



ANNUAL REPORT 2005



PRESIDENT'S LETTER TO THE SHAREHOLDERS

Fieldex Exploration Inc. ("Fieldex") made significant progress on its business plan in 2005, and Fieldex looks forward to an exciting 2006. These are the highlights for 2005;

First Quarter 2005

- Fieldex finalize the \$1 Million private placement from December 2004
- Listing on TSX Venture (symbol: FLX)
- Helicopter-borne survey over the 600 sq km Temiscamingue project
- Properties acquisition in the Duparquet area for gold and for Cu-Ni-PGE in the Temiscamingue area

Second Quarter 2005

- Fieldex completes \$0.25 Million convertible debenture financing with institutional investors
- FNX Mining Company buys our joint venture partner Aurora Platinum Corp. and becomes Fieldex joint venture partner for the Temiscamingue and Midrim projects.

Third Quarter 2005

- Field work on the Temiscamingue project, over \$0.75 Million spent in exploration
- Initiate a marketing strategy, hire a communication firm

Fourth Quarter 2005

- Fieldex completes \$1.25 Million private placement
- Pinetree Capital (TSX: PNP) acquires ownership in Fieldex Exploration Inc

Fieldex is very well positioned to take advantage of the actual strong minerals market.

- The company has an excellent portfolio of mineral projects
- The company has strong financial partners (Pinetree Capital)
- The company has strong technical partners (FNX, Lake Shore Gold, Cambior, Superior Diamond)

Fieldex has moved rapidly in 2005 and is looking forward to a busy exploration year in 2006.

On behalf of the Board of Directors,



Martin Dallaire, eng.
President & Chief Executive Officer



MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared April 21, 2006 for fiscal year ended December 31, 2005.

GENERAL

This management's report presents an analysis of our operation results and our financial situation which should enable the reader to evaluate the considerable variations for the fiscal year ended December 31, 2005, in comparison to the previous one. This report prepared on April 21, 2006, is complementary to our financial statements. It was prepared in accordance with Regulation 51-102A1 and was approved by our company's board of directors. Our financial reports as well as this report are meant to give our investors detailed information for them to evaluate our operation results and our financial performance.

Prospective statements

The management's discussion and analysis contains prospective statements which show, at this time, the company's expectations, estimates and projections regarding its operations, the mining industry and the economy in general. Although very reasonable, these statements entail a certain amount of risk and uncertainty which must be considered and could compromise their realization. Therefore, the actual results could differ greatly from the statements foreseen in the report.

Fieldex Exploration Inc., which is incorporated under the Federal Business Corporation Law, is a mining exploration company involved in the acquisition and exploration of mineral with prospects for hosting nickel-copper-platinum-palladium mineral deposits and gold. Fieldex is currently active in Canada and holds a significant portfolio of mineral properties in Quebec. Fieldex is a reporting issuer in British Columbia, Alberta and Quebec, and trades on the TSX Venture Exchange under the symbol FLX. It also trades on the Frankfurt, Munich, Xetra and Berlin Exchange in Europe under the symbol F7E and on the OTC Exchange in the United States under the symbol FXPIF.

OVERALL PERFORMANCE

On December 31, 2005, the Company had to incur \$500,000 in exploration expenses regarding a flow-through financing for the same amount made in November 2005. The company is planning to incur even more money in exploration projects since it has, along with flow-through financing, raised funds for an amount of \$750,000. In early 2006, the Company has completed another private financing for an amount of \$2,000,000. Furthermore, between January 1, 2006 and April, 21 2006, the Company received close to \$800,000 following the exercising of stock options, broker options, and warrants. The company had to write-off the Bellecombe-Stadacona Property from its records since no significant work has been done on that property for years. However, on April 6, 2006, Fieldex, in a joint venture with its partner Cambior, bought back 2.5% of royalties from a group of prospectors. An exploration program should be presented to the Bellecombe-Stadacona management committee in May 2006. Also, the Company had to write-off any cash advance made to «Les Solutions Popup!», this company has no significant assets and no liquidity and is unable to reimburse what it owes. Fieldex Exploration Inc. and «Les Solutions Popup!» are related by the fact that they have the same President. This advance was given in early 2000 in order to create a reversed take over which never took place. Fieldex has registered its shares on the German Stock Exchange. The registration was in effect on January 26, 2006. Work has been done on the Regionale-Témiscamingue Project in 2005. The estimated budget was for \$725,000, however, the exploration expenses totalled an amount of \$765,000, creating a cost overrun. Finally, the acquisition of the Laforce Property, for its great potential, was also an important factor for 2005.

QUEBEC PROJECTS

TEMISCAMINGUE PROJECT (Fieldex 50%, FNX Mining Company 50%)

On July 1, 2005, FNX Mining Company bought all of Aurora Platinum Corp's shares and then sold 50% of the acquired interest to Dynatec Corp. However, on October 5, 2005, FNX Mining Company bought back all of Dynatec Corp.'s interest in Aurora Platinum Corp. and then agreed to a 50/50 partnership with Fieldex regarding the Temiscamingue Project. FNX and Fieldex will continue with the agreement by sharing targeted mining properties in the Temiscamingue area. Each company's participation in exploration expenses is to be divided equally in a 50/50 proportion. On December 31, 2005, Fieldex Exploration had incurred a total amount of \$789,438 from the beginning in exploration expenses for the above mentioned project. This consolidation of property (55,373 hectares or 533 km²) represents the largest area covering the Volcanic Belt of the Temiscamingue. Exploration is done mainly on copper-nickel-platinum-palladium-type properties and volcanogenic massive sulphide (VMS) potentials.

For the fiscal year ended December 31, 2005, most of the work done on the Temiscamingue Project consisted in cartography, sampling, prospecting, and verifying beforehand selected mineral indexes. Drilling programs were done for an amount totalling \$286,486. Work was concentrated in areas with high copper-nickel-platinum potential. Technically, phase 2 was a success since it has enabled us to better understand the components of the researched area. A third phase is scheduled in summer 2006. A drilling program is also in the works for fall 2006, it is to be done on areas targeted by different geophysics instruments.

BABY-MIDRIM PROJECT (Fieldex 30% - FNX Mining 70%)

The Company owns a 30% interest in the Midrim Property. This property is located in the Temiscamingue region but is part of an independent agreement regarding the Regionale Temiscamingue Project. A site survey was done in mid-september with the FNX exploration team in order to have a better technical understanding of the Midrim site. A drilling program is scheduled for July 2006, we hope to better define areas of the property with high content and ultimately prove the economic potential of the Midrim deposit.

BELLECOMBE-STADACONA PROJECT (Fieldex 50% - Cambior 50%)

The Company owns a 50% interest in the Stadacona Property. This property is located in the Rouyn-Noranda region of Quebec. No significant work was carried out on the property as of December 2005, therefore, the Company has decided to write it off its records. However, the redemption of 2.5% of royalties in early 2006 is an important step towards potentially starting production in the gold mineralized area. An evaluation of possible historical reserves, in areas 1 and 2, by F. Viens of Cambior on July 27, 1988, suggests a 488,400 metric ton potential with 6.3 g/t in gold content, which would represent a potential of 98,940 ounces in gold. This evaluation, however, does not take into account previous drilling which had given results of 5.2 g/t in gold content over 4.3 meters (0.15 ounce/t. over 14 feet) with a 1028 meter depth (3372 feet). The mineralized area has a sub-vertical dive and width of 3.2 meters (10.5 feet). Joint venture drilling with Cambior scheduled in fall 2005 has been moved in 2006.

NORANDA NORTH PROJECT (Lake Shore Gold 100%)

The Company has an option to acquire 50% of the Noranda North Property which is located 40 km north of Rouyn-Noranda. According to the terms of the initial agreement between Lake Shore Gold and Fieldex, Fieldex was to incur in exploration expenses before September 30, 2005 in order to benefit on the option to acquire 50% of the Noranda North Property. Work has not yet been completed, however, Fieldex and Lake Shore Gold have amended the initial agreement and have moved the deadline for mandatory work to September 30, 2006. In January 2006, the Company has given Lake Shore Gold \$150,000 for a 6-week-exploration program scheduled to start on June 1, 2006. Diamond-drilling work will follow on areas targeted by geophysics instruments and determined by ground analysis which was done by Lake Shore Gold in 2003.

SCOTT PROJECT (Fieldex 100%)

The Company owns 100% of the Scott Property which is located south of the city of Chibougamau. Data work and analysis have been done in the last quarter and the Company is now ready to initiate a drilling program in the area. We are currently looking for partners interested in optioning the property for its potential in copper and gold..

CARPENTIER PROJECT (Fieldex 100%)

The Company owns 100% of the Carpentier Property which is located close to the city of Lebel-sur-Quévillon. It has been recently marked out for its potential in copper and zinc, and sampling and prospecting work is scheduled for summer 2006.

LAFORCE PROJECT (Fieldex 100%)

This property is located in the Temiscamingue region near the local municipality of Laforce. This property, acquired in 2005 for \$40,000, has a potential in copper and nickel. An exploration program of this site is scheduled in summer 2006, drilling should follow in fall 2006.

DUPARQUET PROJECT (Fieldex 100%)

The Company owns 100% of the Duparquet Property which is located north of the city of Rouyn-Noranda, near the local municipality of Duparquet. A drilling program is currently in place to determine the property's potential in gold content. Results will be transmitted by Press Release.

JULIAN PROJECT (90% option)

The Company has the option of acquiring 90% of the Julian property as stipulated in the January 17, 2006 Press Release. This property, which is located 40km north of the city of Matagami, was acquired for its potential in copper and zinc. Prospecting and sampling work is scheduled for summer 2006.

ROYALTIES

Some of the Company's properties are affected by the burden of royalties if brought into production

Royalties on the mining properties are as follows : :

Bellecombe-Stadacona	A 3% net smelter royalty is attached to the property. However, on April 6, 2006, the Company and its partner Cambior have redeemed 2.5% of the 3% net smelter royalty.
Laforce	A 2% net smelter royalty is attached to three of the 8 property-claims. This royalty could be redeemed by the Company for \$1,000,000. Another 2% net smelter royalty is attached to two other property-claims; half of this royalty could be redeemed by the Company for \$1,000,000.

SELECTED ANNUAL INFORMATION AND OPERATION RESULTS

The Company's financial statements have been prepared according to generally accepted accounting principles in Canada. This statement's currency is in Canadian dollars and amounts shown in this report are in Canadian dollars.

Significant financial information (audited)

	Fiscal year ended		
	2005	December 31 2004	2003
	\$	\$ restated	\$
Total Assets	1,799,183	1,399,159	333,938
Income	16,276	4,957	125,000
Net Earnings (Loss)	(652,557)	(87,500)	99,635
Net Earnings (Loss) per share	(0,05)	(0,01)	0,02

Due to its field of activity, the Company does not generate revenue on a regular basis and must continually issue shares in order to insure the financial means for mining projects and its everyday transactions. In 2003, the \$125,000 revenue came from the sale of a mining property. During the fiscal year ended December 31, 2005, Fieldex Exploration Inc. registered a net loss of \$652,557, in comparison, the net loss registered for the fiscal year ended December 31, 2004 was \$87,500. The increase in net loss can be explained by the writing off of the Bellecombe-Stadacona property, the write-off of cash advance to a related company as well as the increase in consultant fees. This increase in consultant fees is mainly due to the fact that the President has not received amount for his services in 2004, and in 2005, a company which is controlled by him has received \$75,000. In 2004 professional fees were higher than 2005, due to the fact that the company was to register its shares on the Stock Market. However, the increase in the Company's activities for 2005, has also increased its general administrative expenses from \$42,852 in 2004 to \$79,331 in 2005, as well as expenses in relation with registration, listing fees and shareholders information which went from \$36,862 in 2004 to \$62,914 in 2005. There was also an amount of \$97,500 registered as stock-based compensation for 2005, against none in 2004. The financial statements of the Company as at December 31, 2004, have been restated to account the share issuance expenses relating to income taxes on flow-through shares. The adjustment results in a \$168,500 increase of share issuance expenses and a decrease of the net loss for the same amount. Future income taxes for 2005 represent an amount of \$110,600. The main sources of financing for this fiscal year have been the cash inflow for two debentures from institutional investors for a total amount of \$250,000 as well as two private financing; the first one following the issue of flow-through shares for \$500,000 and the second one for an amount of \$750,000 following the issue of common shares. These amounts have allowed the Company to meet with and respect previous financial commitments with partners and respect established money incurrence into exploration work to meet with flow-through shares conditions.

Financing	Date	Purpose	Commercial objectives
FSTQAT \$100,000	April 2005	Work on Régionale-Témiscamingue property.	The Company promised to invest these sums of money into the project.
Sidex 150 000\$	April 2005	Work on Noranda North property.	In January 2006, the Company has given \$150,000 to its partner Lake Shore Gold for work on the Noranda North property.
PowerOne Capital 500 000\$	November 2005	Amount in flow-through shares for exploration work.	The Company has initiated exploration and drill campaigns on many of its properties. This work will be continued in 2006.
PowerOne Capital 750 000\$	November 2005	Working capital and exploration work.	The Company has settled any overdue amounts with its partners and has improved its working capital.

During the last fiscal year, the Company has received an amount of \$1,500,000 in private investments and debentures for its financing activities. A total amount of \$765,876 has been spent on the Régionale-Témiscamingue property.

Properties	Deffered expenses on December 31, 2004	Expenditures for fiscal year 2005	Futur goals
Régionale-Témiscamingue	\$23,562	\$765,876	The 2006 exploration program is the third year of a five-year agreement with the FNX Mining Company. The Company has spent most of its exploration expenses on this property in 2005 and expects to further advance the work..
Laforce	-	\$6,000	Validate the economic potential of the Laforce deposit.
Scott	-	\$6,800	Find a partner to option on the property.
Hébécourt	-	\$1,200	Construction of a working position in order to further investigate the Porcupine Destor Fault for gold deposits
Julian	-	\$716	Validate investigated areas for gold content.
Bellecombe-Stadacona	-	\$3,200	Drilling to further increase the resources.
Noranda-North	-	\$2,400	Test by diamond drilling targets identified by the work done by Lake Shore Gold in 2003.

SUMMARY OF QUARTERLY RESULTS(unaudited and restated)

Quarter	Total revenue	Net Earnings (Loss)	Net Earnings (Loss) per share
	\$	\$	\$
March 2004	-	(14,952)	(0,00)
June 2004	4,005	(22,963)	(0,01)
September 2004	-	(66,868)	(0,01)
December 2004	952	17,283	0,00
March 2005	1,339	(106,650)	(0,01)
June 2005	7,242	(58,890)	(0,01)
September 2005	2,358	(52,348)	(0,00)
December 2005	5,337	(434,669)	(0,05)

As the Company does not generate significant revenue, variations in quarterly results cannot be explained by market conditions. The quarter ended December 31, 2004, was restated by accounting future income taxes of \$168,500 to result in a net earnings after income taxes of \$17,283. By not restating, the loss would have been higher than the preceding quarters (around 150,000 \$). This can be explained in part by considerable professional fees to re-register the stock on the Market. Loss on disposal of investments of \$60,800 was also registered. Net loss for the quarter ended March 31, 2005 was relatively high in comparison to precedent quarters since the Company has registered \$27,000 in stock-based compensation. There were also other expenses regarding the re-registration of the shares on the Market. The last quarter of 2005 holds the most important loss of the last 8 quarters even if it was reduced by the registration of future income taxes totalling \$110,600. Most of the loss is due to the write-off of a property and its deferred exploration expenses for a total of \$176,053, the write-off of an advance to a related company for \$159,522, as well as the registration of stock-based compensation for \$70,500.

CASH FLOW AND FINANCING SOURCES

The Company is not in commercial production on any of its resource properties and consequently does not generate any revenue from its operations. The Company usually funds its activities by issuance common shares on the financial market. In 2005, the Company received \$1,500,000 by private financing by issuance of shares for \$1,250,000 and two debentures totalling \$250,000. One of the debentures was converted into 500,000 common shares in early 2006. The Company was able to respect its commitments towards its partners while improving on its working capital which was at (\$291,552) on December 31, 2004 up to \$434,488 on December 31, 2005 with a cash asset of \$110,412 and \$500,000 for exploration expenses. However, it's the private financing for \$2,000,000 in February 2006 which will enable the Company to start work on most of its properties while respecting its partnership commitments and its financial growth. Furthermore, since the beginning of 2006, close to 2,421,000 common shares have been issued following the exercise of share purchase options, broker options and warrants for an amount totalling \$800,000.

The exercise of close to 11,380,000 warrants and broker options in date of this report represent a potential financing of over \$4,790,000. These warrants and broker options expire in December 2006, April and November 2007 as well as in February 2008 and have an exercise price between \$.15 and \$1.00.

The exercise of the 1,050,000 share purchase options in circulation in date of this report represent an added potential financing of \$443,500. These options expire in 2010 and 2011 et have an exercise price of \$.21 (350,000 options), \$.25 (200,000 options) and \$.64 (500,000 options). If the stock's performance on TSX Venture Market maintains itself, the Company foresees the exercise of some of the warrants, broker options and share purchase options in circulation. Furthermore, the Company can expect a conversion of the second debenture of April 2005 which would then lead to the issue of 333,333 common shares and as many warrants. The \$20,000 debenture entered a few years back was reimbursed in cash in December 2005 as well as the accrued interest for an amount of \$16,208. In 2006, the Company expects to receive its exploration tax credit of \$264,667, however, mining rights of \$58,983 will take longer to receive. The Company's cash position in date of this report is good and although some budgets have not yet been finalized for a few properties, the Company is confident to have the necessary resources to maintain its activities for the next 24 months. However, the Company could decide to get more financing should it invest in major work on one or more properties or in the case of a major acquisition.

ARRANGEMENTS NOT MENTIONED ON BALANCE SHEET

The Company has no arrangements which could have a negative implication on its financial situation.

RELATED PARTY TRANSACTIONS AND COMMERCIAL OBJECTIVES

Martin Dallaire

This fiscal year, the Company has incurred \$75,000 (none in 2004) in consultant fees from a company controlled by Fieldex' President. These fees are similar to what is paid on the market today. The President receives no compensation when he helps the Company underwrite investments by establishing business contacts and for dealing with the many responsibilities inherent to a President's position and functions.

Sylvain Champagne

This fiscal year, the Company has incurred \$41,600 (\$28,800 in 2004) in fees from a company controlled by Fieldex' financial chief executive officer for services in corporate management and general accounting.

FOURTH QUARTER

The loss before income taxes comes to \$545,270 for the last quarter of 2005. This loss is significant since the Company's management decided to write off the Bellecombe-Stadacona Property for an amount of \$172,853 as well as the deferred exploration expenses of \$3,200. Furthermore, the Company has written off the advance given to *Les Solutions Popup! inc.*, which is related to Fieldex since they both have the same President. Popup! was unable to reimburse the money owed, a total of \$159,522. A stock-based compensation in shares for \$70,500 has also been registered following the grant of options to the Company's directors in November 2005. Therefore the last quarter of the fiscal year closed with a net loss of \$434,670. The difference between net loss and loss before income taxes for this quarter comes from the financial compilation at the end of the last quarter for 2005, the income taxes savings for \$110,600. For this quarter the Company has financing for an amount of \$1,250,000 including \$500,000 in flow-through shares. For that same quarter, over \$176,890 were spent on the Régionale-Témiscamingue property. The Company has also entered share issuance expenses for an amount of \$351,489. These issuance fees are composed by an amount of \$140,389 for PowerOne Capital's brokerage commission and for this investment's legal fees, the options granted to the broker and accounted for at their fair value for an amount of \$100,500 as well as future income taxes of \$110,600 in relation to the flow-through shares. The amount of \$11,112 were spent for investors relations following a signed agreement with Renmark Financial Communications inc. in October 2005, for services starting in November 2005. At the end of the last quarter, the Company proceeded to register its shares on the Francfort Stock Market. Accordingly, an amount of \$14,180 was paid to a broker in Germany.

PROJECTED OPERATIONS

The Company does not foresee for the moment any important acquisition or disposal of property.

CONSULTANT AND GENERAL ADMINISTRATIVE EXPENSES

Consultant fees have increased; they went from \$48,294 in 2004 to \$152,972 in 2005. This can be explained by the fact that the Company's President has had no compensation for 2004 but has billed \$75,000 in consultant fees through a company which he controls. There was also an increase of \$12,800 in consulting fees by Fieldex' chief financial officer through a company which he controls since his work schedule has greatly increased in the last year.

This is the detail for general administrative expenses for the fiscal year ended December 31, 2005

Travel expenses and representation	\$18,043
Car rental and gas	\$15,544
Stationery and office suppliers	\$5,774
Photocopier rental payments	\$1,548
Advertisement and promotion	\$6,174
Tax and permits	\$3,157
Office leasing	\$21,867
Telecommunications	\$7,224

Consultant fees are established as follows:

President and CEO	\$75,000
Chief Financial Officer	\$41,600
Consultant in company management	\$26,100
Mining claim manager	\$9,357
Consultant for translation	\$915

General exploration expenses are established as follows :

Project management by a partner	\$2,792
5% fee regarding the treatment of expenses paid by a partner	\$32,819

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant accounting policies and those requiring the most judgment and estimates in the preparation of the Company's financial statements are explained below:

Stock-based Compensation and Other Stock-based Payments

The Company accounted stock-based compensation provided to employees and directors, and stock-based payments to non-employees, using the fair value-based method. The fair value of stock options at the grant date is determined according to the Black-Scholes option pricing model. Compensation expenses are recognized over the vesting period of the stock options.

Accounting Estimates

Significant estimates include the carrying value of mining properties and deferred exploration expenses, mining rights and tax credit receivable and calculation of stock-based compensation expenses. Actual results may differ from those estimates.

OBLIGATIONS AND COMMITMENTS BY CONTRACT

On December 31, 2005, the Company had to incur \$500,000 in exploration work in relation to the issuance of flow-through shares for the same amount. At this date, the Company has reserved the amount to cover these exploration expenses which must be done on December 31, 2006 at the latest according to fiscal regulations. According to an agreement with Lake Shore Gold Corp., the Company must incur \$500,000 in exploration on the Noranda-North property before September 30, 2006 and pay an instalment of \$150,000 to Lake Shore Corp. for the work on the property. This first instalment has been made in January 2006. In October 2005, the Company signed an agreement for investors relations activities with "Renmark Financial Communications Inc." The fees of Renmark Financial Communications Inc. will be \$5,000 monthly plus some expenses for the duration of the agreement which will end on October 31, 2006. The company is engaged in a lease contract for a vehicle amounting to \$32,912. The minimum payments payable are \$10,393 in 2006, 2007, 2008 and \$1,733 in 2009.

FINANCIAL INSTRUMENTS

The fair value of the Company's financial instruments nears the book value unless indicated otherwise in the notes. The cash flow and short term deposit bear low and variable interest. Usually, the other accounts receivables don't bear any interest. Payables and incurred costs sometimes some interest at different rates.

RISKS AND UNCERTAINTIES

Exploration

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labor disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment, and others, such as aboriginal claims, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental and Other Regulations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Financing and Development

Development of the Company's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Commodity Prices

The factors that influence the market value of gold and any other mineral discovered are outside the Company's control. The impact of these factors cannot be accurately predicted. Resource prices can fluctuate widely, and have done so in recent years.

Risks Not Covered by Insurance

The Company may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

ADDITIONAL INFORMATION FOR NEW ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company provides information pertaining deferred exploration expenses in note 8 of its annual financial statements ended December 31, 2005.

The Company has incurred no R & D expenses.

The Company has no deferred expenses other than the mining properties and deferred exploration expenses.

INFORMATION ON OUTSTANDING SHARES

As at December 31, 2005, Fieldex Exploration Inc.'s share capital consisted of 19,550,123 common shares issued and outstanding. At the date of this management report, 25,177,218 common shares have been issued. The shareholders of the Company approved a stock option plan (the "plan") whereby the Board of Directors may grant to employees, officers, directors and suppliers to the Company, share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The acquisition condition of share purchase options are without restriction. On December 31, 2005, the total number of options to be granted was 667,880. However, on January 18, 2006, the board of directors modified the number of options to be granted to 1,959,012 which represented 10% of outstanding common shares at that time. These modification will have to be approved by the TSX Venture Exchange and by legal representatives for these stock options to be exercised.

As at April 21, 2006, the purchase options read has follows:

Number	Exercise price	Expiration
200,000	0,25 \$	January 24, 2010
350,000	0,21 \$	November 25, 2010
500,000	0,64 \$	January 19, 2011

At the date of the management report, the Company warrants and broker options⁽¹⁾ are broken down as follows:

Number	Exercise price	Expiration
846,107	\$0,35	December 30, 2006
193,443 ⁽¹⁾	\$0,25	December 30, 2006
500,000	\$0,35	April 21, 2007
5,000,000	\$0,20	November 29, 2007
1,175,000	\$0,25	November 29, 2007
700,000 ⁽¹⁾	\$0,15	November 29, 2007
50,000 ⁽¹⁾	\$0,20	November 29, 2007
2,666,666	\$1,00	February 17, 2008
266,666 ⁽¹⁾	\$0,75	February 17, 2008

STRATEGY AND PERSPECTIVES

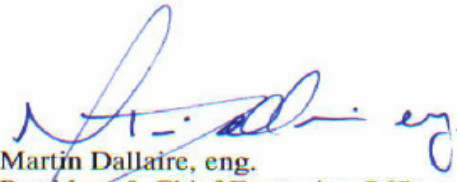
Our main objective is to maximize the value for our shareholders, and our strategy to succeed is to increase the value of our mining properties. The Company owns many high-quality properties which are at different stages in their own potential evaluation and progress. The Company also benefits from the expertise of significant partners such as Cambior and Lake Shore Gold for gold deposits research, and the FNX Mining Company for copper-nickel-platinum. The Company has sufficient funds at its disposal to meet with cash flow demands for the next 24 months. In the last quarter for 2005, as well as the beginning of 2006, the increase in the Company's quoted market price, which went from \$0,15 to \$0,77 in date of this management report, has lead to the exercise of warrants, broker options and stock options for a total amount of \$800,000. The Company expects to receive other amounts regarding outstanding stock options and warrants.

Additional information and ongoing disclosure

The Company regularly discloses complementary information by press release and quarterly financial statements on the SEDAR Internet site (www.sedar.com).

CONFIRMATION

This management report was approved by the board of directors.



Martin Dallaire, eng.
President & Chief Executive Officer

April 21, 2006.



DALLAIRE & LAPOINTE INC.

COMPTABLES AGRÉÉS

MARC DALLAIRE, CA
RAYMOND LAPOINTE, CA
FRANÇOIS DUMONT, CA

**EXPLORATION FIELDEX INC.
RAPPORT FINANCIER ANNUEL
EXERCICES TERMINÉS LES 31 DÉCEMBRE 2005 ET 2004**

**FIELDEX EXPLORATION INC.
ANNUAL FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2005 AND 2004**

RAPPORT DES VÉRIFICATEURS

ÉTATS FINANCIERS

Bilans

État des frais d'exploration reportés

Résultats

Déficit

Surplus d'apport

Bons de souscription

Flux de trésorerie

Notes complémentaires

AUDITORS' REPORT

FINANCIAL STATEMENTS

Balance Sheets

Statement of Deferred Exploration

Expenses

Earnings

Deficit

Contributed Surplus

Warrants

Cash Flows

Notes to Financial Statements



DALLAIRE & LAPOINTE INC.

COMPTABLES AGRÉÉS

MARC DALLAIRE, CA
RAYMOND LAPOINTE, CA
FRANÇOIS DUMONT, CA

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de
EXPLORATION FIELDEX INC.

Nous avons vérifié les bilans de **EXPLORATION FIELDEX INC.** aux 31 décembre 2005 et 2004 et les états des résultats, du déficit, du surplus d'apport, des bons de souscription, des frais d'exploration reportés et des flux de trésorerie des exercices terminés à ces dates. La responsabilité de ces états financiers incombe à la direction de la Société. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur nos vérifications.

Nos vérifications ont été effectuées conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière de la Société aux 31 décembre 2005 et 2004 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour les exercices terminés à ces dates selon les principes comptables généralement reconnus du Canada.

(signé / signed) Dallaire & Lapointe inc.
Comptables Agréés
Chartered Accountants

Rouyn-Noranda, Canada
Le 20 mars 2006
March 20, 2006

AUDITORS' REPORT

To the shareholders of
FIELDEX EXPLORATION INC.

We have audited the balance sheets of **FIELDEX EXPLORATION INC.** as at December 31, 2005 and 2004 and the statements of earnings, deficit, contributed surplus, warrants, deferred exploration expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 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.

EXPLORATION FIELDEX INC.**FIELDIX EXPLORATION INC.****BILANS
31 DÉCEMBRE****2005****2004****BALANCE SHEETS
DECEMBER 31**

	\$	\$ (Redressé) (Restated) (notes 5 et / and 18)	
ACTIF			ASSETS
Actif à court terme			Current assets
Encaisse	110 412	36 807	Cash
Placements temporaires (valeur au marché : 14 000 \$ en 2004)	-	14 000	Short-term investments (market value: \$14,000 in 2004)
Autres débiteurs	2 346	5 913	Other accounts receivable
Taxes à recevoir	93 363	13 785	Taxes receivable
Droits miniers à recevoir	58 983	-	Mining rights receivable
Crédit d'impôt à recevoir	264 667	-	Tax credit receivable
	<u>529 771</u>	<u>70 505</u>	
Encaisse réservée à l'exploration (note 4)	500 000	750 000	Cash reserved for exploration (Note 4)
Dépôt de sécurité	10 000	-	Security deposit
Avances à une société apparentée, sans intérêt (note 14)	-	159 522	Advance to a related company, without interest (Note 14)
Propriétés minières (note 7)	284 628	395 570	Mining properties (Note 7)
Frais d'exploration reportés (note 8)	474 784	23 562	Deferred exploration expenses (Note 8)
	<u>1 799 183</u>	<u>1 399 159</u>	
PASSIF			LIABILITIES
Passif à court terme			Current liabilities
Créditeurs et frais courus	95 283	130 656	Accounts payable and accrued liabilities
Impôts sur les bénéfices à payer	-	16 401	Income taxes payable
Billets à payer aux actionnaires de 9034-9473 Québec inc., 10 %	-	195 000	Notes payable to the shareholders of 9034-9473 Québec inc., 10%
Débetures (note 9)	-	20 000	Debentures (Note 9)
	<u>95 283</u>	<u>362 057</u>	
AVOIR DES ACTIONNAIRES			SHAREHOLDERS' EQUITY
Débetures (note 9)	234 922	-	Debentures (Note 9)
Capital-actions (note 10)	9 498 098	9 336 663	Capital stock (Note 10)
Bons de souscription	858 750	115 000	Warrants
Surplus d'apport	222 623	26 000	Contributed surplus
Déficit	(9 110 493)	(8 440 561)	Deficit
	<u>1 703 900</u>	<u>1 037 102</u>	
	<u>1 799 183</u>	<u>1 399 159</u>	
ÉVENTUALITÉS ET ENGAGEMENTS (notes 12 et 13)			CONTINGENCIES AND COMMITMENTS (Notes 12 and 13)

POUR LE CONSEIL D'ADMINISTRATION / ON BEHALF OF THE BOARD,
 (signé / signed) Martin Dallaire, Administrateur - Director
 (signé / signed) Sylvain Champagne, Administrateur - Director

EXPLORATION FIELDEX INC.**FIELDDEX EXPLORATION INC.****ÉTAT DES FRAIS D'EXPLORATION
REPORTÉS****EXERCICES TERMINÉS LES 31 DÉCEMBRE****2005****2004****STATEMENT OF DEFERRED
EXPLORATION EXPENSES
YEARS ENDED DECEMBER 31**

	\$	\$	
FRAIS D'EXPLORATION			EXPLORATION EXPENSES
Géologie	416 140	17 055	Geology
Forages	286 486	-	Drilling
Analyses	39 207	-	Analysis
Frais généraux d'exploration	35 611	6 507	General exploration expenses
Géophysique	8 748	-	Geophysics
Droits miniers et crédit d'impôt	<u>(331 770)</u>	<u>-</u>	Mining rights and tax credit
AUGMENTATION DES FRAIS D'EXPLORATION	454 422	23 562	INCREASE OF EXPLORATION EXPENSES
RADIATION DE FRAIS D'EXPLORATION REPORTÉS	(3 200)	-	WRITE-OFF OF DEFERRED EXPLORATION EXPENSES
SOLDE AU DÉBUT	<u>23 562</u>	<u>-</u>	BALANCE, BEGINNING OF YEAR
SOLDE À LA FIN	<u>474 784</u>	<u>23 562</u>	BALANCE, END OF YEAR

EXPLORATION FIELDEX INC.**FIELDX EXPLORATION INC.****RÉSULTATS****EXERCICES TERMINÉS LES 31 DÉCEMBRE****2005****2004****EARNINGS****YEARS ENDED DECEMBER 31**

	\$	\$	
		(Redressé) (Restated) (notes 5 et / and 18)	
REVENU			INCOME
Revenu d'intérêts	4 009	-	Interest revenue
Gain sur la cession de placements temporaires	12 267	-	Gain on disposal of short-term investments
Gain sur cession d'une propriété minière	-	4 005	Gain on disposal of a mining property
Remboursement de droits miniers	-	952	Reimbursement of mining rights
	<u>16 276</u>	<u>4 957</u>	
FRAIS D'ADMINISTRATION ET AUTRE			ADMINISTRATIVE EXPENSES AND OTHER
Honoraires des consultants	152 972	48 294	Consultant fees
Honoraires professionnels	32 080	49 804	Professional fees
Frais généraux d'administration	79 331	42 852	General administrative expenses
Inscription, registrariat et information aux actionnaires	62 914	36 861	Registration, listing fees and shareholders' information
Rémunération à base d'actions	97 500	-	Stock-based compensation
Radiation des avances à une société apparentée (note 14)	159 522	-	Write-off of advance to a related company (Note 14)
Radiation d'une propriété minière	172 853	-	Write-off of a mining property
Radiation de frais d'exploration reportés	3 200	-	Write-off of deferred exploration expenses
Intérêts sur une débenture	4 249	4 055	Interest on a debenture
Relations avec les investisseurs	11 112	-	Investors relation
Baisse de valeur de placements temporaires	3 700	21 681	Write-down of short-term investments
Perte sur cession de placements temporaires	-	60 800	Loss on disposal of short-term investments
	<u>779 433</u>	<u>264 347</u>	
PERTE AVANT IMPÔTS	(763 157)	(259 390)	LOSS BEFORE INCOME TAXES
Impôts futurs (note 16)	110 600	168 500	Future income taxes (Note 16)
Impôts sur les bénéfices (note 16)	-	3 390	Income taxes (Note 16)
	<u>110 600</u>	<u>171 890</u>	
PERTE NETTE	<u>(652 557)</u>	<u>(87 500)</u>	NET LOSS
PERTE PAR ACTION DE BASE ET DILUÉE	<u>(0,05)</u>	<u>(0,01)</u>	BASIC AND DILUTED LOSS PER SHARE

EXPLORATION FIELDEX INC.**FIELDEX EXPLORATION INC.**

DÉFICIT			DEFICIT
EXERCICES TERMINÉS LES 31 DÉCEMBRE	2005	2004	YEARS ENDED DECEMBER 31
	\$	\$	
SOLDE AU DÉBUT	(8 609 061)	(8 353 061)	BALANCE, BEGINNING OF YEAR
Redressement sur un exercice antérieur (note 5)	<u>168 500</u>	<u>-</u>	Prior year adjustment (Note 5)
Solde redressé	(8 440 561)	(8 353 061)	As restated
Perte nette	(652 557)	(251 945)	Net loss
Intérêts sur les débetures	<u>(17 375)</u>	<u>(4 055)</u>	Interest on debentures
SOLDE À LA FIN	<u>(9 110 493)</u>	<u>(8 609 061)</u>	BALANCE, END OF YEAR

EXPLORATION FIELDEX INC.**FIELDEX EXPLORATION INC.****SURPLUS D'APPORT
EXERCICES TERMINÉS LES 31 DÉCEMBRE****2005****2004****CONTRIBUTED SURPLUS
YEARS ENDED DECEMBER 31**

	\$	\$	
SOLDE AU DÉBUT	26 000	-	BALANCE, BEGINNING OF YEAR
Options octroyées aux courtiers	100 500	26 000	Options granted to brokers
Options octroyées dans le cadre du régime	97 500	-	Options granted in relation with the plan
Options exercées par un courtier	(1 377)	-	Options exercised by a broker
SOLDE À LA FIN	<u>222 623</u>	<u>26 000</u>	BALANCE, END OF YEAR

EXPLORATION FIELDEX INC.**FIELDEX EXPLORATION INC.**

BONS DE SOUSCRIPTION EXERCICES TERMINÉS LES 31 DÉCEMBRE	2005	2004	WARRANTS YEARS ENDED DECEMBER 31
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\$

\$

SOLDE AU DÉBUT

115 000

-

BALANCE, BEGINNING OF YEAR

Émission de bons de souscription

743 750115 000

Warrants issued

SOLDE À LA FIN858 750115 000**BALANCE, END OF YEAR**

EXPLORATION FIELDEX INC.
FIELDIX EXPLORATION INC.

FLUX DE TRÉSORERIE EXERCICES TERMINÉS LES 31 DÉCEMBRE	2005	2004	CASH FLOWS YEARS ENDED DECEMBER 31
	\$	\$ (Redressé) (Restated) (notes 5 et / and 18)	
ACTIVITÉS D'EXPLOITATION			OPERATING ACTIVITIES
Perte nette	(652 557)	(87 500)	Net loss
Éléments n'impliquant aucun mouvement de trésorerie :			Items not involving cash:
Rémunération à base d'actions	97 500	-	Stock-based compensation
Radiation des avances à une société apparentée	159 522	-	Write-off of advance to a related company
Gain sur la cession de placements temporaires	(12 267)	-	Gain on disposal of short-term investments
Baisse de valeur de placements temporaires	3 700	21 681	Write-down of short-term investments
Perte sur cession de placements temporaires	-	60 800	Loss on disposal of short-term investments
Radiation d'une propriété minière	172 853	-	Write-off of a mining property
Radiation de frais d'exploration reportés	3 200	-	Write-off of deferred exploration expenses
Gain sur cession d'une propriété minière	-	(4 005)	Gain on disposal of a mining property
Impôts futurs	(110 600)	(168 500)	Future income taxes
	(338 649)	(177 524)	
Variation nette des éléments hors caisse du fonds de roulement	(331 135)	1 303	Net change in non-cash operating working capital items
	(669 784)	(176 221)	
ACTIVITÉS DE FINANCEMENT			FINANCING ACTIVITIES
Émission de débentures	250 000	-	Issuance of debentures
Remboursement d'une débenture	(20 000)	-	Repayment of debenture
Intérêts sur des débentures	(9 025)	-	Interest on debentures
Encaissement au titre de capital-actions et bons de souscription	1 255 297	1 060 000	Cash inflow relating to capital stock and warrants
Frais d'émission d'actions	(140 389)	(113 024)	Share issuance expenses
Frais d'émission de débentures	(15 078)	-	Debentures issuance expenses
	1 320 805	946 976	
ACTIVITÉS D'INVESTISSEMENT			INVESTING ACTIVITIES
Encaisse réservée à l'exploration	250 000	(750 000)	Cash reserved for exploration
Dépôt de sécurité	(10 000)	-	Security deposit
Cession de placements temporaires	22 567	82 649	Disposal of short-term investments
Acquisition d'une filiale	-	(180 000)	Acquisition of a subsidiary
Encaisse provenant de l'acquisition d'une filiale	-	195 241	Cash from the acquisition of a subsidiary
Propriétés minières	(61 911)	(62 094)	Mining properties
Frais d'exploration reportés	(778 072)	(23 562)	Deferred exploration expenses
	(577 416)	(737 766)	
AUGMENTATION DE LA TRÉSORERIE ET DES ÉQUIVALENTS DE TRÉSORERIE	73 605	32 989	CASH AND CASH EQUIVALENTS INCREASE
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, AU DÉBUT	36 807	3 818	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, À LA FIN	110 412	36 807	CASH AND CASH EQUIVALENTS, END OF YEAR

Au cours de l'exercice, la Société a payé des intérêts sur des débentures pour un montant de 25 233 \$ (nil en 2004) et des impôts pour un montant de 16 401 \$ (3 123 \$ en 2004). / During the fiscal year, the Company paid interest on debentures for an amount of \$25,233 (nil for 2004) and income taxes amounting to \$16,401 (\$3,123 in 2004).

1- STATUTS CONSTITUTIFS ET NATURE DES ACTIVITÉS

Exploration Fieldex inc., constituée en vertu de la Loi canadienne sur les sociétés par actions, est une Société d'exploration dont les activités se situent au Canada. L'exploration et la mise en valeur de gisements de minéraux impliquent d'importants risques financiers. Le succès de la Société dépendra d'un certain nombre de facteurs, entre autres, les risques reliés à l'exploration, à l'extraction et à la réglementation ainsi que les règlements en matière d'environnement et autres règlements.

2- CONTINUITÉ DE L'EXPLOITATION

Les présents états financiers ont été dressés sur la base de la permanence de l'entreprise. Conséquemment, ils ne reflètent pas les ajustements, le cas échéant, pouvant s'avérer nécessaires advenant l'incapacité de la Société de poursuivre ses activités et ainsi être en mesure de réaliser ses biens et d'acquitter ses dettes dans le cours normal de ses affaires. La Société devra obtenir de nouveaux fonds pour poursuivre ses activités et malgré qu'elle ait réussi dans le passé, il n'y a aucune garantie de réussite pour l'avenir.

3- INSTRUMENTS FINANCIERS

La juste valeur des instruments financiers de la Société se rapproche de la valeur comptable sauf indication contraire dans les notes. L'encaisse, les débiteurs et les créditeurs et frais courus ne portent pas intérêt. La juste valeur des avances à une société apparentée n'a pu être déterminée car il n'y a ni taux d'intérêt ni modalité d'encaissement. L'encaisse réservée à l'exploration porte intérêt au taux de 1,85 % et est renouvelable en janvier 2006.

4- PRINCIPALES CONVENTIONS COMPTABLES**Présentation des états financiers**

Les états financiers sont dressés selon les principes comptables généralement reconnus du Canada.

Placements temporaires

Les placements temporaires, qui sont composés de placements dans des sociétés publiques, sont comptabilisés au moindre du coût et de la valeur au marché.

1- STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Fieldex Exploration Inc., incorporated under the Canada Business Corporations Act, is an exploration Company operating in Canada. The exploration and development of mineral deposits involves significant financial risks. The success of the Company will be influenced by a number of factors including exploration and extraction risks and regulatory issues, environmental and other regulations.

2- GOING CONCERN

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern. Accordingly, they do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue its operations and therefore be required to realize its assets and discharge its liabilities and commitments in other than the ordinary course of business. The Company will need to obtain periodically new funds to pursue its operations and in spite of the obtention of funds in the past, there is no guarantee for the future.

3- FINANCIAL INSTRUMENTS

The fair value of all of the Company's financial instruments approximate the carrying value unless otherwise noted. Cash, accounts receivable, accounts payable and accrued liabilities are non-interest bearing. The fair value of advance to related company cannot be determined because it bears no interest and comes without repayment term. The cash reserved for exploration bears interest at 1.85% and is renewable in January 2006.

4- SIGNIFICANT ACCOUNTING POLICIES**Financial Statements**

The financial statements were prepared in accordance with Canadian generally accepted accounting principles.

Short-term investments

Short-term investments, composed of investments in public companies, are valued at the lower of cost and market value.

**4- PRINCIPALES CONVENTIONS COMPTABLES
(suite)****Crédit de droits remboursables pour perte et crédit d'impôt remboursable relatif aux ressources**

La Société a droit à un crédit de droits remboursables pour pertes sur les frais reliés aux activités minières engagés au Québec. Ce crédit d'impôt est comptabilisé en réduction des frais d'exploration reportés.

De plus, elle a droit au crédit d'impôt remboursable relatif aux ressources à l'égard des frais admissibles engagés après le 29 mars 2001. Ce crédit d'impôt est comptabilisé en réduction des frais d'exploration reportés.

Les crédits sont comptabilisés à la condition que la Société soit raisonnablement certaine que les crédits se matérialiseront.

Propriétés minières et frais d'exploration reportés

Les coûts reliés à l'acquisition, à l'exploration et au développement de propriétés minières sont capitalisés par propriété jusqu'au début de la production commerciale. Si des réserves de minerai économiquement profitables sont développées, les coûts capitalisés de la propriété concernée sont reclassifiés à titre d'actifs miniers et amortis selon la méthode des unités de production. S'il est établi que les coûts capitalisés d'acquisition et d'exploration ne sont pas récupérables selon la durée de vie estimative de la propriété, ou si le projet est abandonné, celui-ci est dévalué à sa valeur nette de réalisation. La direction de la Société revoit régulièrement la valeur comptable des actifs aux fins de dévaluation.

La récupération des montants indiqués au titre des propriétés minières et des frais d'exploration reportés connexes dépend de la découverte de réserves économiquement récupérables, de la confirmation des intérêts de la Société dans les claims miniers, de la capacité de la Société d'obtenir le financement nécessaire pour mener à terme la mise en valeur et de la production rentable future ou du produit de la cession de tels biens. Les montants inscrits pour les propriétés minières et les frais d'exploration reportés ne représentent pas nécessairement la valeur présente ou future.

**4- SIGNIFICANT ACCOUNTING POLICIES
(continued)****Credit on duties refundable for losses and refundable tax credit relating to resources**

The Company is entitled to a credit on duties refundable for losses for mining exploration in Quebec. This refundable credit on duties will be applied against the costs of deferred exploration expenses.

Furthermore, the Company is entitled to a refundable tax credit relating to resources for mining exploration companies on eligible expenses incurred after March 29, 2001. This tax credit is applied against the costs of deferred exploration expenses.

These tax credits are recorded provided that the Company is reasonably certain that these credits will be received.

Mining Properties and Deferred Exploration Expenses

Costs related to the acquisition, exploration and development of mining properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized according to the unit of production method. If it is determined that capitalized acquisition, exploration costs are not recoverable over the estimated economic life of the property, or if the project is abandoned, the project is written down to its net realizable value. The Company's management reviews the carrying values of assets on a regular basis to determine whether any write-downs are necessary.

The recovery of amounts recorded for mining properties and deferred exploration expenses depends on the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration expenses do not necessarily represent present-time or future values.

**4- PRINCIPALES CONVENTIONS COMPTABLES
(suite)****Actions accréditives**

La Société a financé une partie de ses activités d'exploration par le biais d'émission d'actions accréditives. Les actions émises suite à un financement par actions accréditives sont comptabilisées à leur prix de vente. Selon les termes des contrats relatifs aux actions accréditives, les avantages fiscaux des dépenses d'exploration sont renoncés en faveur des investisseurs. La Société comptabilise l'impact fiscal relié aux déductions renoncées à la date où la Société renonce aux déductions en faveur des investisseurs pourvu qu'il y ait une assurance raisonnable que les dépenses seront encourues.

Frais d'émission d'actions

Les frais d'émission d'actions sont comptabilisés en diminution du capital-actions de la Société.

Impôts sur les bénéfiques et impôts miniers

La Société utilise la méthode axée sur le bilan pour comptabiliser ses impôts sur les bénéfiques. Selon la méthode axée sur le bilan, des actifs et des passifs d'impôts futurs sont constatés pour les incidences fiscales attribuables aux écarts entre les valeurs comptables des actifs et des passifs existant dans les états financiers et leurs valeurs fiscales correspondantes. Les actifs et les passifs d'impôts futurs sont mesurés par application des taux en vigueur ou pratiquement en vigueur qui, selon ce qu'il est à prévoir, s'appliqueront au bénéfice imposable des exercices au cours desquels ces écarts temporaires sont censés être recouverts ou réglés. L'incidence d'une modification des taux d'imposition sur les actifs et les passifs d'impôts futurs est constatée dans les résultats de l'exercice qui comprend la date d'entrée en vigueur de la modification. La Société établit une provision pour moins-value à l'égard des actifs d'impôts futurs si, selon les renseignements disponibles, il est plus probable qu'improbable qu'une partie ou la totalité des actifs d'impôts futurs ne sera pas matérialisée.

**4- SIGNIFICANT ACCOUNTING POLICIES
(continued)****Flow-through Shares**

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Shares issued through flow-through financing are recorded at their selling price. Under the term of the flow-through share agreement, the tax benefit of the exploration expenses are renounced in favor of the investors. The Company records the tax effect related to renounced deductions on the date that the Company renounces the deductions to investors provided there is reasonable assurance that the expenses will be incurred.

Share Issuance Expenses

Share issuance expenses are recorded as a reduction of capital stock.

Income and Mining Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years during which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the fiscal year that includes the enactment date. The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future tax assets will not be realized.

**4- PRINCIPALES CONVENTIONS COMPTABLES
(suite)****Encaisse réservée à l'exploration**

L'encaisse réservée à l'exploration représente le produit de financement public non dépensé. Selon les restrictions imposées par ce financement public, la Société doit consacrer les fonds à l'exploration de propriétés minières. Au 31 décembre 2005, la Société avait des fonds à dépenser en frais d'exploration s'élevant à 500 000 \$ (750 000 \$ en 2004).

Trésorerie et équivalents de trésorerie

La politique de la Société est de présenter dans la trésorerie et les équivalents de trésorerie, l'encaisse et les placements temporaires dont la durée est égale ou inférieure à trois mois à compter de la date d'acquisition.

Estimations comptables

Pour dresser des états financiers conformément aux principes comptables généralement reconnus du Canada, la direction de la Société doit faire des estimations et poser des hypothèses qui ont une incidence sur les montants présentés dans les états financiers et les notes y afférentes. Ces estimations sont fondées sur la connaissance que la direction possède des événements en cours et sur les mesures que la Société pourrait prendre à l'avenir. Les principales estimations incluent la valeur des propriétés minières et des frais d'exploration reportés, les droits miniers et le crédit d'impôt à recevoir ainsi que le calcul de la rémunération à base d'actions. Les résultats réels pourraient être différents de ces estimations.

Perte par action de base et diluée

La perte de base par action est calculée selon la moyenne pondérée des actions en circulation durant l'exercice (12 687 050 en 2005 et 7 125 373 en 2004).

La perte par action diluée, qui est calculée selon la méthode du rachat d'actions, est égale à la perte de base par action en raison de l'effet anti-dilutif des options d'achat d'actions et des bons de souscription.

**4- SIGNIFICANT ACCOUNTING POLICIES
(continued)****Cash Reserved for Exploration**

Cash reserved for exploration represent proceeds of public financing not yet incurred in exploration. The Company must use these funds for mining exploration activities in accordance with restrictions imposed by this public financing. As at December 31, 2005, the Company had funds reserved for exploration amounting to \$500,000 (\$750,000 in 2004).

Cash and Cash Equivalents

The Company's policy is to present cash and short-term investments having a term of three months or less from the acquisition date in cash and cash equivalents.

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Significant estimates include the carrying value of mining properties and deferred exploration expenses, mining rights and tax credit receivable and calculation of stock-based compensation expenses. Actual results may differ from those estimates.

Basic and Diluted loss per Share

The basic loss per share is calculated using the weighted average of shares outstanding during the fiscal year (12,687,050 in 2005 and 7,125,373 in 2004).

The diluted loss per share, which is calculated with the treasury method, is equal to the basic loss per share due to the anti-dilutive effect of share purchase options and warrants.

NOTES COMPLÉMENTAIRES
31 DÉCEMBRE 2005 ET 2004**NOTES TO FINANCIAL STATEMENTS**
DECEMBER 31, 2005 AND 2004**4- PRINCIPALES CONVENTIONS COMPTABLES**
(suite)**Rémunération et autres paiements à base d'actions**

La Société impute aux résultats la rémunération à base d'actions offerte à ses employés et aux administrateurs ainsi que les autres paiements à base d'actions offerts aux non-employés, selon la méthode fondée sur la juste valeur. La juste valeur des options d'achat d'actions à la date d'attribution est déterminée selon la méthode Black-Scholes d'évaluation du prix des options. La dépense de rémunération est comptabilisée sur la période d'acquisition des options d'achat d'actions. La méthode fondée sur la juste valeur a comme incidence l'inscription d'une dépense de rémunération à base d'actions de 97 500 \$ (nil en 2004). Cette méthode entraîne également l'inscription d'autres paiements à base d'actions de 100 500 \$ (26 000 \$ en 2004) présentés sous la rubrique «frais d'émission d'actions» pour l'octroi d'options aux courtiers. Un crédit au surplus d'apport de 198 000 \$ (26 000 \$ en 2004) a été constaté en contrepartie.

Conventions d'options sur des propriétés minières

À l'occasion, la Société acquiert ou cède des intérêts miniers conformément aux modalités de conventions d'options. Comme les options peuvent être exercées selon le bon vouloir de leur titulaire, les montants à payer ou à recevoir ne sont pas comptabilisés. Les paiements relatifs aux options sont comptabilisés à titre de coûts ou d'encaissements découlant de propriétés minières lorsque ces paiements sont faits ou reçus.

5- REDRESSEMENT SUR UN EXERCICE ANTÉRIEUR

Les états financiers de la Société au 31 décembre 2004 ont été redressés pour comptabiliser les frais d'émission en relation avec les impôts futurs reliés aux actions accréditives. Ce redressement a eu pour effet d'augmenter les frais d'émission d'actions de 168 500 \$ et de diminuer la perte nette pour le même montant. De plus, la débenture de 20 000 \$ a été reclassée dans le passif alors qu'auparavant, elle était classée dans l'avoir des actionnaires. La Société présente maintenant les intérêts sur cette débenture dans l'état des résultats et les chiffres de l'exercice 2004 (4 055 \$) ont été redressés.

4- SIGNIFICANT ACCOUNTING POLICIES
(continued)**Stock-based Compensation and Other Stock-based Payments**

The Company accounted stock-based compensation provided to employees and directors, and stock-based payments to non-employees, using the fair value-based method. The fair value of stock options at the grant date is determined according to the Black-Scholes option pricing model. Compensation expenses are recognized over the vesting period of the stock options. The fair value-based method of accounting results in the recognition of \$97,500 (Nil in 2004) stock-based compensation expenses. This method also results of other stock-based payments as "share issuance expenses" amounting to \$100,500 (\$26,000 in 2004) related to the options granted to brokers. A corresponding amount of \$198,000 (\$26,000 in 2004) was credited to contributed surplus.

Properties Options Agreements

From time to time, the Company may acquire or dispose of mineral interest pursuant to the terms of options 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 mining property costs or recoveries when the payments are made or received.

5 - PRIOR YEAR ADJUSTMENT

The financial statements of the Company as at December 31, 2004, have been restated to account the share issuance expenses relating to income taxes on flow-through shares. The adjustment results in a \$168,500 increase of share issuance expenses and a decrease of the net loss for the same amount. In addition, the \$20,000 debenture is reclassified in the liabilities instead of the shareholders' equity. Actually, the Company presents the interests on that debenture in the statement of earnings and figures of the year 2004 (\$4,055) are restated.

6- ACQUISITION ET DISSOLUTION D'UNE FILIALE

Le 1^{er} février 2004, la Société a acquis 100 % des actions ordinaires de la société privée «9034-9473 Québec inc.» pour une contrepartie totale de 510 000 \$. 9034-9473 Québec inc est une société qui détient des placements temporaires et des projets miniers. La juste valeur des 900 000 actions émises aux vendeurs a été établie à 0,15 \$ par action et ce, conformément à l'entente signée entre les parties concernées. L'acquisition de la société a été comptabilisée selon la méthode de l'acquisition et, conséquemment, les résultats d'exploitation ont été inclus dans les résultats depuis cette date. L'acquisition se détaille comme suit :

	\$
Encaisse et débiteurs	195 295
Placements temporaires	175 125
Propriétés minières	163 752
Passif à court terme	(24 172)
Contrepartie payée	<u>510 000</u>

La contrepartie se détaille comme suit :

- le paiement de 180 000 \$ (condition respectée);
- l'émission de 900 000 actions ordinaires de la Société pour un montant de 135 000 \$ (condition respectée);
- le paiement de 195 000 \$ le 31 août 2004 (payé en janvier 2005).

Le 21 décembre 2004, la filiale 9034-9473 Québec inc. a été dissoute dans la société mère. Cette opération a été comptabilisée selon la méthode de la continuité des intérêts communs, en utilisant la valeur comptable du placement dans la filiale à cette date. De plus, cette note a été modifiée afin de réduire la contrepartie payée de 690 000 \$ à 510 000 \$. Cette modification a eu pour effet de diminuer les placements temporaires acquis ainsi que la contrepartie payée pour un montant de 180 000 \$.

6- ACQUISITION AND DISSOLUTION OF A SUBSIDIARY

On February 1st 2004, the Company acquired 100% of the outstanding common shares of the private company "9034-9473 Québec inc." for a total consideration of \$510,000. 9034-9473 Québec inc. is a company that holds short-term investments and mining projects. The fair value of the 900,000 shares issued to sellers was established at \$0.15 per share in accordance with the agreement signed between the concerned parties. The acquisition of the company was recorded according to the purchase method of accounting. Consequently, the results of operations were included in earnings ever since. The detail of the acquisition are as follows:

Cash and accounts receivable
Short-term investments
Mining properties
Current liabilities
Consideration given

The consideration is detailed as follows:

- \$180,000 in cash (condition fulfilled);
- issuance of 900,000 common shares of the Company amounting to \$135,000 (condition fulfilled);
- \$195,000 in cash on August 31, 2004 (paid in January 2005).

On December 21, 2004, the subsidiary 9034-9473 Québec inc. was dissolved in the parent company. This operation was accounted for according to the continuity-of-interests method, using the book value of the investment in the subsidiary at that date. In addition, that note was modified to reduce the consideration given from \$690,000 to \$510,000. That modification resulted in a decrease of the short-term investments acquired and also the consideration given for an amount of \$180,000.

7- PROPRIÉTÉS MINIÈRES / MINING PROPERTIES

	Redevances Royalties	Solde au 31 décembre 2004 Balance as at December 31, 2004	Augmentation Addition	Radiation Write-off	Solde au 31 décembre 2005 Balance as at December 31, 2005
		\$	\$	\$	\$
Carpentier (100 %) (1)	0 %	-	1 224	-	1 224
Bellecombe / Stadacona (50 %) (3)	3 %	171 387	1 466	172 853	-
Laforce (100 %) (note 13 f))	2 %	-	40 144	-	40 144
Scott (100 %) (1)	0 %	24 099	1 520	-	25 619
Hébécourt (100 %) (1)	0 %	-	96	-	96
Duparquet (100 %) (1)	0 %	-	1 547	-	1 547
Noranda-nord (option sur 50 %) (note 13 c))	0 %	828	-	-	828
Baby-Midrim (2) (note 13 b))	0 %	99 632	-	-	99 632
Julian (option sur 90 %) (note 17 c))	0 %	-	137	-	137
Régionale-Témiscamingue (50 %) (note 13 a et b))	0 %	99 624	15 777	-	115 401
		<u>395 570</u>	<u>61 911</u>	<u>172 853</u>	<u>284 628</u>

(1) Acquis par claims / acquired by claims

(2) Propriété détenue à 70 % par Aurora Platinum Corporation (maintenant FNX Mining Company Inc.) et à 30 % par la Société./ Property held at 70% by Aurora Platinum Corporation (now FNX Mining Company Inc.) and at 30% by the Company.

(3) Propriété détenue à 50 % par la Société et à 50 % par Cambior inc. / Property held at 50% by the Company and at 50% by Cambior inc.

8- FRAIS D'EXPLORATION REPORTÉS / DEFERRED EXPLORATION EXPENSES

	Solde au 31 décembre 2004 Balance as at December 31, 2004	Augmentation Addition	Droits miniers et crédit d'impôt Mining rights and Tax credit	Radiation Write-off	Solde au 31 décembre 2005 Balance as at December 31, 2005
	\$	\$	\$		\$
Régionale- Témiscamingue	23 562	765 876	331 770	-	457 668
Laforce	-	6 000	-	-	6 000
Scott	-	6 800	-	-	6 800
Hébécourt	-	1 200	-	-	1 200
Julian	-	716	-	-	716
Bellecombe / Stadacona	-	3 200	-	3 200	-
Noranda-nord	-	2 400	-	-	2 400
	<u>23 562</u>	<u>786 192</u>	<u>331 770</u>	<u>3 200</u>	<u>474 784</u>

9- DÉBENTURES / DEBENTURES

	2005	2004
	\$	\$
Présenté au passif / Presented in the liabilities		
Débeture convertible au gré de la Société pour un minimum de 26 667 actions ordinaires de la Société. Les intérêts au taux de 14 % sont payables semestriellement, soit en argent ou en actions ordinaires de la Société à 0,75 \$ l'action, au choix du prêteur. À compter de juillet 2006, le prêteur détiendra une option de vente sur la totalité des actions détenues dans Exploration Fieldex inc., advenant le cas où les actions ne se transigeraient pas sur un marché public. En décembre 2005, la débeture a été remboursée en espèces. / Convertible debenture at the option of the Company for a minimum of 26,667 common shares of the Company. The 14% interest rate is payable every semester, in cash or in common shares of the Company at \$0.75 per share, as elected by the creditor. Starting from July 2006, the creditor will have a sale option for all of the shares held in the Company should the securities fail to be traded on a public market. In December 2005, the debenture was paid in cash.	-	20 000
Présenté à l'avoir des actionnaires / Presented in shareholders' equity		
Débetures convertibles non garanties, portant intérêt à 12 % l'an, calculé et payable semestriellement en actions ordinaires de la Société, convertible en tout temps au gré du porteur. L'échéance est le 21 avril 2008 et le prix de conversion est de 0,30 \$ l'action pour les 2 premières années et de 0,35 \$ l'action la troisième année. Aucun intérêt ne sera payable durant la première année si l'action se transige à plus de 0,45 \$ l'action durant les 20 jours précédant la date de versement d'intérêt. De plus, aucun intérêt ne sera payable les deux années suivantes si l'action se transige à plus de 0,60 \$ l'action durant les 20 jours précédant la date de versement d'intérêt. / Convertible unsecured debentures, bearing interest at 12% per annum, payable semi-annually in common shares, convertible at any time at the option of the holder. Maturing on April 21, 2008, the conversion price is \$0.30 per share for the first 2 years and \$0.35 per share for the third year. No interest will be payable during the first year if the common shares are trading at a minimum price of \$0.45 per share for the last 20 trading days preceding the interest payment date. No interest will be payable during the two remaining years if the common shares are trading at a minimum price of \$0.60 per share for the last 20 trading days preceding the interest payment date.	250 000	-
Frais d'émission / Issuance expenses	<u>(15 078)</u>	<u>-</u>
	<u>234 922</u>	<u>20 000</u>

10- CAPITAL-ACTIONS / CAPITAL STOCK

Autorisé / Authorized

Nombre illimité d'actions ordinaires sans valeur nominale / Unlimited number of common shares without par value

Les mouvements dans le capital-actions de la Société se détaillent comme suit : / Changes in Company capital stock were as follows:

	2005		2004		
	Quantité Number	Montant Amount \$	Quantité Number	Montant Amount \$ (Redressé) (Restated) (note 5)	
Solde au début	12 028 935	9 336 663	6 678 808	8 564 187	Balance, beginning of year
Ajustement	-	-	127	-	Adjustment
Acquisition d'une filiale	-	-	900 000	135 000	Acquisition of a subsidiary
Financement accreditif (1)	2 500 000	361 250	3 000 000	681 000	Flow-through shares (1)
Payées en argent (2)	5 000 000	145 000	1 000 000	204 000	Paid in cash (2)
Bons de souscription	-	-	300 000	60 000	Warrants
Options d'un courtier	21 188	6 674	-	-	Brokers options
Commission au courtier	-	-	150 000	37 500	Brokers commission
Frais d'émission d'actions	-	(351 489)	-	(345 024)	Share issuance expenses
Solde à la fin	<u>19 550 123</u>	<u>9 498 098</u>	<u>12 028 935</u>	<u>9 336 663</u>	Balance, end of year

(1) La valeur des actions accreditives est présentée déduction faite de la juste valeur des bons de souscription au montant de 138 750 \$ (69 000 \$ en 2004).

(2) La valeur des actions payées en argent est présentée déduction faite de la juste valeur des bons de souscription au montant de 605 000 \$ (46 000 \$ en 2004).

(1) Value of flow-through shares is presented net of the fair value of warrants amounting to \$138,750 (\$69,000 in 2004).

(2) Value of capital stock paid in cash is presented net of the fair value of warrants amounting to \$605,000 (\$46,000 in 2004).

1 246 958 actions ordinaires (2 406 806 en 2004) ont été mises en mains tierces et ne peuvent être transférées, hypothéquées, nanties ou autrement aliénées sans le consentement des organismes de réglementation.

1,246,958 common shares (2,406,806 in 2004) are escrowed and cannot be transferred, mortgaged, pledged or otherwise disposed of without the consent of the appropriate regulatory authorities.

11- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION

Les actionnaires de la Société ont approuvé un régime d'options d'achat d'actions (le «régime») selon lequel les membres du conseil d'administration peuvent attribuer des options d'achat d'actions permettant à ses administrateurs, dirigeants, employés et fournisseurs d'acquérir des actions ordinaires de la Société. Les conditions et le prix d'exercice de chaque option d'achat d'actions sont déterminés par les membres du conseil d'administration. Les conditions d'acquisition des options d'achat d'actions sont sans restriction.

Le régime stipule que le nombre maximum d'actions ordinaires dans le capital de la Société qui pourrait être réservé pour attribution en vertu du régime est égal à 667 880 actions ordinaires de la Société et le nombre maximal d'actions ordinaires réservées à l'attribution des options d'achat d'actions à un seul détenteur ne peut dépasser 5 % des actions ordinaires en circulation à la date d'attribution et ne peut excéder 2 % des actions ordinaires en circulation dans le cas des consultants. Les options d'achat d'actions expireront au plus tard cinq ans après avoir été octroyées.

Le prix d'exercice de chaque option d'achat d'actions est établi par les membres du conseil d'administration et ne peut être plus bas que la valeur marchande des actions ordinaires à la date de l'octroi.

Au cours de l'exercice, la juste valeur des options octroyées en vertu du régime a été calculée selon le modèle Black-Scholes d'évaluation du prix des options avec les hypothèses suivantes : durée estimative de 5 années (nil en 2004), taux d'intérêt sans risque de 3,71 % (nil en 2004), dividende prévu de 0 % (nil en 2004) et volatilité prévue de 92 % (nil en 2004). De plus, au cours de l'exercice, la Société a octroyé 750 000 (400 000 en 2004) options à des courtiers. La juste valeur de chaque option attribuée a été estimée selon la méthode Black-Scholes d'évaluation du prix des options selon les hypothèses suivantes : durée estimative de 2 ans (2 ans en 2004), taux d'intérêt sans risque de 3,68 % (3,05 % en 2004) et volatilité prévue de 107 % (69 % en 2004).

11- SHARE PURCHASE OPTIONS AND WARRANTS

The shareholders of the Company approved a stock option plan (the "plan") whereby the Board of Directors may grant to employees, officers, directors and suppliers to the Company, share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The acquisition condition of share purchase options are without restriction.

The plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the plan shall be equal to 667,880 common shares and that the maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vest and may not exceed 2% of the outstanding common shares for consultants. These options will expire no later than five years after being granted.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

During the fiscal year, the fair value of options granted in accordance with the plan was estimated using the Black-Scholes option pricing model with the following assumptions: estimated duration of 5 years (nil in 2004), risk-free interest rate of 3.71% (nil in 2004), expected dividend yield of 0% (nil in 2004) and expected volatility rate of 92% (nil in 2004). In addition during the fiscal year, the Company granted 750,000 (400,000 in 2004) brokers options. The fair value of each options granted was estimated using the Black-Scholes options pricing model according to the following assumptions: estimated duration of 2 years (2 years in 2004), risk-free interest rate of 3.68% (3.05% in 2004) and expected volatility rate of 107% (69% in 2004).

11- OPTIONS D'ACHAT D' ACTIONS ET BONS DE SOUSCRIPTION (suite)

11- SHARE PURCHASE OPTIONS AND WARRANTS (continued)

Options d'achat d'actions / Share purchase options

Les mouvements dans les options d'achat d'actions de la Société se détaillent comme suit : / Changes in Company share purchase options were as follows:

	2005		2004		
	Quantité Number	Prix de levée moyen pondéré Weighted average exercise price	Quantité Number	Prix de levée moyen pondéré Weighted average exercise price	
		\$		\$	
Solde au début	-		-		Balance, beginning of year
Octroyées	<u>650 000</u>	0,23	<u>-</u>		Granted
Solde à la fin	<u>650 000</u>	0,23	<u>-</u>		Balance, end of year
Options pouvant être exercées à la fin de l'exercice	<u>650 000</u>	0,23	<u>-</u>		Option exercisable at the end of the year

	2005	2004	
La moyenne pondérée de la juste valeur des options attribuées	\$ 0,15	\$ -	The weighted average fair value of options granted

Le tableau ci-après résume l'information relative aux options d'achat d'actions accordées en vertu du régime.

The following table summarizes the information relating to the share purchase options granted under the plan.

Options en circulation au 31 décembre 2005 Options outstanding as at December 31, 2005	Moyenne pondérée de la période résiduelle de levée Weighted average remaining contractual life	Prix de levée Exercise price \$
250 000	4,1 ans/years	0,25
<u>400 000</u>	4,9 ans/years	0,21
<u>650 000</u>		

11- OPTIONS D'ACHAT D'ACTIONS ET BONS DE
SOUSCRIPTION (suite)11- SHARE PURCHASE OPTIONS AND WARRANTS
(continued)

Bons de souscription / Warrants

Les mouvements dans les bons de souscription de la Société se détaillent comme suit : / Changes in Company warrants were as follows:

	2005		2004		
	Quantité Number	Prix de souscription moyen pondéré Weighted average exercise price \$	Quantité Number	Prix de souscription moyen pondéré Weighted average exercise price \$	
Solde au début	6 503 488	0,26	4 153 488	0,20	Balance, beginning of year
Octroyés	6 250 000	0,21	2 500 000	0,35	Granted
Octroyés au courtier	-		150 000	0,35	Granted to broker
Expirés	(3 853 488)	0,20	-		Expired
Exercés	-		(300 000)	0,20	Exercised
Solde à la fin	<u>8 900 000</u>	0,25	<u>6 503 488</u>	0,26	Balance, end of year

Bons de souscription en circulation
Warrants OutstandingPrix
Price
\$Date d'expiration
Expiry Date

150 000	0,35	Décembre / December 2006
2 500 000	0,35	Décembre / December 2006
5 000 000	0,20	Novembre / November 2007
<u>1 250 000</u>	0,25	Novembre / November 2007
<u>8 900 000</u>		

11- OPTIONS D'ACHAT D'ACTIONS ET BONS DE
SOUSCRIPTION (suite)11- SHARE PURCHASE OPTIONS AND WARRANTS
(continued)

Options émises aux courtiers / Options granted to brokers

	Quantité Number	Prix de levée moyen pondéré Weighted average exercise price \$	Quantité Number	Prix de levée moyen pondéré Weighted average exercise price \$	
Solde au début	400 000	0,25	-		Balance, beginning of year
Octroyées	750 000 (2)	0,15	400 000 (1)	0,25	Granted
Exercées par un courtier	<u>(21 188)</u>	0,25	<u>-</u>		Exercised by a broker
Solde à la fin	<u>1 128 812</u>	0,23	<u>400 000</u>	0,25	Balance, end of year

(1) Ces options donnent le droit à leur détenteur d'acquérir une unité au prix de 0,25 \$, composée d'une action accompagnée d'un bon de souscription échéant en décembre 2006. Un bon de souscription et 0,35 \$ permettent l'achat d'une action. Ces options expireront en décembre 2006.

(1) These options entitle their holder to acquire a unit, in consideration of \$0.25, composed of one share and one warrant expiring in December 2006. One warrant and \$0.35 are required to acquire one share. These options expire in December 2006.

(2) Ces options donnent le droit à leur détenteur d'acquérir une unité au prix de 0,15 \$, composée d'une action accompagnée d'un bon de souscription échéant en novembre 2007. Un bon de souscription et 0,20 \$ permettent l'achat d'une action. Ces options expireront en novembre 2007.

(2) These options entitle their holder to acquire a unit, in consideration of \$0.15, composed of one share and one warrant expiring in November 2007. One warrant and \$0.20 are required to acquire one share. These options expire in November 2007.

12- ÉVENTUALITÉS

- a) Les opérations de la Société sont régies par des lois gouvernementales concernant la protection de l'environnement. Les conséquences environnementales sont difficilement identifiables, que ce soit au niveau de la résultante, de son échéance ou de son impact. Présentement, au meilleur de la connaissance de ses dirigeants, la Société opère en conformité avec les lois et les règlements en vigueur. Tout paiement pouvant résulter de la restauration de sites serait comptabilisé aux résultats de l'exercice au cours duquel il sera possible d'en faire une estimation raisonnable.
- b) La Société se finance en partie par l'émission d'actions accréditatives; cependant il n'y a pas de garantie que les fonds dépensés par la Société seront admissibles comme frais d'exploration canadiens, même si la Société s'est engagée à prendre toutes les mesures nécessaires à cet effet.

12- CONTINGENCIES

- a) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at that time.
- b) The Company is partly financed by the issuance of flow-through shares. However, there are no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose.

13- ENGAGEMENTS

- a) En mars 2004, la Société a signé une entente de coparticipation de cinq ans avec la société publique «Aurora Platinum Corporation» (Aurora). Aurora et Exploration Fielddex inc. participeront à cette entente en mettant en commun des propriétés minières ciblées de la région du Témiscamingue et elles auront ainsi un intérêt respectif de 50 %. Chaque société participera aux dépenses d'exploration dans une proportion de 50 %. En février 2005, la Société et Aurora ont signé un amendement à cette entente, lequel stipule que Fielddex devra effectuer les prochains 725 000 \$ (condition respectée) en frais d'exploration sur ces projets miniers afin de garder son intérêt de 50 %. Le premier juillet 2005, Aurora a été acquise par la société publique «FNX Mining Company Inc.» (FNX), et est donc maintenant une filiale de FNX.
- b) En juin 2005, Aurora (FNX) et la Société ont signé une entente d'accès avec «Superior Diamonds Inc.» (Superior) sur des propriétés minières ciblées de la région du Témiscamingue. Cette entente accorde à chacune des parties le droit d'accéder aux propriétés de l'autre partie pour effectuer des activités d'exploration de surface. Durant la période d'accès, si la partie visiteuse identifie une cible pour laquelle cette partie veut effectuer plus de travaux d'exploration, une entente de bonne foi devra être négociée pour permettre à la partie visiteuse de continuer l'exploration. En plus de l'entente d'exploration, lorsque Superior est la partie visiteuse, Superior s'engage à payer à Aurora et à la Société une royauté égale à 2 % de ses ventes nettes de production provenant d'activités minières. Aurora et la Société accordent à Superior le droit d'acheter 1 % de cette royauté pour un montant de 1 000 000 \$. Lorsque Aurora et la Société sont la partie visiteuse, Aurora et la Société s'engagent à payer à Superior une redevance nette d'affinage de 2,5 %. Superior accorde à Aurora et à la Société le droit d'acheter 1 % de cette redevance pour un montant de 1 000 000 \$.
- c) En mars 2004, la Société a signé une entente avec «Lake Shore Gold Corp.» (Lake Shore) par laquelle elle a l'option d'acquérir un intérêt indivis de 50 % dans la propriété Noranda-nord. Exploration Fielddex inc. devra effectuer 500 000 \$ en frais d'exploration sur une période de deux ans afin d'acquérir sa participation.

13- COMMITMENTS

- a) In March 2004, the Company signed a five-year joint venture agreement with the public Company "Aurora Platinum Corporation" (Aurora). Aurora and Fielddex Exploration Inc. will participate in the project by pooling designated mining properties in the Temiscamingue area. Each company will hold 50% interest in that project and each party will pay 50% of all of the exploration expenses. In February 2005, the Company and Aurora signed an amendment in relation with that agreement to specify that Fielddex has to incur the next \$725,000 (condition fulfilled) in exploration expenses on these mining projects to keep its 50% interest. On July first, 2005, Aurora was acquired by "FNX Mining Company Inc." (FNX), and is now a subsidiary of FNX.
- b) In June 2005, Aurora (FNX) and the Company signed an access agreement with "Superior Diamonds Inc." (Superior) on designated mining properties in the Temiscamingue area. This agreement gives to each party the right of access to the properties of the other parties to conduct surface field exploration works. During the access period, if a visiting party identifies a target on which this party wants to make more exploration work, the two parties shall negotiate in good faith an agreement to permit the visiting party to continue exploration. In addition to this exploration agreement, when Superior is the visiting party, Superior agrees to pay to Aurora and the Company a royalty equal to 2% of net sales proceeds from mining activities. Aurora and the Company grants Superior the right to buy 1% of this royalty for an amount \$1,000,000. When Aurora and the Company are the visiting party, they agree to pay a 2.5% net smelter return to Superior from mining activities. Superior grants Aurora and the Company the right to buy 1% of this royalty for an amount of \$1,000,000.
- c) In March 2004, the Company signed an option agreement with "Lake Shore Gold Corp." (Lake Shore) by which it has the right to acquire an undivided 50% interest in the Noranda-nord property. Fielddex Exploration Inc. must incur \$500,000 in exploration expenditures during a two-year period to acquire its participation.

13- ENGAGEMENTS (suite)

En janvier 2006, Lake Shore et la Société ont amendé l'entente signée en mars 2004. Suite à cette modification, la Société devra effectuer les travaux d'exploration avant le 30 septembre 2006. De plus, la Société devra remettre à Lake Shore (l'opérateur) un montant de 150 000 \$, au plus tard le 31 janvier 2006 (condition respectée).

- d) La Société est engagée par bail pour la location d'un véhicule pour un montant total de 32 912 \$. Les paiements minimums exigibles en vertu du bail s'élèvent à 10 393 \$ en 2006, 2007, 2008 et à 1 733 \$ en 2009.
- e) En octobre 2005, la Société a signé une entente par laquelle elle retient les services de «Renmark Financial Communications Inc.» pour effectuer les relations avec les investisseurs. Les honoraires de Renmark Financial Communications Inc. seront de 5 000 \$ par mois pour la durée du contrat qui se terminera le 31 octobre 2006.
- f) En mars 2005, la Société a signé une entente avec une société privée en vertu de laquelle elle pourra acquérir 100 % de la propriété Laforce. Exploration Fieldex inc. devait effectuer un paiement de 15 000 \$ à la signature (condition respectée) et devait effectuer un paiement de 25 000 \$ en avril 2005. (condition respectée).

Une redevance nette d'affinage de 2 % est rattachée à trois de ces claims. Cette redevance pourrait être achetée par la Société pour un montant de 1 000 000 \$. Une autre redevance nette d'affinage de 2 % est rattachée à deux autres de ces claims. La moitié de cette redevance pourrait être achetée par la Société pour une somme de 1 000 000 \$.

13- COMMITMENTS (continued)

In January 2006, Lake Shore and the Company amended the agreement signed in March 2004. After this modification, the Company will have to incur the exploration expenses before September 30, 2006. In addition, the Company will have to pay to Lake Shore (the operator) an amount of \$150,000 cash, by no later than January 31, 2006 (condition fulfilled).

- d) The company is engaged in a lease contract for a vehicle amounting to \$32,912. The minimum payments payable are \$10,393 in 2006, 2007, 2008 and \$1,733 in 2009.
- e) In October 2005, the Company signed an agreement for investors relations activities with "Renmark Financial Communications Inc." The fees of Renmark Financial Communications Inc. will be \$5,000 monthly for the duration of the agreement which will end on October 31, 2006.
- f) In March 2005, the Company signed an agreement with a private company by which it could acquire 100% of the Laforce property. Fieldex Exploration Inc. had to pay \$15,000 in cash at the signature (condition fulfilled) and had to pay \$25,000 in April 2005 (condition fulfilled).

A net smelter return of 2% is connected to three of these claims. This royalty could be acquired by the Company for an amount of \$1,000,000. Another net smelter return of 2% is connected to two other claims. Half of this royalty could be acquired by the Company for an amount of \$1,000,000.

14- OPÉRATIONS ENTRE APPARENTÉS

Au cours de l'exercice, la Société a encouru des honoraires de consultants de 75 000 \$ (nil en 2004) auprès d'une société contrôlée par le président de Exploration Fieldex inc. et de 41 600 \$ (28 800 \$ en 2004) auprès d'une société contrôlée par un administrateur de Exploration Fieldex inc.

Ces opérations sont conclues dans le cours normal des activités de la Société et sont mesurées en fonction de leur valeur d'échange, soit le montant de la contrepartie convenue entre les parties aux accords.

Au 31 décembre 2004, les avances à une société apparentée proviennent de «Les Solutions Popup! Inc.» (Popup!). Cette société est apparentée à Exploration Fieldex inc. du fait que les deux sociétés ont le même président. Au cours de l'exercice terminé le 31 décembre 2005, la direction a procédé à la radiation de ces avances vu l'incapacité financière de Popup! à rembourser le montant en cause.

14- RELATED PARTY TRANSACTIONS

The Company incurred consultant fees amounting to \$75 000 (nil in 2004) with a company controlled by the president of Fieldex Exploration Inc. and to \$41,600 (\$28,800 in 2004) with a company controlled by a director of Fieldex Exploration Inc.

The transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

As at December 31, 2004, the advance to a related company are receivable from "Popup! Solutions Inc." (Popup!). This company is related to Fieldex Exploration Inc. because the two companies have the same president. During the year ended December 31, 2005, the management of the Company proceeded to a write-off of this advance, considering the financial incapacity of Popup! to pay the amount.

15- ÉLÉMENTS SANS INCIDENCE SUR LA TRÉSORERIE ET LES ÉQUIVALENTS DE TRÉSORERIE / ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS

	2005	2004	
	\$	\$	
Droits miniers à recevoir	58 983	-	Mining rights receivable
Crédit d'impôt à recevoir	264 667	-	Tax credit receivable
Acquisition d'une filiale sans contrepartie monétaire	-	330 000	Non-cash subsidiary acquisition
Commission par l'émission d'actions au courtier	-	37 500	Broker's commission by issuance of capital stock
Frais d'émission d'actions pour options aux courtiers	100 500	26 000	Share issuance expenses for brokers options
Frais d'émission en relation avec les impôts futurs reliés aux actions accréditives	110 600	168 500	Share issuance relating to income taxes relating for flow-through shares
Intérêts à payer sur des débetures	8 350	-	Interest payable on debentures

NOTES COMPLÉMENTAIRES
31 DÉCEMBRE 2005 ET 2004

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

**16- IMPÔTS SUR LES BÉNÉFICES ET IMPÔTS
MINIERS**

Le rapprochement de la charge d'impôts sur les bénéfices calculée selon le taux d'imposition statutaire combiné fédéral et provincial du Québec de 31,02 % (31,02 % en 2004), avec la charge d'impôts sur les bénéfices figurant dans les états financiers se détaille comme suit :

	2005	2004	
	\$	(Redressé) (Restated) (note 5) \$	
Perte avant impôts	<u>(763 157)</u>	<u>(259 390)</u>	Loss before income taxes
Impôts au taux de base combiné	(236 730)	(80 460)	Income taxes at combined rate
Gain non imposable	(3 805)	(1 245)	Non-taxable gain
Gain imposable	29 525	-	Taxable gain
Déduction pour ressources	19 690	10 390	Resources allowance deduction
Frais d'émission d'actions déductibles	(18 050)	(10 370)	Deductible share issuance expenses
Frais d'émission de débetures déductibles	(940)	-	Deductible debentures issuance expenses
Éléments non déductibles	137 030	25 600	Non-deductible items
Autres frais déductibles	(5 390)	-	Other deductible expenses
Avantage fiscal non constaté	<u>78 670</u>	<u>56 085</u>	Unrecognized tax benefit
	-	-	
Passif d'impôts futurs renversé aux résultats	(110 600)	(168 500)	Future income taxes liability reversed to earnings
Impôts afférents à la filiale liquidée	<u>-</u>	<u>(3 390)</u>	Income taxes of the dissolved subsidiary
Impôts sur les bénéfices	<u>(110 600)</u>	<u>(171 890)</u>	Income taxes

Les éléments importants des actifs d'impôts futurs se détaillent comme suit :

Significant components of the future tax assets are as follows:

	2005	2004	
	\$	(Redressé) (Restated) (note 5) \$	
Pertes reportées	352 620	311 200	Losses carried forward
Pertes en capital reportées	28 720	27 000	Capital losses carried forward
Frais d'émission d'actions	62 850	37 350	Share issuance expenses
Frais d'émission de débetures	3 740	-	Debentures issuance expenses
Immobilisations corporelles	2 810	2 800	Fixed assets
Propriétés minières et frais d'exploration	<u>549 200</u>	<u>649 930</u>	Mining properties and exploration expenses
Total des actifs d'impôts futurs bruts	999 940	1 028 280	Total gross future tax assets
Provision pour moins-value	<u>(999 940)</u>	<u>(1 028 280)</u>	Valuation allowance
Actifs d'impôts futurs nets	<u>-</u>	<u>-</u>	Net future tax assets

**16- IMPÔTS SUR LES BÉNÉFICES ET IMPÔTS
MINIERS (suite)**

La Société a accumulé à des fins fiscales des pertes autres que des pertes en capital.

Ces pertes viendront à échéance dans les délais suivants :

	Fédéral / Federal	Provincial
	\$	\$
2006	124 980	124 980
2007	298 810	298 810
2008	221 810	221 810
2009	33 950	33 950
2010	32 200	32 200
2014	173 400	160 000
2015	358 260	-

La Société a accumulé des pertes en capital de 185 200 \$ à valoir contre les gains en capital futurs.

L'avantage fiscal éventuel relatif à ces pertes n'a pas été comptabilisé.

**16- FUTURE INCOME AND MINING TAXES
(continued)**

The Company has accumulated non-capital losses for income tax purposes.

Those losses will expire as follows:

Capital losses available to reduce future capital gains amount to \$185,200.

The potential tax benefit in relation with those losses is not recorded.

17- ÉVÉNEMENTS SUBSÉQUENTS

- a) En janvier 2006, la Société a octroyé 500 000 options d'achat d'actions au prix de 0,64 \$ par action jusqu'en janvier 2011.
- b) En janvier 2006, la Société a inscrit ses actions sur la Bourse de Francfort en Allemagne.

17- SUBSEQUENT EVENTS

- a) In January 2006, the Company granted 500,000 share purchase options at \$0.64 per share expiring in January 2011.
- b) In January 2006, the Company listed its shares on the Frankfurt Stock Exchange in Germany.

17- ÉVÉNEMENTS SUBSÉQUENTS (suite)

- c) En janvier 2006, la Société a signé une entente avec des particuliers en vertu de laquelle elle pourra acquérir 90 % de la propriété Julian. Exploration Fieldex inc. devra effectuer un paiement de 5 000 \$ et émettre 10 000 actions à la signature de l'entente (condition respectée), elle devra également effectuer des paiements totalisant 40 000 \$ et émettre 40 000 actions, et ce au cours d'une période de quatre ans. De plus, la Société devra dépenser 152 500 \$ en frais d'exploration au cours de cette même période. Lorsque Exploration Fieldex inc. aura acquis un intérêt de 90 %, les particuliers auront 60 jours pour décider soit de participer dans les travaux d'exploration futurs au prorata de leur participation dans la propriété, soit de voir leur participation diluée ou de vendre leur intérêt. La Société aura un droit de premier refus lors de la vente de l'intérêt des particuliers. Si les particuliers diluent leur intérêt à moins de 5 %, ils devront alors transférer cet intérêt à la Société en contrepartie d'une redevance nette d'affinage de 2 %. La Société aura le droit d'acquérir 1 % de cette redevance nette d'affinage pour la somme de 100 000 \$.
- d) En février 2006, la Société a complété un placement privé de 2 666 666 unités au prix de 0,75 \$ l'unité, pour un total de 2 000 000 \$. Chaque unité consiste en une action ordinaire et un bon de souscription. Chaque bon de souscription accorde au détenteur le droit de souscrire à une action ordinaire au prix de 1,00 \$ pour une période de deux ans suivant la clôture de l'offre. La Société a payé une commission en espèces de 8 % du produit brut du placement privé.
- e) En mars 2006, la Société a émis 500 000 actions ordinaires au prix de 0,30 \$ l'action à un investisseur institutionnel au Québec, en conversion d'une débenture dont le montant de capital était de 150 000 \$. La Société avait émis cette débenture convertible à l'investisseur en avril 2005. Chaque action émise est accompagnée d'un bon de souscription permettant à son détenteur d'acquérir une action de la Société au prix de 0,35 \$ l'action jusqu'en avril 2007.

17- SUBSEQUENT EVENTS (continued)

- c) In January 2006, the Company signed an agreement with individuals by which it could acquire a 90% interest of Julian property. Fieldex Exploration Inc. will have to pay \$5,000 in cash and issue 10,000 shares at the signature of the agreement (condition fulfilled). In addition, Fieldex will have to pay \$40,000 in cash and will have to issue 40,000 shares on a four year period. The Company must spend \$152,500 in exploration expenses during the same period. When Fieldex Exploration Inc. will have earned its 90% interest, the individuals will have 60 days to decide to participate in further exploration works on a pro rata basis, dilute or elect to sell their interest. The Company will have the right of first refusal for the sale of the interest. If the individuals dilute their participation to less than a 5% interest, they will transfer their interest to the Company in counterpart of a 2% net smelter royalty. The Company will have the right to purchase a 1% net smelter royalty from the individuals for \$100,000.
- d) In February 2006, the Company completed a private placement of 2,666,666 units at a price of \$0.75 per unit, for a total amount of \$2,000,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire a common share at a price of \$1.00 for a period of two years after the closing date of the offering. The Company paid a cash commission of 8% of the gross proceeds of the private placement.
- e) In March 2006, the Company issued 500,000 common shares at a price of \$0.30 per share to an institutional investor in Quebec, following the conversion by the investor of a debenture in the principal amount of \$150,000. The Company issued the debenture to the investor in April 2005. Each share was accompanied by one warrant which entitles the holder to acquire one common share of the Company at a price of \$0.35 per share until April 2007.

17- ÉVÉNEMENTS SUBSÉQUENTS (suite)

- f) Du début de janvier 2006 au 20 mars 2006, la Société a émis 1 787 731 d'actions ordinaires suite à l'exercice d'options d'achat d'actions, d'options de courtiers et de bons de souscription pour un montant d'environ 600 000 \$.
- g) En février 2006, la Société a émis 40 110 actions ordinaires au prix de 0,15 \$ par action en contrepartie des intérêts sur une débenture d'un montant en capital de 100 000 \$.

17- SUBSEQUENT EVENTS (continued)

- f) From January 2006 to March 20, 2006 the Company issued 1,787,731 common shares following the exercise of share purchase options, brokers options and warrants for an amount of approximately \$600,000.
- g) In February 2006, the Company issued 40,110 common share at a price of \$0.15 per share in counterpart of the interest on a debenture of a principal amount of \$100,000.

18- CHIFFRES COMPARATIFS

Certains chiffres comparatifs ont été reclassés pour se conformer à la présentation de l'exercice courant. En particulier, pour 2004, la Société a présenté séparément dans le bilan un montant de 750 000 \$ d'encaisse réservée à l'exploration, ceci a eu pour effet de modifier également l'état des flux de trésorerie pour l'exercice terminé le 31 décembre 2004. De plus, à la même date, elle a présenté les taxes à recevoir séparément des autres débiteurs.

18- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year. Particularly, for 2004, the Company presented separately in balance sheet \$750,000 for cash reserved for exploration expenses, that also modified the cash flow statement for the year ended December 31, 2004. In addition, at the same date, the Company presented taxes receivable separately of other accounts receivable.