

**TIGER INTERNATIONAL RESOURCES INC.**  
**BALANCE SHEET**  
**As at January 31, 2006**  
**(unaudited – prepared by management)**

	<u>January 31 2006</u>	<u>April 30 2005</u> (audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 99,514	\$ 114,373
Accounts receivable (note 5)	1,032	41,054
Prepaid expenses	1,011	1,900
	<u>101,557</u>	<u>157,327</u>
<b>MINING PROPERTIES</b>	100,682	49,425
	<u><u>\$ 202,239</u></u>	<u><u>\$ 206,752</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 9,031	\$ 12,003
Due to director (notes 7 and 10)	155,696	42,965
	<u>164,727</u>	<u>54,968</u>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	3,075,669	3,075,669
CONTRIBUTED SURPLUS	26,800	26,800
DEFICIT	(3,064,957)	(2,950,685)
	<u>37,512</u>	<u>151,784</u>
	<u><u>\$ 202,239</u></u>	<u><u>\$ 206,752</u></u>

Approved on behalf of the board:

(signed by) Patric Barry, Director

(signed by) Joseph Breslawski, Director

**TIGER INTERNATIONAL RESOURCES INC.**  
**STATEMENT OF INCOME (LOSS) AND DEFICIT**  
**For the nine months ended January 31, 2006**  
**(unaudited – prepared by management)**

	Nine months ended January 31		Six months ended October 31		Three months ended July 31	
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>REVENUE</b>						
Gain on disposal of investment (note 11)	\$ -	\$ 438,384	\$ -	\$ -	\$ -	\$ -
Interest	1,458	-	900	-	430	-
Foreign Exchange	807	-	808	-	807	-
	<u>2265</u>	<u>438384</u>	<u>1708</u>	<u>-</u>	<u>1237</u>	<u>-</u>
<b>EXPENSES</b>						
Office	30,636	34,700	20,702	18,195	10,030	9,195
Bank charges and interest	93	68	70	45	22	22
Professional fees (note 12)	70,847	7,706	23,383	5,998	12,830	3,100
Shareholder communication and listing fees	6,592	3,452	5,003	2,501	1,211	1,324
Travel	8,369	-	6,740	-	2,601	-
	<u>116,537</u>	<u>45,926</u>	<u>55,898</u>	<u>26,739</u>	<u>26,694</u>	<u>13,641</u>
Net (income) loss for the period	114,272	-	(392,458)	-	54,190	-
	-	-	-	-	-	-
Deficit, beginning of period	<u>2,950,685</u>	<u>3,237,940</u>	<u>2,950,685</u>	<u>3,237,940</u>	<u>2,950,685</u>	<u>3,237,940</u>
Deficit, end of period	<u>\$ 3,064,957</u>	<u>\$ 2,845,482</u>	<u>\$ 3,004,875</u>	<u>\$ 3,264,679</u>	<u>\$ 2,976,142</u>	<u>\$ 3,251,581</u>
Loss (income) per share						
Basic	<u>\$ 0.017</u>	<u>\$ (0.060)</u>	<u>\$ 0.008</u>	<u>\$ 0.004</u>	<u>\$ 0.004</u>	<u>\$ 0.002</u>

**TIGER INTERNATIONAL RESOURCES INC.**  
**STATEMENT OF CASH FLOW**  
**For the nine months ended January 31, 2006**  
**(unaudited – prepared by management)**

	Nine months ended January 31		Six months ended October 31		Three months ended July 31	
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>OPERATING ACTIVITIES</b>						
Net income (loss) for the period	\$ (114,272)	\$ 392,458	\$ (54,190)	\$ (26,739)	\$ (25,457)	\$ (13,641)
Changes in non-cash working capital items						
Accounts receivable	40,022	(624)	40,318	(689)	(237)	(386)
Accounts payable	(2,972)	(1,882)	2,285	3,178	3,260	27
Prepaid expenses	889	(661)	389	(1,322)	712	-
Cash from (used) in operations	<u>(76,333)</u>	<u>389,291</u>	<u>(11,198)</u>	<u>(25,572)</u>	<u>(21,722)</u>	<u>(14,000)</u>
<b>FINANCING ACTIVITIES</b>						
Advances from (repaid to) director	<u>112,731</u>	<u>(207,839)</u>	<u>55,006</u>	<u>24,727</u>	<u>17,630</u>	<u>13,178</u>
<b>INVESTING ACTIVITIES</b>						
Expenditures on mining properties	<u>(51,257)</u>	<u>(11,825)</u>	<u>(22,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH INCREASE (DECREASE)	(14,859)	169,627	21,277	(845)	(4,092)	(822)
CASH, beginning of period	<u>114,373</u>	<u>853</u>	<u>114,373</u>	<u>853</u>	<u>114,373</u>	<u>853</u>
CASH, end of period	<u>\$ 99,514</u>	<u>\$ 170,480</u>	<u>\$ 135,650</u>	<u>\$ 8</u>	<u>\$ 110,281</u>	<u>\$ 31</u>

TIGER INTERNATIONAL RESOURCES INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the nine months ended January 31, 2006.  
(unaudited – prepared by management)

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## **1. NATURE OF OPERATIONS**

Tiger International Resources Inc. (the "Company") is a public company which is primarily engaged in exploration and development of mining properties. The Company is incorporated under the provision of the Province of British Columbia Company Act with its shares traded on the Canadian Venture Exchange. The Company carries on business in one operating segment.

## **2. GOING CONCERN**

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As the Company does not have an internal revenue source of cash flows, future operations of the company are therefore dependent upon the continued availability of favourable trade credit and debt and equity financing. The financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the company be unable to continue as a going concern.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are:

(a) Basic and Diluted Income (Loss)

Loss per share was computed by dividing the loss by the weighted average number of shares outstanding during the year. The weighted average number of shares was calculated by taking the number of shares outstanding and weighing them by the amount of time they were outstanding.

(b) Stock Option Plans

The Company follows the recommendations in Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments, issued by the Canadian Institute of Chartered Accountants, according to which the fair value based method is applied to awards granted, modified or settled. Under this method, compensation for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized over the vesting period of the options granted.

(c) Foreign Currency Translation

Foreign currency translation and balances of the Company are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end rates, non-monetary assets and liabilities at rates prevailing at the transaction dates. Revenues and expenses are translated at the average rate for the year and included in the determination of loss.

(d) Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and amounts due to director. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(f) Mining Properties

The Company is engaged in the acquisition, exploration and development of mining properties. The mining properties are recorded at cost. All acquisitions, exploration and overhead expenditures are deferred and will be depleted over the estimated life of the property. The estimated life of a property depends on whether the property contains economically recoverable reserves that can be brought into production. The cost relating to a property abandoned are written off when the decision to abandon is made or when management determines that there is evidence of permanent impairment. In addition, if there has been delay in development activity for several successive years, an appropriate amount of those project-capitalized costs will be charged to operations.

The total amount recorded for mineral properties and deferred exploration expenditures represents costs incurred to date less impairment allowances recorded and does not reflect present or future values.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

Proceeds from disposition of mineral properties are normally credited to the capitalized with no gain or loss being recognized unless the sale is significant to the capitalized property costs. For such significant dispositions, a gain or loss would be recognized.

#### 4. CHANGE IN ACCOUNTING POLICY

Effective May 1, 2004, the Company retroactively adopted the recommendations in Section 3870 of the CICA Handbook, Stock-Based Compensation and Other Stock-Based Payments without restatement of prior periods. The section sets standards for recognizing, measuring and disclosing stock-based compensation and other stock-based payments made in exchange for goods and services. The standards require us to use a fair value method for:

- all stock-based awards to non-employees
- direct awards of stock and stock appreciation rights to employees
- awards to employees that can be settled in cash or other assets.

The standards also encourage companies to use a fair value-based method for all other awards granted to employees. Awards that are settled in stock are recorded as equity. Awards that are required to be, or are usually, settled in cash are recorded as liabilities.

Before May 1, 2004, an expense was recognized when the options was exercised. The cost of the employee stock options was measured as the amount that the quoted market price of Tiger common shares multiplied by the number of options exercised.

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Effective May 1, 2004, the Company changed its accounting policy to the fair value-based method. The Company now recognizes and measures the compensation cost of the options granted using the Black-Scholes option pricing model.

As a result of this change, the Company recorded compensation expense of \$26,800 for options granted in 2002 against deficit at beginning of 2005.

#### **5. ACCOUNTS RECEIVABLE**

Included in accounts receivable at April 30, 2005, is \$40,000 the Company advanced to enter into an agreement to participate in the drilling of a well in Saskatchewan for oil. Conditions postponed start-up to late 2005, and the funds were returned to the company in August 2005. This project has now been cancelled.

#### **6. MINING PROPERTIES**

The Company entered into an agreement with Pan Asia Exploration Services whereby the Company will further explore and develop the Esperanza Gold Project in the Northern Philippines. The Company has commenced work on this project, and is presently dealing with governmental environmental issues prior to obtaining permits and commencing the work program.

The Esperanza Gold Project is described as an Advanced Exploration Project. Prior work by other companies defined measurable amounts of gold on the property. Located on a known trend line between two other major mines which produced six million oz of gold and three million oz of gold respectively, Esperanza is known to contain gold and the Company's program will further drill the project and advance it to a bankable feasibility study, once certain clearances are received.

The Company has incurred costs relating to this property at January 31, 2006 in the amount of \$30,975 (2005 - \$30,975).

The Company has applied for a project from the Malaysian Government which has not yet been awarded. The Company has commenced study work on this project, and is presently dealing with various government departments to get the prospecting license issued. The Company incorporated a subsidiary May 5, 2005, Tavai Nickel SDBHD, to further operations on this project in Malaysia.

The Company had incurred costs relating to this property at April 30, 2005 in the amount of \$18,450. Additional funds have been advanced in the amount of \$25,240 at January 31, 2006.

The Company has signed an agreement to develop a new project that is prospective for copper and gold known as the Honey Gold and Norman Copper Claims in Kitcharao, Province of Agusan del Norte, Philippines. The property is a known belt of mineralization and the prospectivity is supported by the general location of the project. The company incurred costs of \$26,017 on this property to January 31, 2006. Geological results of the work program on this property were posted on the Company's website, and management sees no potentially economic targets on this property, although it is studying the gold potential.

Management is of the opinion the future benefit will be higher than cost incurred in mining properties, therefore no impairment allowance was recorded. Adjustments for impairment, if any, will be recorded in the period the adjustment is made.

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**7. DUE TO DIRECTOR**

The amount due to a director at January 31, 2006 of \$155,698 (April 30, 2005 - \$42,965) is non-interest bearing, unsecured and is due on demand.

**8. SHARE CAPITAL**

	<u>January 31,</u> <u>2006</u>		<u>April 30</u> <u>2005</u>	
	<u>Number of</u> <u>Shares</u>	<u>Amount</u>	<u>Number of</u> <u>Shares</u>	<u>Amount</u>
a) Authorized:				
100,000,000 common shares without par value				
b) Issued and outstanding:				
Balance at beginning and end of the year	<u>6,852,764</u>	<u>\$ 3,075,669</u>	<u>6,852,764</u>	<u>\$ 3,075,669</u>

c) Stock options:

Options to purchase common shares of the company are issued and outstanding as follows:

	<u>Expiry Date</u>	<u>Exercise Price</u> \$	<u>2006</u>	<u>2005</u>
Balance at beginning and end of the period, (year)	March 26, 2007	0.17	<u>400,000</u>	<u>400,000</u>

The weighted average number of options outstanding at January 31, 2006 was 400,000 (2005 - 400,000).

No options have been exercised as of January 31, 2006.

**9. INCOME TAXES**

a) The company has non-capital losses which may be carried forward and applied against taxable income of future years. These losses expire as follows:

<u>Year of loss</u>	<u>Expire</u>	<u>Amount</u>
2005	2015	\$ 16,827
2004	2014	43,600
2003	2010	83,200
2002	2009	90,400
2001	2008	62,600
2000	2007	144,400
1999	2006	<u>127,600</u>
		<u>\$ 568,627</u>

b) The Company has a net capital loss carry-forward of \$1,136,300 for deduction against future taxable capital gains. This loss may be carried forward indefinitely.

c) The Company has undeducted foreign exploration and development expenses of approximately \$330,600 which can be carried forward indefinitely.

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d) The components of future income taxes are as follows:

	<u>January 31</u>	<u>April 30</u>
	<u>2006</u>	<u>2005</u>
Non-capital loss carry-forwards	\$ 666,072	\$ 551,800
Capital loss carry-forwards (@ 50%)	568,150	568,150
Unused foreign exploration and development expenses	<u>330,600</u>	<u>330,600</u>
	1,564,822	1,450,550
Approximate tax rate	<u>34%</u>	<u>34%</u>
	532,039	493,187
Less: valuation allowance	<u>(532,039)</u>	<u>(493,187)</u>
	<u>\$ -</u>	<u>\$ -</u>

The valuation allowance reflects the Company's estimate that the income tax assets are unlikely to be realized in the immediate future.

#### 10. RELATED PARTY TRANSACTION

During the nine month period, the Company was charged for reimbursement of office expenses of \$27,000 (April 30, 2005 - \$36,000) by the President of the Company. These are included in the amount of \$155,698 (April 30, 2005 - \$42,965) due to director (Note 7).

#### 11. GAIN ON DISPOSAL OF INVESTMENT

The Company, through a series of agreements dated in 2000, transferred its interest in all of its mining properties in Australia to Flinders Diamonds Limited ("Flinders") in exchange for 17,269,202 ordinary shares of Flinders at an issue price of 7.5 Australian cents and an option to purchase additional 3,453,859 shares at an option price of 20 Australian cents. This option expired February 20, 2004 and was not extended.

During 2002, litigation was commenced against five defendants, including the Company, for purported breaches of the Corporation Act in Australia after an unrelated individual called a special meeting of Flinders in an effort to change Flinders' management. The plaintiff was successful in obtaining a judgment against all those named in the action, including the Company. As the financial outcome of the action was uncertain, the investment in Flinders' shares had been written down to nil in 2003.

The Supreme Court of South Australia then ordered a transfer of the Flinders' shares held by the Company to the Australian Securities and Investment Commission, which had been directed by the Court to sell the shares in the open market and to deduct the awarded Court's costs of the action from those proceeds. The sale was ordered to commence immediately, but the Company returned to Court and successfully obtained a postponement order which deferred the sale until after February 20, 2004. In the meantime, the Company retained counsel and filed a Notice of Appeal of the action.

The Company was successful in appealing the judgment and regained the rights to the shares. The shares were sold for \$416,281 less legal costs of \$26,372 for a net gain of \$389,909 during the year ended April 30, 2005.

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12. PROFESSIONAL FEES

The Company has recently appeared in court in South Australia against Anthony John Campbell and his associated companies, claiming that Mr. Campbell owes Tiger for his share of legal costs in connection with litigation a few years ago from Flinders Diamonds. The liability for which Mr. Campbell is obligated was not in question; just the amount of his obligation was contested. At this time, the court has not rendered a judgment and the Company is waiting. Should Tiger prevail in the action, it will receive a judgment for 60% or less of A\$303,000, and will receive an order that Mr. Campbell pay Tiger's taxed costs in this action. Mr. Campbell's defense was that the costs be shared along the percentage of respective shareholding held in Flinders which would result in Tiger paying a greater share, but this is an unrealistic defense and is unlikely to prevail. Tiger offered to settle the action on a 50/50 basis so if the judgment comes back with 50/50 or higher, then Campbell must pay Tiger's legal fees in the action. The judgment will be announced to the market by a press release upon receipt from the court. Legal fees incurred to carry this out are \$50,892 and are recorded as professional fees.