64	4,237,500	\$ 0.47
Exercisable, end of period	3,505,000	\$ 0.54	3,762,500	\$ 0.47

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Notes to Interim Consolidated Financial Statements, page 8

Six months ended June 30, 2006 and 2005
(Unaudited)

6. Share capital (continued):

(d) Options (continued):

The following table summarizes information about stock options outstanding and exercisable at June 30, 2006.

Exercise price	Outstanding		Exercisable	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
\$ 0.40	712,500	1.00	712,500	1.00
0.45	410,000	0.82	285,000	0.82
0.50	360,000	0.22	360,000	0.22
0.52	500,000	0.88	500,000	0.88
0.55	1,447,500	2.95	1,272,500	3.11
0.57	50,000	0.33	50,000	0.33
0.76	300,000	2.48	75,000	2.48
1.06	1,037,500	2.51	250,000	2.51
	4,817,500	1.91	3,505,000	1.78

The fair value of the options granted in the six months ended June 30, 2006 is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was calculated to be \$756,586 using the following weighted-average assumptions:

	2006
Expected dividend yield (%)	—
Expected life (years)	2.91
Risk-free interest rate (%)	4.25
Expected volatility (%)	75
Fair value of options granted (\$/share)	0.56

ALHAMBRA RESOURCES LTD.

Notes to Interim Consolidated Financial Statements, page 9

Six months ended June 30, 2006 and 2005
(Unaudited)

6. Share capital (continued):

(d) Options (continued):

A reconciliation of contributed surplus is provided below:

	Six months ended June 30, 2006	Year ended December 31, 2005
Balance, beginning of period	\$ 1,013,636	\$ 527,292
Stock-based compensation expense	515,238	545,911
Transfer to share capital on the exercise of stock options	(163,346)	(59,567)
Expiration of warrants	27,759	–
Balance, end of period	\$ 1,393,287	\$ 1,013,636

7. Related party transactions:

- (a) During the six months ended June 30, 2006, the Company paid \$Nil (2005 - \$34,169) in rent and other expenses to a company with common officers and directors. Of this amount, \$1,086 remains in accounts payable and accrued liabilities at June 30, 2006. The common officers and directors resigned their positions with the company on September 29, 2005.
- (b) During the six months ended June 30, 2006, the Company paid \$72,000 (2005 - \$60,000) in consulting fees to a company controlled by the President and Chief Operating Officer of Alhambra. Of this amount, \$50,400 (2005 - \$45,000) was capitalized to deferred exploration and development costs.
- (c) During the six months ended June 30, 2006, the Company incurred \$35,576 in costs from a law firm in which an officer of the Company is a partner and expensed as legal expenses. The officer was appointed in the first quarter of 2006.

These transactions 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.

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Notes to Interim Consolidated Financial Statements, page 10

Six months ended June 30, 2006 and 2005
(Unaudited)

8. Statements of cash flows:

Changes in non-cash working capital are as follows:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Accounts receivable	\$ 1,230,803	\$ 45,280	\$ 908,908	\$ 191,749
Deposits and prepaid expenses	(248,111)	(304,941)	(380,337)	(509,651)
Accounts payable and accrued liabilities	(135,472)	809,480	395,356	380,903
Advances	(51,455)	172,177	(50,821)	188,610
	<u>\$ 795,765</u>	<u>\$ 721,996</u>	<u>\$ 873,106</u>	<u>\$ 251,611</u>
Relating to:				
Operating activities	\$ 15,000	\$ 18,086	\$ 4,711	\$ (104,287)
Investing activities	780,765	703,910	868,395	355,898
	<u>\$ 795,765</u>	<u>\$ 721,996</u>	<u>\$ 873,106</u>	<u>\$ 251,611</u>

9. Supplemental disclosure of cash flow information:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Non-cash investing and financing activities:				
Issuance of common shares to settle convertible debenture (note4)	\$ -	\$ -	\$ 792,812	\$ -
Issuance of common shares to purchase Canadian mining assts	513,000	-	513,000	-

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(Unaudited)

10. Loss per share:

Basic loss per share is calculated using the weighted average number of shares outstanding during the period.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2006	2005	2006	2005
Basic and diluted weighted average shares outstanding	56,510,501	48,756,930	54,832,531	44,476,176

11. Financial instruments:

(a) Fair values:

The fair values of accounts receivable, deposits and prepaid expenses, work in progress accounts payable and accrued liabilities and advance, are approximated by their carrying values because of their short-term nature or because they bear interest at market rates. The fair value of the convertible debentures and the convertible promissory notes are considered undeterminable due to the inability to apply a valuation method or obtain market prices.

(b) Foreign currency risk:

The Pre-Payment Gold Sales Facility Agreement (note 13(b)) is denominated in US\$ and therefore the Company is subject to the risk of fluctuating exchange rates between the Cdn\$ and US\$.

12. Comparative figures:

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

13. Commitments:

(a) The Company has granted a net smelter royalty with respect to the production of minerals from the properties owned by the Company in Kazakhstan. The net smelter royalty ranges from 2.5% to 3.0% (dependent on the price of gold) of gross revenue as defined in the Agreement, and amounted to \$134,110 in the six months ended June 30, 2006 (2005 - \$ 41,249).

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Six months ended June 30, 2006 and 2005
(Unaudited)

(b) Gold Sales and Marketing Agreement:

On December 14, 2004 the Company entered into a Gold Sales and Marketing Agreement (the "Sales Agreement") and a US\$780,000 Pre-Payment Gold Sales Facility Agreement (the "Pre-Payment Facility"). Under the Sales Agreement, the purchaser has the right to purchase all the gold produced from the current test heap leach and any additional gold that may be produced from the Uzboy Project for the next three years. The Company will be responsible for all costs related to transportation and refining and will pay a marketing fee of 0.95% of gross revenue. Under the Pre-Payment Facility, the Company has the right to receive up to US\$750,000 as a pre-payment for gold to be sold to the vendor under the Sales Agreement. Amounts drawn under the Pre-Payment Agreement bear interest at LIBOR plus 8% and are secured by pledge of future deliveries of gold up to a maximum value of US\$1,000,000 and a corporate guarantee by the Company. Any unused portion under the Pre-Payment Facility bears interest at LIBOR plus 3%.

At June 30, 2006, advances received from the vendor were US\$738,639 (Cdn\$823,582) (December 31, 2005 – US\$749,981 (Cdn\$874,403)).

(c) Lease Agreement on Premises:

The Company is committed under a lease on premises for future minimum rental payments, exclusive of occupancy costs, as follows:

2006	\$	25,650
2007		56,430
2008		37,620

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Notes to Interim Consolidated Financial Statements, page 13

Six months ended June 30, 2006 and 2005
(Unaudited)

14. Segment information

As at June 30, 2006, the Company and its subsidiaries operate in one reportable segment, the exploration for and the development of mineral properties. Identifiable assets, revenues, and net loss in each of its geographic areas are as follows:

Six months ended June 30, 2006	Kazakhstan	Corporate	Total
Sales of gold and silver	\$1,335,941	\$ –	\$ 1,335,941
Net income (loss)	81,021	(1,311,114)	(1,230,093)
Depreciation, depletion and accretion	142,878	6,589	149,467
Assets as at June 30, 2006	21,767,503	5,744,480	27,511,983
Capital expenditures (net)	2,632,975	251,455	2,844,430

Six months ended June 30, 2005	Kazakhstan	Corporate	Total
Sales of gold and silver	\$ –	\$ –	\$ –
Net loss ⁽¹⁾	–	(774,799)	(774,799)
Depreciation, depletion and accretion	–	5,150	5,150
Assets as at December 31, 2005	19,385,917	746,958	20,132,875
Capital expenditures	4,083,760	2,611	4,086,371

Three months ended June 30, 2006	Kazakhstan	Corporate	Total
Sales of gold and silver	\$ 1,335,941	\$ –	\$ 1,335,941
Net income (loss)	81,021	(635,370)	(554,349)
Depreciation, depletion and accretion	142,878	4,117	146,995
Assets as at June 30, 2006	21,767,503	5,744,480	27,511,983
Capital expenditures	2,340,661	248,352	2,589,013

Three months ended June 30, 2005	Kazakhstan	Corporate	Total
Sales of gold and silver	\$ –	\$ –	\$ –
Net loss ⁽¹⁾	–	(521,384)	(521,384)
Depreciation, depletion and accretion	–	2,680	2,680
Assets as at December 31, 2005	19,385,917	746,958	20,132,875
Capital expenditures	3,192,513	–	3,192,513

(1) Net loss excludes pre-production operations in Kazakhstan which have been capitalized in deferred exploration and development costs as the operations are in the development stage until April 30, 2006.