

**GRANDE PORTAGE RESOURCES LTD.**

**Financial Statements**

**Year Ended October 31, 2006**

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## AUDITORS' REPORT

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To the Shareholders of Grande Portage Resources Ltd:

We have audited the balance sheet of Grande Portage Resources Ltd. as at October 31, 2006 and the statements of operation, equity and cash flow for the year 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 audit.

We conducted our audit 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 October 31, 2006 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures have been audited by other Chartered Accountants who expressed an opinion without reservation.

Vancouver, British Columbia  
February 23, 2007

"Buckley Dodds"  
Chartered Accountants

**GRANDE PORTAGE RESOURCES LTD.**

**Balance Sheet**

**October 31, 2006**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 664,932	\$ 758,726
Goods and services tax recoverable	32,202	2,263
Prepaid expenses	26,999	15,000
Due from shareholder	4,000	-
	728,133	775,989
Reclamation bond	18,500	3,500
Resource properties ( <i>Note 4 &amp; Schedule 1</i> )	1,671,966	79,714
	\$ 2,418,599	\$ 859,203
<b>LIABILITIES AND SHAREOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Accounts payable	\$ 49,753	\$ 60,517
	49,753	60,517
<b>SHAREHOLDERS' EQUITY</b>		
Share capital ( <i>Notes 3,5,8 &amp; 9</i> )	6,433,616	4,658,146
Contributed surplus	803,628	222,289
Deficit	(4,868,398)	(4,081,749)
	2,368,846	798,686
	\$ 2,418,599	\$ 859,203

**ON BEHALF OF THE BOARD**

"Alistair MacLennan" Director

"Harold Forzley" Director

**GRANDE PORTAGE RESOURCES LTD.**

**Statement of Deficit**

**Year Ended October 31, 2006**

	<b>2006</b>	<b>2005</b>
<b>DEFICIT - BEGINNING OF YEAR</b>	<b>\$ (4,081,749)</b>	<b>\$ (3,708,808)</b>
<b>NET LOSS FOR THE YEAR</b>	<b>(786,649)</b>	<b>(44,504)</b>
<b>DEFICIT - END OF YEAR</b>	<b>(4,868,398)</b>	<b>\$ (4,081,749)</b>

GRANDE PORTAGE RESOURCES LTD.

Statement of Operations

Year Ended October 31, 2006

	2006	2005
<b>GENERAL AND ADMININSTRATIVE EXPENSES</b>		
Stock-based compensation ( <i>Note 3&amp;5</i> )	\$ 581,339	\$ 156,704
Legal fees	49,870	29,496
Corporate communications	40,849	2,576
Regulatory and transfer agent fees	37,657	27,738
Accounting and audit fees	30,983	28,870
Administrative fees	28,681	30,000
Consulting fees	15,498	43,700
Office	8,619	3,773
Rental	6,217	4,075
Telephone	2,070	2,162
Interest and bank charges	800	1,077
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(802,583)</b>	<b>(330,171)</b>
<b>OTHER ITEMS</b>		
Interest income	7,250	144
Write-off of accounts payable	8,684	25,447
Write-off of resource properties	-	(23,857)
<b>NET LOSS FOR THE YEAR</b>	<b>\$ (786,649)</b>	<b>\$ (328,437)</b>
Basic and diluted loss per share	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
Weighted average number of shares outstanding	<b>35,756,104</b>	<b>19,329,463</b>

See accompanying notes to the audited financial statements

**GRANDE PORTAGE RESOURCES LTD.**

**Statement of Cash Flows**

**Year Ended October 31, 2006**

	<b>2006</b>	<b>2005</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (786,649)	\$ (328,437)
Items not affecting cash:		
Stock based compensation	581,339	156,704
Write-off of accounts payable	(8,684)	(25,447)
Write-off of resource properties	-	23,857
	<b>(213,994)</b>	<b>(173,323)</b>
Changes in non-cash working capital		
GST receivable	(29,939)	6,330
Prepaid expenses	(11,999)	(15,000)
Accounts payable	(2080)	16,431
Cash flow from (used) by operating activities	<b>(258,012)</b>	<b>(165,562)</b>
<b>INVESTING ACTIVITIES</b>		
Advances for resource property exploration	-	14,979
Reclamation bond	(15,000)	(3,500)
Resource property costs	(1,592,252)	(74,569)
Cash flow used by investing activities	<b>(1,607,252)</b>	<b>(63,090)</b>
<b>FINANCING ACTIVITIES</b>		
Due from shareholders	(4,000)	-
Share issuances	1,775,470	952,127
Cash flow from financing activities	<b>1,771,470</b>	<b>952,127</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(93,794)</b>	<b>723,475</b>
CASH - Beginning of year	758,726	35,251
<b>CASH - End of year</b>	<b>664,932</b>	<b>\$ 758,726</b>
Interest paid	-	-

# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 1. NATURE OF BUSINESS

The Company is a development stage company whose shares trade on Tier II of the TSX Venture Exchange. The Company holds resource properties in British Columbia, Canada, and has not yet determined whether they contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties, including related deferred exploration costs, is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy expenditure requirements under property acquisition and joint venture agreements to complete their development, and future profitable production or the disposition thereof.

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### 2. GOING CONCERN CONSIDERATION

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

At October 31, 2006, the Company had not yet achieved profitable operations and has accumulated losses of \$4,868,398 since its inception, and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Measurement uncertainty

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. This includes the valuation of capitalized resource properties of the company. Actual results could differ from these estimates.

#### Resource Properties

Acquisition costs, rights and options together with direct exploration and development expenditures and certain administration costs directly relating to the resource properties, are deferred in the accounts on a property-by-property basis. The expenditures related to a property from which there is production will be depleted using the unit-of-production method based upon the estimated proven reserves. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations

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# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Earnings/Loss Per Share

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

Basic loss per share has been computed based on the weighted average number of common shares outstanding. Existing stock options and share purchase warrants have not been included in the computation of diluted earnings (loss) per share because to do so would be anti-dilutive.

#### Financial Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, GST receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

#### Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date and non-monetary items are translated at the rate of exchange in effect when the assets were acquired or obligations incurred. Gains and losses resulting from the translation of assets and liabilities are reflected in the operations of the period.

Foreign currency denominated revenue and expense items are translated at the average rates of exchange prevailing during the period.

#### Income Taxes

The company accounts for income taxes under the asset and liability method, whereby future assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in 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 year that substantive enactment or enactment occurs. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

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# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Flow-through Shares

Under the terms of flow-through share agreements, the related expenditures are renounced to the subscribers of such shares. In March 2004, the CICA issued Emerging Issue Committee Abstract No. 146, Flow-through Shares, which clarifies the recognition of previously unrecorded future income tax assets caused by renouncement of expenditures relating to flow-through shares. For flow-through shares issued after March 19, 2004, the Company records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of operations on the date that the Company renounces the deductions for investors (Note 7).

#### Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at October 31, 2006.

#### Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets are recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At October 31, 2006, the Company cannot reasonably estimate the fair value of the resource properties' site restoration costs, if any.

#### Mining Tax Credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. Where recovery is not reasonably assured they will be recorded or accrued when assurance of recovery is reasonably determined. Non-repayable mining tax credits may be earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

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# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Comparative figures

Certain prior year's comparative figures have been reclassified to conform to the financial statement presentation adopted for this period.

#### Stock-based compensation

The Company has a stock option plan, described in Note 6. The fair value method of accounting is applied to all stock-based compensation payments to both employees and non-employees. The estimated fair value of the options is determined using the Black-Scholes option pricing models.

During 2004, the Company adopted the revised CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based payments," which requires that a fair value method of accounting be applied to all stock-based compensation to both employees and non-employees. In accordance with the transitional provisions of Section 3870, the Company retroactively applied the fair value method for employee stock option awards granted after January 1, 2004.

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### 4. RESOURCE PROPERTIES

#### Merry Widow Property

Pursuant to an agreement dated March 25, 2004, the Company was granted an option to earn a 100% interest in mineral claims known as the Merry Widow property located in the Nanaimo Mining Division of British Columbia. To earn the 100% interest in these claims, the Company is required to pay a total of \$75,000 and 450,000 common shares of the Company over three years.

The property is subject to a 2% net smelter return royalty (NSR), with a minimum advance payment of \$16,000 due each calendar year following the year the option is exercised. The Company may purchase the NSR for \$750,000.

#### New Merry Widow Property

Pursuant to an agreement dated March 10, 2006, the Company was granted an option to earn a 100% interest in an area adjoining the Company's Merry Widow property. The Company is required to pay a total of \$75,000 and 275,000 common shares over four years. The property will be subject to a 2% Net Smelter Return ("NSR"). The company may purchase 100% of the NSR for \$750,000.

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# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 4. RESOURCE PROPERTIES (Continued)

#### Teihsum River Property

Pursuant to an agreement dated January 6, 2006 with Red Lake Resources Inc. ("Red Lake"), the Company was granted an option to earn up to a 75% of the 1,423 hectares held under option by Red Lake in the Teihsum River area, adjoining immediately southwest of the Company's Merry Widow Project. Red Lake must issue a further 200,000 shares under its option to the underlying property owner. The Company must make cash payments totalling \$90,000 over three years to the underlying property owner, and spend a total of \$1.0 million on exploration on the property, consisting of: (i) \$500,000 in exploration on the property by November 1, 2008 to earn a 50% interest in the property, and (ii) an additional \$500,000 in exploration by November 1, 2010, to earn an additional 25%, for an aggregate interest of 75%. Grande Portage will be the Operator throughout. The property will also be subject to a 2.5% NSR to the underlying property owner. The company may purchase 50% of the NSR for \$1,000,000.

#### Good Sport and Newt Properties

Pursuant to an agreement dated January 17, 2006, the Company was granted an option to earn 100% in two mineral claims adjacent northeast and northwest to its current crown grants. For a cash payment of \$5,000 on each property, the Company would add another 329 hectares to its holdings. Upon exercise of the option(s), the Company would be required to make cash payments totalling \$100,000 on each property to be acquired over three years and issue 400,000 shares on each property over three years. Each of the properties will be subject to a 3.0% NSR reserved to the original owners. In each case, the Company may purchase 50% of the NSR for \$100,000.

#### Kathleen Lake Property

Pursuant to an agreement dated March 10, 2006, the Company signed a 100% interest in three mineral claims in the Rupert District known as Kathleen Lake for \$25,000.

#### MWM Property

Pursuant to an agreement dated July 26, 2006, the Company was granted an option to earn up to a 100% interest in seven mineral claims located in the Nanaimo Mining Division, B.C., known as the MWM Property.

The Company can acquire the MWM Property by making option payments in instalments aggregating \$60,000 and issuances of non-transferable share purchase warrants to acquire up to a total of 1,000,000 common shares of the Company (the "Warrants") over 18 months.

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**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

5. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Issued and Outstanding:

	Number of Shares	Amount
Balance, October 31, 2004	16,438,342	\$ 3,340,199
For cash:		
Pursuant to private placements – at \$0.08	377,500	30,200
Pursuant to private placements – at \$0.08	1,687,500	135,000
Pursuant to private placements – at \$0.08	5,452,500	436,200
Pursuant to private placements – at \$0.10	4,746,000	474,600
Less: share issue costs	100,000	(93,523)
For settlement of debts – at \$0.10	3,294,700	329,470
For resource property acquisition – at \$0.06	100,000	6,000
	32,196,542	4,658,146
Balance, October 31, 2005		
For cash:		
Pursuant to private placements – at \$0.10	1,000,000	100,000
Pursuant to private placements – at \$0.40	1,000,000	400,000
Exercise of options – at \$0.10	1,403,200	140,320
Exercise of options – at \$0.16	100,000	18,000
Exercise of options – at \$0.18	100,000	18,000
Exercise of options – at \$0.38	25,000	4,000
Exercise of warrants – at \$0.10	7,398,000	739,800
Exercise of warrants – at \$0.15	1,770,000	265,500
Less: finder's fees	-	(20,000)
For resource property acquisition	445,000	121,500
	45,357,742	\$ 6,433,616
Balance, October 31, 2006		

# GRANDE PORTAGE RESOURCES LTD.

## Notes to Financial Statements

Year Ended October 31, 2006

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### 5. SHARE CAPITAL (Continued)

#### Commitments:

#### Flow-through Shares

The Company is committed to spending flow-through share proceeds on qualifying exploration expenditures. Any amounts renounced in favour of the investors purchasing such shares will not be available to the Company as resource deductions. During the year ended October 31, 2006, the Company received 1,000,000 at \$0.10 and 500,000 at \$0.40 for total gross proceeds of \$300,000 related to the issuance of flow-through shares. During the year ended October 31, 2005, the Company received \$474,600 related to the issuance of flow-through shares.

#### Stock-based Compensation Plan

Effective January 1, 2004 the Company adopted the new CICA standard relating to the accounting for stock-based compensation. This standard recognizes the fair value (as determined using the Black-Scholes valuation model) of the stock options as an expense in the year in which the options are vested. The value of options granted in 2006 was \$1,506,394 of which \$581,339 were for options vesting in the year ended October 31, 2006.

The following assumptions were used to calculate the value of the stock options granted:

	2006	2005
Expected dividend yield	0%	0%
Expected volatility	101.87%	84.5%
Risk-free interest rate	3.93%	3.0%
Expected option life	5 years	5 years

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded stock options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the use of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded stock options, and because changes in the subjective assumptions can have a material effect on the fair value estimate, in management's opinion, the existing option-pricing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

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**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

5. SHARE CAPITAL (Continued)

Contributed Surplus

	2006	2005
Beginning balance	\$ 222,289	\$ 21,081
Change in accounting policy	-	44,504
Stock based compensation:		
2005	-	156,704
2006	581,339	-
Ending balance	<u>\$ 803,628</u>	<u>\$ 222,289</u>

The Company has granted directors, an officer and consultant's common share purchase options. These options are granted with an exercise price equal to the market price of the Company's shares on the date of the grant. Under the stock option plan, 25% of the options vest when granted and 25% vest on each of the six, twelve and eighteen month anniversary dates of the option agreement.

A summary of the stock option plan is presented below:

	Years ended October 31,			
	2006		2005	
	Share Purchase Options	Weighted Average Exercise Price	Share Purchase Options	Weighted Average Exercise Price
Outstanding at beginning of period	3,000,000	\$0.10	1,400,000	\$0.10
Exercised	(700,000)	\$0.10	-	-
Exercised	(125,000)	\$0.16	-	-
Exercised	(20,000)	\$0.38	-	-
Granted	300,000	\$0.10	-	-
Granted	700,000	\$0.16	2,500,000	\$0.10
Granted	2,000,000	\$0.38	-	-
Granted	550,000	\$0.69	-	-
Granted	975,000	\$0.71	-	-
Cancelled	-	-	(900,000)	\$0.10
Options outstanding at end of year	<u>6,680,000</u>	<u>\$0.33</u>	<u>3,000,000</u>	<u>\$0.10</u>
Options exercisable at end of year	<u>3,411,250</u>	<u>\$0.25</u>	<u>1,275,000</u>	<u>\$0.10</u>

**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

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5. SHARE CAPITAL (Continued)

At October 31, 2006, the Company had 6,680,000 share purchase options outstanding entitling the holders thereof the right to purchase one share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
400,000	\$0.10	February 16, 2009
1,900,000	\$0.10	July 25, 2010
300,000	\$0.10	November 30, 2010
575,000	\$0.16	March 6, 2011
1,980,000	\$0.38	March 17, 2011
550,000	\$0.69	July 12, 2011
<u>975,000</u>	\$0.71	September 29, 2011
<u>6,680,000</u>		

Share Purchase Warrants

At October 31, 2006, the Company had 2,342,500 share purchase warrants outstanding entitling the holder thereof the right to purchase one common share for each warrant held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
200,000	\$0.10/\$0.15	December 30, 2006/2007
725,000	\$0.15	October 20, 2007
417,500	\$0.15	December 24, 2006
<u>1,000,000</u>	\$0.50	May 1, 2008
<u>2,342,500</u>		

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**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

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6. RELATED PARTY TRANSACTIONS

The Company incurred the following amounts charged by officers and private companies that have directors in common with the Company:

	Years ended October 31,	
	<b>2006</b>	2005
Management fees	\$ 20,000	\$ 30,000
Consulting fees	6,700	14,000
Office	2,286	1,000
Telephone	1,828	-
Travel & meals	5,198	-
Rent	-	4075
	<b>\$ 37,112</b>	<b>\$ 49,075</b>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

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7. FUTURE INCOME TAXES

The Company has non-capital losses carried forward for income tax purposes for deduction against future years' taxable income. The losses carried forward expire in the fiscal years ending as follows:

	Total
2009	\$ 327,729
2010	74,756
2011	71,574
2013	6,298
2014	9,910
2015	176,491
2016	237,095
	<b>913,853</b>

**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

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7. FUTURE INCOME TAXES (Continued)

Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements as their realization is not more likely than not. The significant components of the Company's future tax assets are as follows:

	2006	2005
Statutory tax rates	34.10%	35.62%
Capital losses	\$ 115,880	\$ 115,880
Non-capital loss carry forwards	913,853	676,758
Resource deduction expenses	3,347,200	2,086,018
Share issue costs	85,037	98,252
	<u>4,461,970</u>	<u>2,976,908</u>
Future Income tax asset	1,521,532	1,060,375
Valuation allowance	<u>(1,521,532)</u>	<u>(1,060,375)</u>
Future income tax asset	<u>\$ -</u>	<u>\$ -</u>

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8. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statements of cash flows:

During the year ended October 31, 2006:

a) The Company issued 445,000 shares valued at \$121,500 to acquire resource properties.

During the year ended October 31, 2005:

a) The Company issued 100,000 shares valued at \$6,000 to acquire resource properties.

b) The Company issued 3,294,470 share valued at \$329,470 to settle accounts and loans payable.

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**GRANDE PORTAGE RESOURCES LTD.**

**Notes to Financial Statements**

**Year Ended October 31, 2006**

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9. SUBSEQUENT EVENTS

Subsequent issue of shares

Subsequent to the year ended October 31, 2006, the Company issued a private placement for up to 8,880,000 non flow through units at a price of \$0.70 and 4,250,000 flow-through units at a price of \$0.80. Each Unit shall consist of one common share and one half of one common share purchase warrant. Every whole Warrant is exercisable into one additional Common Share at an exercise price of \$1.10 per share on or before 18 months after the date of closing. Each FT Unit shall consist of one flow-through common share and one half of one Warrant.

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**GRANDE PORTAGE RESOURCES LTD.**

**Schedule of Resource Properties**

**Year Ended October 31, 2006**

	Merry Window	Newt Property	Good Sport	Kathleen Lake	Teihsum River	2006	2005
Balance, beginning	\$ 79,714	\$ -	\$ -	\$ -	\$ -	\$ 79,714	\$23,002
Acquisition costs							
Cash	50,000	15,000	15,000	30,000	40,000	150,000	27,354
Shares	83,500	9,500	9,500	-	19,000	121,500	6,000
Staking and land taxes	4,565	-	-	-	-	4,565	780
	<u>138,065</u>	<u>24,500</u>	<u>24,500</u>	<u>30,000</u>	<u>59,000</u>	<u>276,065</u>	<u>34,134</u>
Deferred exploration costs							
Analysis	88,525	-	-	-	-	88,525	1,000
Camp supplies	158,426	-	-	-	-	158,426	
Consulting	28,127	-	-	-	-	28,127	18,791
Drafting and printing	9,737	-	-	-	-	9,737	5,842
Drilling	343,394	-	-	-	-	343,394	
Engineering	11,944	-	-	-	-	11,944	
Equipment rental	45,575	-	-	-	-	45,575	
Filing fees	-	-	1,760	-	1,000	2,760	
Geological consulting	115,617	-	-	-	-	115,617	13,700
Geophysics	263,294	-	-	-	-	263,294	
Site access and preparation	18,623	-	-	-	-	18,623	4,274
Site personnel	196,315	-	-	-	-	196,315	
Travel and accommodations	33,850	-	-	-	-	33,850	2,828
	<u>1,313,427</u>	<u>-</u>	<u>1,760</u>	<u>-</u>	<u>1,000</u>	<u>1,316,187</u>	<u>46,435</u>
Less: write-downs	-	-	-	-	-	-	103,571 (23,857)
Balance, ending	\$1,531,206	\$24,500	\$26,260	\$30,000	\$60,000	\$1,671,966	\$79,714

See accompanying notes to the audited financial statements

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-month Periods Ended October 31, 2006 and 2005**

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(Dated February 28, 2007)

**DESCRIPTION OF BUSINESS**

The Company is a development stage company whose shares trade on Tier II of the TSX Venture Exchange. The Company holds a resource property in British Columbia, Canada, and has not yet determined whether this property contains ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties, including related deferred exploration costs, is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy expenditure requirements under property acquisition and joint venture agreements to complete their development, and future profitable production or the disposition thereof.

**Results of Operations for the twelve-month periods ended October 31, 2006 and 2005**

There was a total of \$1,316,187 incurred for exploration expenditures on the Merry Widow Property, as well as \$276,065 on acquisition costs for the Merry Widow and adjoining properties, whereas a total of \$79,714 was incurred for acquisition and explorations costs for the same period of 2005. The majority of these costs were incurred for general geological work, site access preparation, site personnel, drilling, and geophysics.

The Company incurred other operating costs totalling \$793,899 during the twelve-month period for a net loss of \$786,649 for the year, as compared to \$328,437 for 2005,. In the current period, consulting fees of \$15,498 were incurred as compared to \$43,700 for 2005. Offsetting this decrease were regulatory fees in the amount of \$37,657 for the current period compared to only \$27,738 for 2005. The higher loss of 2006 was primarily attributable to the costs associated with investor relations activities for the private placements and increased legal fees associated with the acquisition of resource properties. Also, stock-based compensation increased from \$156,704 during 2005 to \$581,339 for the current year due to the increase in the number of stock options granted to various directors, officers and consultants.

The Company issued 1,000,000 units at \$0.10 per unit. Each unit consists of one flow-through common share and one-half of a share purchase warrant. One warrant is exercisable into one common share for a period of two years from closing at \$0.10 per share in the first year and \$0.15 per share in the second year. Included in this private placement were 400,000 common shares issued to a director of the Company

The Company arranged a non-brokered Private Placement for 1,000,000 Units at a price of \$0.40 per Unit to raise gross proceeds of \$400,000. Each Unit consists of one common share of the Company and one non-transferable common share purchase warrant ("Warrant"). Each Warrant entitles the purchaser to purchase one additional common share of the Company at an exercise price of \$0.50 per share for a period of 24 months from closing. Of the 1,000,000 Units, 500,000 Units are comprised of flow-through shares and 500,000 Units are comprised of non-flow-through shares. The Company paid a finder's fee in connection with this financing in accordance with the policies of the TSX Venture Exchange.

The Warrants have a forced warrant conversion to the effect that if at any time during the first six months of the term of the warrants, Grande Portage's common shares trade at \$1.00 per share or higher for 30 consecutive trading days, then the Company can give notice of such event to the holders and the Warrants must be exercised within 60 days of such their receipt of such notice or the Warrants will thereafter expire.

**GRANDE PORTAGE RESOURCES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS  
For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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**Liquidity and Capital Resources**

As at October 31, 2006, the Company had net working capital of \$678,380 compared to \$715,472 as at October 31, 2005. The Company's continued development is contingent upon its ability to raise sufficient financing in the long term, and management is pursuing all possible sources of financing.

**New Director**

The Company is pleased to announce that Mr. Harold Forzley, CA has joined the Board of Directors replacing Mr. Jim Williams effective immediately. Mr. Forzley earned a BA Commerce while attending at Simon Fraser University and a Chartered Accountant designation while employed at Thorne Riddell (now KPMG). After an eight-year tenure with Thorne Riddell, Mr. Forzley spent the next 20 years building a variety of companies primarily in the mining sector. Most notably, Continental Gold Corp., which was sold to a major mining concern and El Condor Resources, also sold to an intermediate mining company with both companies generating substantial returns to their respective shareholders. Mr. Forzley has spent the past ten years in his own consultancy, providing financial/business advice to a variety of businesses and currently serves as President and CEO of Pacific Cascade Minerals Inc.

**Property Work during the year**

The Company initiated dialogue with the Quatsino First Nations and completed the first archaeological study of the Phase I drill-hole sites. Company representatives, First Nations members, and consultants employed by Sources, a reknown archaeological survey consultancy, were in attendance. This meeting was a precursor to the issuance of the drilling permit and nothing of archaeological significance was found.

Upon issuance of the drilling permit from the BC Ministry of Mines, the Company commenced its Phase I drilling program. A wooden-framed camp was constructed along Kathleen Lake to house the geological staff and diamond drillers, and for cutting and storing core samples. Nicholson and Associates of Vancouver, BC provided the geological staff while Westcore Drilling of Hope, BC was contracted for all diamond drilling.

Twenty-three drill holes around the past-producing Merry Widow open pit and two drill holes on the Road Zone had been completed to the end of July. The drill holes are targeting copper-gold-silver-cobalt-iron massive sulphide within a mineralized skarn geological environment. Detailed silt sampling was started on drainages accessible by the existing logging road network. All samples are submitted to Chemex Labs of North Vancouver, BC for analysis. (See the Company's previous press releases for the drill results).

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

**Statement of Mining and Exploration Expenditures**

	<u>Merry Widow</u>	Newt Property & Good Sport	Kathleen <u>Lake</u>	<u>Teihsum River</u>	<u>2006</u>	<u>2005</u>
Balance, beginning	\$ 79,714	\$ -	\$ -	\$ -	\$ 79,714	\$ 23,002
Acquisition costs						
Cash	50,000	30,000	30,000	40,000	150,000	27,354
Shares	83,500	19,000	-	19,000	121,500	6,000
Staking and land taxes	4,565	-	-	-	4,565	780
	<u>138,065</u>	<u>49,000</u>	<u>30,000</u>	<u>59,000</u>	<u>276,065</u>	<u>34,134</u>
Deferred exploration costs						
Assay & recording	88,525	-	-	-	88,525	1,000
Camp supplies	158,426	-	-	-	158,426	-
Consulting fees	28,127	-	-	-	28,127	18,791
Drafting and printing	9,737	-	-	-	9,737	5,842
Drilling	343,394	-	-	-	343,394	-
Engineering	11,944	-	-	-	11,944	-
Equipment rental	45,575	-	-	-	45,575	-
Filing fees	-	1,760	-	1,000	2,760	-
Geological consulting	115,617	-	-	-	115,617	13,700
Geophysics	263,294	-	-	-	263,294	-
Site access preparation	18,623	-	-	-	18,623	4,274
Site personnel	196,315	-	-	-	196,315	-
Travel	33,850	-	-	-	33,850	2,828
	<u>1,313,427</u>	<u>1,760</u>	<u>-</u>	<u>1,000</u>	<u>1,316,187</u>	<u>46,435</u>
Write-downs	-	-	-	-	-	(23,857)
Balance, ending	<u>\$ 1,531,206</u>	<u>\$ 50,760</u>	<u>\$ 30,000</u>	<u>\$ 60,000</u>	<u>\$ 1,671,966</u>	<u>\$ 79,714</u>

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Nine-Month Periods Ended July 31, 2006 and 2005**

**Selected Annual Financial Information:**

	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2004
Total revenues	\$ -	\$ -	\$ -
Loss before extraordinary items:			
Total for the year	786,649	328,437	250,926
Per-share (basic and diluted)	(0.02)	(0.02)	(0.01)
Net loss:			
Total for the year	786,649	328,437	250,926
Per-share (basic and diluted)	(0.02)	(0.02)	(0.01)
Working capital (deficiency)	678,380	715,472	(355,159)
Total assets	2,418,599	859,203	81,825
Resource property costs	1,671,966	79,714	37,981
Total long-term financial liabilities	-	-	-
Cash dividends declared per common share	-	-	-

**Selected Quarterly Financial Information:**

	4 <sup>th</sup> Quarter Ended October 31, 2006	3 <sup>rd</sup> Quarter Ended July 31, 2006	2 <sup>nd</sup> Quarter Ended April 30, 2006	1 <sup>st</sup> Quarter Ended January 31, 2006
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	623,371	53,531	60,809	48,938
(c) Loss per share	0.02	0.005	0.006	0.004
	4 <sup>th</sup> Quarter Ended October 31, 2005	3 <sup>rd</sup> Quarter Ended July 31, 2005	2 <sup>nd</sup> Quarter Ended April 30, 2005	1 <sup>st</sup> Quarter Ended January 31, 2005
(d) Revenue	Nil	Nil	Nil	Nil
(e) Loss for period	214,736	21,240	38,854	53,607
(f) Loss per share	0.01	0.001	0.002	0.003
	4 <sup>th</sup> Quarter Ended October 31, 2004	3 <sup>rd</sup> Quarter Ended July 31, 2004	2 <sup>nd</sup> Quarter Ended April 30, 2004	1 <sup>st</sup> Quarter Ended January 31, 2004
(g) Revenue	Nil	Nil	Nil	Nil
(h) Loss for period	143,739	36,347	45,950	24,890
(i) Loss per share	0.01	0.002	0.003	0.002

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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**PROPERTIES / CLAIMS and EXPLORATION PROGRAMS**

a) **Merry Widow Property**

Pursuant to an agreement dated March 25, 2004, the Company was granted an option to earn a 100% interest in mineral claims known as the Merry Widow property located in the Nanaimo Mining Division of British Columbia. To earn the 100% interest in these claims, the Company is required to pay a total of \$75,000 and 450,000 common shares of the Company as follows:

	Cash	Shares
Within 10 days of regulatory approval	\$10,000 (paid)	75,000 (issued)
March 25, 2005	15,000 (paid)	100,000 (issued)
March 25, 2006	20,000 (paid)	125,000 (issued)
March 25, 2007	30,000	155,000
	\$75,000	450,000

The property is subject to a 3% net smelter return royalty (NSR), with a minimum advance payment of \$16,000 due each calendar year following the year the option is exercised. The Company may purchase 2% of the NSR for \$750,000.

The Company entered into an agreement with a company sharing a director in common to earn up to a 75% interest in an area adjoining the Company's Merry Widow property. The Company must make cash payments totalling \$90,000 over three years and spend: \$500,000 on exploration by November 1, 2008 to earn a 50% interest, and \$500,000 by November 1, 2010 to earn an additional 25% interest for an aggregate interest of 75%. The property will be subject to a 2.5% Net Smelter Return ("NSR"). This agreement is subject to regulatory approval.

The Company has also negotiated the right of first refusal on options to purchase two smaller, but strategic parcels of claims, adjacent northeast and northwest to its current crown grants. For a cash payment of \$5,000 on each property, the Company would add another 329 hectares to its holdings. Upon exercise of the option(s), the Company would be required to make cash payments totalling \$100,000 on each property to be acquired over three years and issue 400,000 shares on each property over three years. Each of the properties will be subject to a 3.0% NSR reserved to the original owners.

b) **Teihsum River Property**

Pursuant to an agreement in principal with Red Lake Resources Inc. ("Red Lake"), the Company has an option to earn up to a 75% of the 1,423 hectares held under option by Red Lake in the Teihsum River area, adjoining immediately southwest of the Company's Merry Widow Project. Red Lake must issue a further 200,000 shares under its option to the underlying property owner. The Company must make cash payments totalling \$90,000 over three years to the underlying property owner, and spend a total of \$1.0 million on exploration on the property, consisting of: (i) \$500,000 in exploration on the property by November 1, 2008 to earn a 50% interest in the property, and (ii) an additional \$500,000 in exploration by November 1, 2010, to earn an additional 20%, for an aggregate interest of 75%. Grande Portage will be the Operator throughout. The property will also be subject to a 2.5% NSR to the underlying property owner. The agreement is subject to acceptance by the boards of both companies, and approval of the TSX Venture Exchange.

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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**c) Good Sport and Newt Properties**

Pursuant to an agreement dated January 17, 2006, the Company was granted an option to earn 100% in two mineral claims adjacent northeast and northwest to its current crown grants. For a cash payment of \$5,000 on each property, the company would add another 329 hectares to its holdings. Upon exercise of the option(s), the Company would be required to make cash payments totalling \$100,000 on each property to be acquired over three years and issue 400,000 shares on each property over three years. Each of the properties will be subject to a 3.0% NSR reserved to the original owners. In each case, the Company may purchase 50% of the NSR for \$100,000.

**d) Kathleen Lake Property**

Pursuant to an agreement dated March 10, 2006, the Company signed a 100% interest in three mineral claims in the Rupert District known as Kathleen Lake for \$25,000.

**e) MWM Property**

During August, 2006, the Company entered into an option agreement (the "Option") with United Exploration Management Inc. ("United") to acquire an undivided 100% interest in seven mineral claims located in the Nanaimo Mining Division, B.C., known as the MWM Property.

The Company can acquire the MWM Property by making option payments in instalments aggregating \$60,000 and issuances of non-transferable share purchase warrants to acquire up to a total of 1,000,000 common shares of the Company (the "Warrants"), as follows:

- (a) Upon acceptance of the Option (the "Completion Date") by the TSX Venture Exchange (the "Exchange"), an initial payment of \$15,000 and the issuance of Warrants to purchase up to 250,000 shares at an exercise price of \$0.60 per share for a period of two years from the Completion Date;
- (b) Within six (6) months of the Completion Date, an additional payment of \$15,000, and the issuance of Warrants to purchase an additional 250,000 shares at an exercise price equal to the ten day average trading price preceding the date which is 6 months following the Completion Date for a period of two years;
- (c) Within twelve (12) months of the Completion Date, an additional payment of \$15,000, and the issuance of Warrants to purchase an additional 250,000 shares at an exercise price equal to the ten day average trading price preceding the date which is 12 months following the Completion Date for a period of two years; and
- (d) Within eighteen (18) months of the Completion Date, an additional payment of \$15,000, and the issuance of Warrants to purchase an additional 250,000 shares at an exercise price equal to the ten day average trading price preceding the date which is 18 months following the Completion Date for a period of two years.

United has also reserved a 2.5% net smelter returns royalty over the MWM Property, and the Company has an option to purchase 60% of such royalty (or 1.5%) for \$1,500,000. The above described property acquisition is subject to the acceptance for filing of the Exchange.

The Company will now incorporate these new claim boundaries and relevant available geological, geochemical and geophysical data into its growing digital data package. Initial prospecting, mapping and silting of all accessible areas will commence this fall.

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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**Related Party Transactions**

The Company incurred the following amounts charged by officers and private companies that have directors in common with the Company:

	Twelve months ended October 31,	
	2006	2005
Management fees	\$ 20,000	\$ 22,500

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

**Share Capital**

**Issued and Outstanding:**

	<u>Number Of Shares</u>	<u>Amount</u>
Balance, October 31, 2005	32,196,542	\$ 4,658,146
For cash:		
Pursuant to private placements – at \$0.10	1,000,000	100,000
Pursuant to private placements – at \$0.40	1,000,000	400,000
Exercise of options – at \$0.10	1,403,200	140,320
Exercise of options – at \$0.16	125,000	20,000
Exercise of options – at \$0.38	20,000	7,600
Exercise of warrants – at \$0.10	7,398,000	739,800
Exercise of warrants – at \$0.15	1,770,000	265,500
Less: finder's fee		(20,000)
For resource property acquisition	<u>445,000</u>	<u>121,500</u>
Balance, October 31, 2006	45,357,742	6,433,616

**Stock Options**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
400,000	\$0.10	February 16, 2009
1,900,000	\$0.10	July 25, 2010
300,000	\$0.10	November 30, 2010
575,000	\$0.16	March 6, 2011
1,980,000	\$0.38	March 17, 2011
550,000	\$0.69	July 12, 2011
975,000	\$0.71	September 29, 2011
<u>6,680,000</u>		

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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Share Purchase Warrants

At October 31, 2006 the Company had 11,010,350 share purchase warrants outstanding entitling the holder thereof the right to purchase one common share for each warrant held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
417,500	\$0.15	December 24, 2006
725,000	\$0.10/\$0.15	October 20, 2007
200,000	\$0.10/\$0.15	December 30, 2006/2007
1,000,000	\$0.50	May 1, 2008
<hr/> 2,342,500		

**Disclosure Controls and Procedures**

Disclosure controls and procedures have been designed to ensure that relevant and accurate information needed to comply with the Company's continuous disclosure obligations is accumulated and summarized to allow timely decisions regarding disclosure and to ensure that the risk of a material error or fraud is minimal.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of April 30, 2006. Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of April 30, 2006, the Company's disclosure controls and procedures were effective in timely alerting them to the material information relating to the Company required to be included in reports that the Company files.

**Subsequent Events**

On November 7, 2006, the Company announced a brokered private placement, led by Pacific International Securities Inc. and including Dundee Securities Corporation as agents (the "Agents"), for up to 8,000,000 non flow through units ("Units") of the Company at \$0.70 per Unit and up to 4,250,000 flow-through units ("FT Units") of the Company at \$0.80 per FT Unit, for total gross proceeds of up to (Cdn) \$9,000,000 (the "Offering"). Each Unit shall consist of one (1) common share ("Common Share") of the Company and one half of one common share purchase warrant ("Warrant"). Every whole Warrant is exercisable into one additional Common Share at an exercise price of \$1.10 per share on or before 18 months after the date of closing. Each FT Unit shall consist of one (1) flow-through common share ("FT Share") of the Company and one half of one Warrant.

The Company intends to use the net proceeds from the Offering to advance the Merry Widow massive sulphide properties through to feasibility stage. Specifically, the Company plans to grid drill the Merry Widow along strike and length for the 3.5-kilometer extension. It will also drill extensively along the 8.0-kilometer strike length of the Old Sport Horizon. In addition, funds will be allocated for the property-wide completion of helicopter airborne Mag & EM geophysics, geological mapping, prospecting, environmental assessment, metallurgy, silt sampling, property management, logistics and general working capital.

The gross flow-through proceeds raised will be used for Canadian exploration expenditures (as defined in the Income Tax Act (Canada)) and will be renounced for the 2006 taxation year.

**GRANDE PORTAGE RESOURCES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Twelve-Month Periods Ended October 31, 2006 and 2005**

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On November 9, 2006, the Company announced that it has awarded two concurrent drilling contracts to Westcore Drilling Ltd. of Hope, B.C. The first contract, for 5000 metres, will be to expand the known mineralization in the area of the Merry Widow open pit and the focus of the previously announced first 23 diamond drillholes which all encountered significant widths and copper-gold-silver values in massive sulphide skarn mineralization.

This next phase will focus on expanding mineralization to depth and along strike, specifically targeting the Marten, Road, Adit and Raven showings. These all occur along strike of the Merry Widow massive sulphides and will test a strike length over 500 metres. This 500 metres is part of the 3.5 km long Merry Widow trend of skarn mineralization over which several mineral occurrences are located. A recent re-interpretation of the mineralization by the Company's geological team suggest that massive sulphide mineralization occurs along the contact of the gabbro and limestone and spatially related with the magnetite as a partial segregation. While the history of mine production at the Merry Widow pit focused primarily on extraction of magnetite, the persistence of related massive sulphide mineralization throughout suggests a more straightforward exploration approach of following the magnetite for massive sulphides.

The second drill contract, for 15,000 metres, will utilize a larger diamond drill rig capable of deeper drilling up to 1000 metres. The target is to expand the Old Sport Horizon mineralization which has been the concentration of previous mining by Cominco. Airborne geophysics and geological mapping have traced the Old Sport Horizon for 8 kilometers. Previous mining extraction used a 2% copper cutoff for ore, discounting recovered values of gold, silver, cobalt and iron.

The Company also announced the formation of a Financial Advisory Committee. This committee is designed to complement the board and perform the important function of advising the company on strategic initiatives. This newly established Committee will report to the Board and will meet (largely via teleconference) throughout the year and provide advice and recommendations as warranted. The Company is pleased to confirm that, initially, the Committee will be comprised of Dr. Michael Berry and Mr. Harrison (The Chief) Nesbit, II.

Dr. Michael Berry has been a portfolio manager for both Heartland Advisors and Kemper Scudder where he successfully managed small and mid cap value portfolios. Dr. Berry has specialized in the study of behavioural strategies for investing and has been published in a number of academic and practitioner journals. His definitive work on earnings surprise, with David Dreman, was published in 1995 in the Financial Analysts Journal.

On November 28, 2006, the Company reported that it acquired, by staking, 26 new mineral claims adjoining the Merry Widow Property to the south. The new claims called the SE 1-25 encompass 12,329.74 hectares and were acquired to cover coincidental-magnetic and nickel-cobalt stream sediment anomalies identified from this past summer's helicopter airborne surveys and ground exploration program. The acquisition of the new claims increases the Company's land position at the Merry Widow project to 35,870 hectares.

On December 7, 2006, the Company announced the closing of the previously announced brokered private placement led by Pacific International Securities Inc. and including Dundee Securities Corporation (the "Agents") (November 7 and 15, 2006) to raise gross proceeds of \$9 million, and it has closed a non brokered offering to raise a further \$616,000, for a grand total of \$9,616,000 (the "Offerings").