

**INTERNATIONAL CROESUS VENTURES CORP.**  
**(an exploration stage company)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2006**

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**R-G MANAGEMENT**  
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**NOTICE TO READER**

We have compiled the balance sheet of International Croesus Ventures Corp. (an exploration stage company) as at March 31, 2006 and the consolidated statement of operations and deficit and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

R-G Management

*“Peter G. Rook-Green”*

Per: Peter G. Rook-Green, C.M.A.

May 29, 2006.

**INTERNATIONAL CROESUS VENTURES CORP.**

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**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditor.

# INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Consolidated Balance Sheets

	March 31, 2005 <i>(Unaudited)</i>	December 31, 2005 <i>(Audited)</i>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 101,452	\$ 568,662
Accounts receivable (Note 9)	2,654	1,083
Refundable tax credit	1,510	1,407
Prepaid expenses	5,242	1,094
<b>Total current assets</b>	<b>110,858</b>	572,246
<b>Equipment and vehicle</b> (Note 4)	<b>2,483</b>	2,638
<b>Mineral interests</b> (Note 5)	<b>975,036</b>	1,407
<b>Total assets</b>	<b>\$ 1,088,377</b>	1,114,947
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 34,991	\$ 22,470
<b>Total current liabilities</b>	<b>34,991</b>	22,470
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	4,924,908	4,924,908
Contributed surplus (Note 7)	221,167	211,196
Deficit	(4,092,689)	(4,043,627)
<b>Total shareholders' equity</b>	<b>1,053,386</b>	1,092,477
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,088,377</b>	\$ 1,114,947

See accompanying notes

On behalf of the Board:

*"Alastair J. Sinclair"*

*"William Easley"*



# INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Consolidated Statements of Loss and Deficit

For the three months ended March 31,

(Unaudited)

	2006	2005
<b>Revenue</b>		
Interest	\$ 2,272	\$ 1,586
<b>Expenses</b>		
Amortization	154	221
Bank charges	948	369
Consulting fees	3,000	—
Foreign exchange (gain) loss	3,698	(2,189)
General prospecting costs	3,203	—
Management fees (Note 9)	5,750	4,500
Office and sundry	773	524
Professional fees (Note 9)	14,057	9,825
Rent	600	600
Stock based compensation	9,971	21,438
Telephone	106	64
Transfer agent and filing fees	5,182	4,569
Travel and promotion	3,892	3,123
Write-down of mineral interests	—	1,219
	51,334	44,263
<b>Loss for the period</b>	(49,062)	(42,677)
<b>Deficit, beginning of period</b>	(4,043,627)	(3,853,798)
<b>Deficit, end of period</b>	\$ (4,092,689)	\$ (3,896,475)
<b>Basic and diluted loss per share (Note 8)</b>	\$ (0.003)	\$ (0.003)
<b>Weighted average number of shares outstanding (Note 8)</b>	16,128,737	15,960,214

See accompanying notes

# INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Consolidated Statements of Cash Flows

For the three months ended March 31,

(Unaudited)

	<b>2006</b>	<b>2005</b>
<b>Operating activities</b>		
Loss for the period	\$ (49,062)	\$ (42,677)
Add items not involving cash		
Amortization	154	221
Stock based compensation	9,971	21,438
Write-down of mineral interests	—	1,219
	(38,937)	(19,799)
Net change in non-cash working capital balances related to operations	6,700	(7,996)
<b>Cash used in operating activities</b>	(32,237)	(27,795)
<b>Investing activities</b>		
Acquisition of mineral interests and exploration costs	(434,973)	(10,694)
<b>Cash used in investing activities</b>	(434,973)	(10,694)
<b>Financing activities</b>		
Promissory note payable	—	(15,209)
Shares issued for cash	—	94,200
Share subscription	—	(88,000)
<b>Cash used in financing activities</b>	—	(9,009)
<b>Increase (decrease) in cash and cash equivalents during the period</b>	(467,210)	(47,498)
<b>Cash and cash equivalents, beginning of period</b>	568,662	373,643
<b>Cash and cash equivalents, end of period</b>	\$ 101,452	\$ 326,145
<b>Supplemental cash flow information</b>		
Interest paid in cash	\$ —	\$ —
Income taxes paid in cash	\$ —	\$ —

# **INTERNATIONAL CROESUS VENTURES CORP.**

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

*(Unaudited)*

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## **1. Nature of Operations and Going Concern**

International Croesus Ventures Corp. [the “Company”] was incorporated under the laws of British Columbia, Canada on March 14, 1983.

The Company is considered to be in the development stage. The Company in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation.

The ability of the Company to continue as a going concern is dependent on the continued financial support from its directors, public equity financing, or achieving profitable operations in the future which cannot be predicted at this time. These statements do not reflect adjustments to carrying values and classifications of the assets and liabilities that might be necessary should the Company be unable to continue realizing its assets and discharging its liabilities in the normal course of business.

## **2. Basis of presentation**

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year except the comparative figures for the balance sheet are for the fiscal year ended December 31, 2005. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period financial statements should be read together with the audited financial statements and the accompanying notes included in the Company’s latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

## **3. Significant Accounting Policies**

### **(a) Consolidation**

The consolidated financial statements include the accounts of International Croesus Ventures Corp. and its wholly-owned subsidiary, Minera Croesus S.A. de C.V. (“Minera”), a company incorporated in Mexico. All significant inter-company balances and transactions have been eliminated.

## **INTERNATIONAL CROESUS VENTURES CORP.**

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

*(Unaudited)*

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### **3. Significant Accounting Policies, continued**

(b) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturities of less than 90 days and are readily convertible to cash.

(d) Equipment and vehicle

These assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates:

Vehicle	30% per annum, declining-balance basis
Computer equipment	30% per annum, declining-balance basis

(e) Mineral interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. The amounts shown as mineral interests represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold.

In the event that reserves are determined, the carrying values of mineral interests, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write downs of capitalized property carrying values.

## **INTERNATIONAL CROESUS VENTURES CORP.**

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

*(Unaudited)*

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### **3. Significant Accounting Policies, continued**

(f) Property option agreement

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

(g) Revenue recognition

Interest from cash and cash equivalents is recorded on an accrual basis, when collection is reasonably assured.

(h) Loss per share

The calculation of the loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the treasury stock method. For the periods presented, the calculation of loss per share on a fully diluted basis excluded all potential common shares because the effect was anti-dilutive.

(i) Stock-based compensation plan

The Company has a stock option plan as described in note 7. The fair value method is used to determine the expense for stock-based awards granted to employees and non-employees. Under the fair value method, compensation cost is measured at fair value at the date of grant using the Black-Scholes option pricing model with assumptions described in note 7. The compensation cost is expensed over the vesting period with a corresponding credit to contributed surplus. Consideration paid on the exercise of stock options plus the amount of previously recognised expense is credited to share capital when the options are exercised.

(j) Foreign currency translation

The Company's functional currency is the Canadian dollar. Foreign currency transactions and the accounts of its subsidiary, which is considered to be an integrated foreign operation are translated into Canadian dollars using the temporal method. Under this method, assets and liabilities in foreign currencies related to integrated foreign operations are translated into Canadian dollars using current exchange rates at the balance sheet dates for monetary assets and liabilities, historical exchange rates for non-monetary assets and liabilities, and the average monthly exchange rate for revenues and expenses, except for amortization, which is translated at the historical exchange rate of the corresponding non-monetary assets. Exchange gains and losses arising on translation are included in operations in the period incurred.

## INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

(Unaudited)

### 3. Significant Accounting Policies, continued

(k) Income taxes

Income taxes are accounted for using the liability method of tax allocation. Under this method, temporary differences between the financial reporting bases and the income tax bases of the Company's assets and liabilities are recorded using tax rates anticipated to be in effect when the corresponding taxes will be paid or refunded.

(l) Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at March 31, 2006 the Company does not have any asset retirement obligations.

(m) Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, refundable tax credit, and accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments. Unless otherwise stated, the book value of the Company's financial assets and liabilities approximates their fair value.

The Company through its subsidiary, Minera, is operating in Mexico, which may give rise to foreign currency risks from fluctuations and the degree of volatility of exchange rates between the Canadian dollar and the Mexican Peso.

### 4. Equipment and Vehicle

	March 31, 2006		
	Cost	Accumulated Amortization	Net book Value
Vehicle	\$ 14,425	\$13,284	\$ 1,141
Computer equipment	10,133	8,791	1,342
	<u>\$ 24,558</u>	<u>\$22,076</u>	<u>\$ 2,483</u>
	December 31, 2005		
	Cost	Accumulated Amortization	Net book Value
Vehicle	\$ 14,425	\$ 13,237	\$ 1,188
Computer equipment	10,133	8,683	1,450
	<u>\$ 24,558</u>	<u>\$ 21,920</u>	<u>\$ 2,638</u>

**INTERNATIONAL CROESUS VENTURES CORP.**

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

*(Unaudited)***5. Mineral Interests**

	Balance December 31, 2005	Additions	Write-offs	Balance March 31, 2006
<b>Almatea, Jalisco State, Mexico</b>				
Deferred exploration costs	\$ 16,795	\$ 219,815	\$ —	\$ 236,610
<b>Cabrel, Jalisco State, Mexico</b>				
Deferred exploration costs	11,833	62,158	—	73,991
<b>Canton, Mexico</b>				
Acquisition costs	42	—	—	42
Deferred exploration costs	5,817	101,016	—	106,833
	5,859	101,016	—	106,875
<b>El Maple/La Diana, Jalisco State, Mexico</b>				
Acquisition costs	45,978	2,928	—	48,906
Deferred exploration costs	459,598	49,056	—	508,654
	505,576	51,984	—	557,560
<b>Total</b>	<b>\$ 540,063</b>	<b>\$ 434,973</b>	<b>\$ —</b>	<b>\$ 975,036</b>

The following is a summary of deferred exploration costs incurred during the current period:

	Almatea	Cabrel	Canton	El Maple/La Diana	Total
Acquisition costs	\$ —	\$ —	\$ —	\$ 2,928	\$ 2,928
Geological consulting	5,449	1,543	30,534	1,028	38,554
Geophysical	205,499	58,161	58,160	38,774	360,594
Mining taxes	7,464	2,058	10,772	8,989	29,283
Supplies and Miscellaneous	105	29	250	20	404
Travel	1,298	367	1,300	245	3,210
<b>Total</b>	<b>\$219,815</b>	<b>\$ 62,158</b>	<b>\$101,016</b>	<b>\$ 51,984</b>	<b>\$434,973</b>

Mineral properties of International Croesus Ventures Corp. are all concentrated in or near the Cuale district, east of Puerto Vallarta, Mexico. They are comprised of the following:

**Almatea, Jalisco State, Mexico:** This property lies east of the el Maple property and was acquired by staking. The Company holds a 100% interest in this property. The surface area of the property is 15,487 hectares. Almatea overlaps the abandoned Cuatro Minas and Amalteas mines, as well as prospective ground near the Aranjuez VMS camp.

**Cabrel, Jalisco State, Mexico:** The Cabrel property is located approximately 45 kilometres southeast of Puerto Vallarta, Mexico, and was acquired by staking. The Company holds a 100% interest in this property. The surface area of the Property is 4,271 hectares.

## INTERNATIONAL CROESUS VENTURES CORP.

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Notes to Consolidated Financial Statements

March 31, 2006 and 2005

(Unaudited)

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### 5. Mineral Interests, continued

Canton, Jalisco State, Mexico: The Canton property lies between the El Maple and Almatea properties and was staked to join the properties in a contiguous unit. The Company holds a 100% interest in this property. The surface area of the Canton claims is 6,516 hectares.

El Maple/La Diana, Cuale district, Mexico: This property is located 20 kilometres south of Puerto Vallarta, and consists of the El Maple Fraccion I, El Maple and La Diana claims. All of the claims were acquired by staking, and the Company holds a 100% interest in this property. The surface area of the claims is 2,902 hectares. Naricero, Refugio, San Nicolas and San Juan are some of the more significant past-producing VMS deposits on the Property.

### 6. Promissory Note Payable

In 2004, the Company received \$15,190 [U.S. \$12,000], as part of an agreement with an arms length company. The note is unsecured, bears interest at 6% per annum and is due on demand. During 2005, the company repaid the note including accrued interest in full.

### 7. Share Capital

The following is a description of the authorized and issued share capital:

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Shares	Amount
<b>Balance, December 31, 2004</b>	<b>15,918,737</b>	<b>4,476,160</b>
Issued for cash pursuant to the exercise of options at \$0.32 per share	20,000	6,400
Issued for cash pursuant to the exercise of options at \$0.62 per share including \$11,048 contributed surplus attributed to stock-based compensation recognized in previous periods	40,000	35,848
Issued for cash pursuant to the exercise of warrants at \$0.44 per share	200,000	88,000
Issued for cash pursuant to a private placement at \$0.49 per unit	650,000	318,500
<b>Balance, December 31, 2005 and March 31, 2006</b>	<b>16,828,737</b>	<b>\$ 4,924,908</b>

(c) Escrow Shares

During 2005 a total of 56,250 common shares were released from escrow, leaving the balance of shares in escrow at 450,000. The release of the balance of these shares is staged over a period of six years ending on December 18, 2009.

## INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

(Unaudited)

### 7. Share Capital, continued

#### (d) Stock options

The Company has established a stock option plan the purpose of which is to attract, retain and motivate director, officers, employees and persons engaged to provide ongoing management and consulting services (“service providers”) By providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of shares which may be issued under the plan is fixed at 2,621,500. This number is subject to adjustment resulting from changes in the share capital of the Company. Such adjustments are subject to approval by the TSX Venture Exchange and by the shareholders of the Company. The number of shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding shares at the date of such grant.

The Option price of the shares which are the subject of any Option shall in no circumstances be less than the market price of the shares at the date of the grant of the Option.

A summary of the status of the Company’s stock option plan as of March 31, 2006 and changes during the period is presented below:

			<u>2005</u>	
			Weighted Average Exercise Price	
			Shares	
Outstanding at December 31, 2005			1,096,000	\$ 0.52
Granted			50,000	\$0.68
Cancelled			30,000	\$0.62
Outstanding at March 31, 2006			1,116,000	\$ 0.53
Exercisable at March 31, 2006			1,078,500	\$ 0.50

  

Range of Exercise Prices	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price
\$0.32 - \$0.48	356,000	356,000	0.64	\$0.32
\$0.49 - \$0.68	760,000	722,500	3.11	\$0.62
	1,116,000	1,078,500	2.65	\$0.62

There were 50,000 stock options granted during the quarter exercisable at \$0.68 per share with an expiry date of February 13, 2011. During the 2005 fiscal year, the company did not grant any options. The weighted-average fair value of options granted was \$0.54. During the quarter, the company recorded compensation expense in 2006 of \$9,971. Compensation expense recorded in 2004 was \$21,438.

## INTERNATIONAL CROESUS VENTURES CORP.

(an exploration stage company)

Notes to Consolidated Financial Statements

March 31, 2006 and 2005

(Unaudited)

### 7. Share Capital, continued

#### (d) Stock options, continued

The fair values of the stock options granted during 2006 were estimated using the Black-Scholes option pricing model with the following assumptions and results:

	<u>2006</u>
Risk-free interest rate	4.17%
Dividend yield	0%
Expected volatility	109%

The following table sets forth the continuity of contributed surplus for the period ended March 31, 2006:

Balance, December 31, 2005	\$211,196
Stock-based compensation expense during the period	9,971
Balance, March 31, 2006	<u>\$ 221,167</u>

#### (e) Share Purchase Warrants

As at March 31, 2006, the Company has share purchase warrants outstanding as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
500,000	\$0.63	December 30, 2006
650,000	\$0.61	November 9, 2007

Each share purchase warrant entitles the holder to acquire one common share of the Company.

### 8. Basic and Diluted Loss per share

The basic and diluted loss per share is calculated based on the following:

	<u>March 31</u> <u>2006</u>	<u>March 31</u> <u>2005</u>
Weighted average number of common shares outstanding	16,828,737	15,960,214

The calculation of loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. The effect of options and warrants under the stock option plan is not presented as it would have an anti-dilutive effect on the loss per share.

## **INTERNATIONAL CROESUS VENTURES CORP.**

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Notes to Consolidated Financial Statements

March 31, 2006 and 2005

*(Unaudited)*

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### **9. Related Party Transactions**

- (a) The Company incurred the following expenses to its directors or corporations controlled by its directors:

	2006	2005
Geological fees	\$ 14,611	\$ 8,310
Legal fees	1,092	1,158
Management fees	5,750	4,500
	<u>\$ 21,453</u>	<u>\$ 13,938</u>

- (b) Accounts payable and accrued liabilities include \$6,174 (2005 - \$2,140) due to directors and/or officers of the Company
- (c) Accounts receivable include \$924 (2004 - \$944) due from a director of the Company for expense advances.

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which the management believes reflect prevailing market rates.

### **10. Subsequent Event**

A large block of ground, "El Volantin" located in the western Jalisco State in Mexico was applied for (41,051 hectares) and the Company's land position now totals 69,226 hectares.

### **11. Comparative Figures**

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