

Antares Minerals Inc.
Consolidated Financial Statements

For the year ended January 31, 2006

Contents

Financial Statements

Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 12

April 24, 2006

Independent Auditors' Report

To the Shareholders of Antares Minerals Inc.

We have audited the consolidated balance sheets of **Antares Minerals Inc.** (an exploration stage company) as at January 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at January 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Balance Sheets

(Reported in Canadian Dollars)

	January 31, 2006	January 31, 2005
Assets		
Current		
Cash and cash equivalents	\$ 985,922	\$ 2,314,422
Prepays and receivables	<u>119,731</u>	<u>39,501</u>
	1,105,653	2,353,923
Input taxes recoverable	174,408	61,339
Resource properties (Note 3)	4,779,235	825,277
Property, plant and equipment (Note 4)	<u>51,133</u>	<u>39,523</u>
	5,004,776	926,139
Total Assets	6,110,429	3,280,062
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts and input taxes payable	329,062	389,529
Shareholder's Equity		
Share capital (Note 5)	9,180,103	6,639,295
Warrants (Note 5)	1,493,246	63,291
Contributed surplus (Note 6)	486,769	229,306
Deficit	<u>(5,378,751)</u>	<u>(4,041,359)</u>
	5,781,367	2,890,533
Total Liabilities and Shareholders' Equity	\$ 6,110,429	\$3,280,062

Going concern (Note 1)
Commitments (note 4)

Approved on behalf of the board

John Black
Director

Mark Wayne
Director

The accompanying notes are an integral part of these financial statements.

Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Statements of Operations and Deficit

(Reported in Canadian Dollars)

	For the year ended January 31, 2006	For the year ended January 31, 2005
Other Income		
Interest income	\$ 12,543	\$ 32,232
Expenses		
Bank charges	19,188	6,411
Communication	41,493	24,756
Depreciation of property, plant and equipment	14,459	6,607
Foreign exchange loss	14,585	4,206
Office and administration	140,894	30,463
Professional fees	98,411	60,429
Rent	8,375	2,273
Salaries and benefits	368,232	272,325
Stock based compensation (Note 5)	257,463	229,306
Transfer agent and filing fees	21,287	9,863
Travel	85,355	77,790
Write down of resource properties (Note 3)	280,193	105,155
	1,349,935	829,584
Loss for the period	(1,337,392)	(797,352)
Deficit, beginning of period	(4,041,359)	(3,244,007)
Deficit, end of period	(5,378,751)	(4,041,359)
Loss per share (basic and diluted)	\$ (0.08)	\$ (0.07)
Weighted average number of common shares outstanding	16,547,498	12,108,109

The accompanying notes are an integral part of these financial statements.

Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows

(Reported in Canadian Dollars)

	For the year ended January 31, 2006	For the year ended January 31, 2005
Cash flows from operating activities		
OPERATING ACTIVITIES		
Loss for the period	(\$1,337,392)	(\$797,352)
Non-cash items included in operating activities		
Depreciation of property, plant and equipment	14,459	6,607
Writedown of resource properties	280,193	105,155
Stock based compensation	257,463	229,306
Changes in non-cash working capital balances		
Prepays and receivables	(80,230)	(37,140)
Input taxes recoverable	(113,069)	(58,900)
Accounts payable	(60,467)	381,659
	(1,039,043)	(170,665)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(26,069)	(43,426)
Additions to resource properties	(3,231,058)	(825,277)
	(3,257,127)	(868,703)
FINANCING ACTIVITIES		
Issue of Share Capital and Warrants (net of cash issue costs)	2,967,670	3,185,841
	2,967,670	3,185,841
Increase(decrease) in cash and cash equivalents during the period	(1,328,500)	2,146,473
Cash and cash equivalents, beginning of period	2,314,422	167,949
Cash and cash equivalents, end of period	\$985,922	\$2,314,422

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

The Company, formerly known as Planet Ventures Inc., was formed in 1983. The common shares of the Company are listed for trading on the TSX Venture Exchange under the trading symbol "ANM".

The Company is involved in mineral exploration and development with a focus on precious and base metal properties in Latin America with known mineralization that can be quickly and cost-effectively advanced to the drilling and discovery stage.

The Company is an exploration company. Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of deferred expenditures is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

For the year ended January 31, 2006, the Company had a loss of \$1,337,392, net cash outflows from operating activities of \$1,039,043 and had net current assets of \$776,591 at that date. In addition to ongoing working capital requirements, the Company must secure sufficient funding for its existing commitments for exploration and development programs, general and administration costs and interest charges. Management has taken and continues to undertake, various steps to maintain the Company as a going concern.

The Company secured private placement funding in the amount of \$2,968,670 to advance its exploration programs in Argentina and Peru (note 3) during the year ended January 31, 2006. Subsequent to January 31, 2006, the company entered into an agreement with Farallon Capital Management, L.L.C. that secured \$2,450,000 in additional financing with an option for an additional \$3,500,000. (Note 9)

The above undertakings, while substantial, are not sufficient in and of themselves to enable the Company to complete the expenditures and payments that are required if the Company wishes to acquire the properties that it currently has under option or to fund the Company's operating expenses indefinitely. Accordingly, management is pursuing other financing alternatives to maintain the Company as a going concern, although there can be no assurance that the Company will be successful in these actions.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Significant Accounting Policies

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Mineras Antares Argentina S.A. which is incorporated under the laws of Argentina, and Mineras Antares Peru S.A. which is incorporated under the laws of Peru. All material inter-company transactions and balances have been eliminated.

b) Resource Properties

The Company is engaged in the acquisition, exploration and development of resource properties. Such resource properties are recorded at cost. All acquisition, exploration and related 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 costs relating to a property are written down to fair value when it is determined that the net carrying amount will not be recovered.

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

c) Cash and cash equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less on acquisition. Cash equivalents are stated at the lower of cost and market value.

d) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Furniture and fixtures	- 20% diminishing balance basis
Computers	- 30% diminishing balance basis
Software	- 30% diminishing balance basis
Field equipment	- 30% diminishing balance basis

e) Foreign Currency

Monetary assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Non-monetary items and revenues and expenses are translated at the dates of the transactions, except amortization and depletion which are translated at the same rate as the related assets. Realized and unrealized foreign exchange gains and losses are included in operations.

f) Income Taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are realized. Future tax assets are recognized in the financial statements to the extent that their recovery is considered more likely than not.

g) Financial Instruments

The Company's financial instruments consist of certain assets and liabilities with short-term maturities. 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 values of these financial instruments approximate their carrying values, unless otherwise noted.

h) Stock Options

The Company uses the fair value based method to account for stock-based transactions with directors and eligible employees. The value of options granted is recognized over the applicable vesting period as compensation expense and an increase in contributed surplus. When the options are exercised, the proceeds received by the Company, together with the related amount in contributed surplus, will be credited to share capital.

i) Loss per common share

Loss per common share is calculated using the weighted average number of common shares outstanding throughout the year. Diluted loss per common share is not presented as the impact of the exercise of stock options is anti-dilutive.

j) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities shown on the balance sheet and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Resource Properties

Net changes:

	Cumulative to January 31, 2006	February 1, 2005 to January 31, 2006	Cumulative to January 31, 2005
Rio Grande	1,455,478	772,023	683,455
Desierto	-	(63,213)	63,213
Catua	174,162	99,924	74,238
Haquira	3,137,628	3,133,257	4,371
Other	11,967	11,967	-
	4,779,235	3,953,958	825,277

The Company has entered into option-joint venture agreements with Mansfield Minerals Inc. whereby the Company can earn an interest in three exploration properties in Argentina (Rio Grande – copper/gold, Desierto – gold/silver and Catua - copper) by completing certain work expenditures and making certain payments to Mansfield Minerals Inc. The Company has elected not to pursue further its interest in the Desierto property and has therefore written off the cost accumulated to January 31, 2006 of \$280,193.

On March 4, 2005, the Company executed an option agreement with Minera Phelps Dodge del Peru S.A.C. ("Phelps Dodge"), a wholly owned subsidiary of Phelps Dodge Corporation (PD-NYSE), whereby the Company can acquire a 100% interest in the Haquira SX-EW copper project in south-central Peru by completing cash option payments totaling US\$15 million over a five-year period. The Company paid \$750,000 during the year ended January 31, 2006, and a further \$1,250,000 in March 2006, in accordance with the option agreement.

The Company issued 1.5 million warrants to Phelps Dodge as part of this transaction. Each warrant is exercisable for one common share of the Company. The warrants were valued at \$1,003,093 using the Black-Scholes option pricing model (see Note 5 (b)). This amount is included within the deferred exploration cost for the Haquira project.

The net increase of \$3,953,958 in the amount shown as "Resource properties" on the Balance Sheet for the year ended January 31, 2006 is made up of cash expenditures of \$3,231,058, plus the \$1,003,093 attributed to the warrants issued to Phelps Dodge, less the \$280,193 write-off attributable to the Desierto property.

Antares Minerals Inc.
Notes to Financial Statements
January 31, 2006 and January 31, 2005

4. Property, Plant and Equipment

	January 31, 2006		January 31, 2005	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Furniture & Fixtures	17,126	5,031	7,273	3,074
Computers	36,594	12,055	21,381	4,798
Software	6,642	2,690	6,642	996
Field Equipment	15,968	5,421	14,966	1,871
	\$76,330	\$25,197	\$50,262	\$10,739
Net book value		\$51,133		\$39,523

5. Share Capital

a) Issued and outstanding shares

Authorized: unlimited shares without par value

Issued and fully paid:

		Number of Shares	Amount
Balance outstanding at January 31, 2005		14,549,205	\$ 6,639,295
Shares issued upon private placements	(1)	4,364,546	\$2,202,517
Shares issued upon exercise of warrants	(2)	2,500,000	\$338,291
Ending Balance, January 31, 2006		21,413,751	\$ 9,180,103

(1) Gross proceeds of \$2,817,858 less cash issue costs of \$125,187 and \$490,154 allocated to warrants (see Note 5b).

(2) The \$338,291 is comprised of \$275,000 received in cash and \$63,291 from the original valuation of the warrants using the Black-Scholes method.

b) Warrants and Agent Options

	Number of Warrants to acquire shares	Amount
Outstanding January 31, 2005	2,500,000	\$63,291
Exercised during period	(2,500,000)	(\$63,291)
Warrants issued during period	3,663,273	\$1,387,277
Agent Options issued during period	239,139	105,969
Outstanding January 31, 2006	3,902,412	\$1,493,246

As of January 31, 2006 there were 3,902,412 share purchase warrants and agent options outstanding which could result in the issuance of an additional 4,021,981 common shares.

The 2,500,000 warrants outstanding on January 31, 2005 were issued as part of a private

placement in 2003 and entitled each holder to purchase a common share of the Company at a price of \$0.11 per share until December 8, 2005. The fair value of these warrants (\$63,291) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 100%, a dividend yield of nil, a risk-free interest rate of 4% and the expiry dates of the warrants for the term. All of these warrants were exercised in 2005.

The Company issued 1.5 million warrants to Phelps Dodge pursuant to the Haqira property option acquisition agreement dated March 15, 2005. Each warrant is exercisable for one common share of the Company with half of these warrants (750,000) exercisable at \$1.25 for a period of one year and the other half exercisable at \$1.50 for a period of two years. The fair value of these warrants (\$1,003,093) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 86%, a dividend yield of nil, a risk-free interest rate of 4.5% and the expiry date of the warrants for the term. Subsequent to year end, all of the warrants exercisable at \$1.25 expired unexercised.

The Company issued 907,500 warrants as part of a private placement completed on August 5, 2005. Each warrant entitles the holder to purchase one common share at \$0.80 for a period of one year from closing, provided that if the common shares trade at \$1.25 or higher on a volume weighted average basis over any ten trading day period during the one year period, the Company can give written notice to all warrant holders to accelerate the expiry date of the warrants to 10 business days after the date of such notice. The fair value of these warrants (\$137,967) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 82%, a dividend yield of nil, a risk-free interest rate of 3.47% and the expiry dates of the warrants for the term.

The Company issued 1,255,773 warrants as part of a private placement completed on December 22, 2005. Each warrant entitles the holder to purchase one common share at \$0.90 for a period of eighteen months from closing. The fair value of these warrants (\$246,217) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 82%, a dividend yield of nil, a risk-free interest rate of 3.76%, and the expiry dates of the warrants for the term.

The Company issued 239,139 Agent Options as a finder's fee to certain investment dealers as part of the December 22, 2005 private placement. Each Agent Option entitles the holder to purchase one "Unit" at \$0.70 per Unit for a period of eighteen months from closing. Each Unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at \$0.90 for a period of eighteen months. The fair value of the Agent Options (\$105,969) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 82%, a dividend yield of nil, a risk-free interest rate of 3.76% and the expiry dates of the warrants for the term.

c) Stock Options

The company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company. The number of common shares subject to the options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company and no one person may receive in excess of 5% of the outstanding common shares of the Company. At January 31, 2006, the Company had options outstanding to purchase a total of 1,505,000 common shares at prices ranging from \$0.50 to \$0.80 per

Antares Minerals Inc.
Notes to Financial Statements
January 31, 2006 and January 31, 2005

share. All options have a term of five years from the date of grant, subject to specified vesting periods of up to two years.

	Stock options outstanding	Weighted Average Exercise Price
Opening balance January 31, 2005	1,200,000	0.54
Granted	305,000	0.72
Outstanding January 31, 2006	1,505,000	0.58

The fair value of the stock options granted was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility ranging from 78% to 93%, dividend yield of nil, a risk-free interest rate of 3.47 to 4.5% and a five year term. The amount expensed was pro-rated over the vesting period of the options. The company has recognized an expense of \$257,463 for the year ending January 31, 2006. The company will recognize a further \$119,677 in the year ending January 31, 2007 and a further \$19,777 in the year ending January 31, 2008 relating to the fair value of options granted before January 31, 2006.

The following table summarizes information about stock options outstanding at January 31, 2006

Exercise prices	Number Outstanding	Number Exercisable	Weighted average remaining contractual life
\$0.50	1,000,000	500,000	3.25 years
0.70	50,000	25,000	3.92 years
0.70	200,000	-	4.50 years
0.75	150,000	75,000	3.67 years
0.76	80,000	-	4.83 years
0.80	25,000	-	4.00 years
	1,505,000	600,000	

6. Contributed Surplus

The following table summarizes amounts recorded as contributed surplus during the period.

Opening balance January 31, 2005	\$229,306
Stock options expensed	\$257,463
Balance January 31, 2006	\$486,769

Antares Minerals Inc.
Notes to Financial Statements
January 31, 2006 and January 31, 2005

7. Income Tax

At January 31, 2006, the Company had non-capital taxable losses carried forward of approximately \$813,659, the benefits of which have not been recognized in these financial statements. Significantly all of these losses were incurred in Canada. The non-capital losses may be utilized to reduce future years' taxable income and expire as follows:

2006	\$31,422
2007	82,167
2008	98,277
2009	78,549
2010	47,462
2014	43,246
2015	432,536

8. Segmented Analysis

The Company's head office is located in Ontario, Canada. The Company's exploration activities and resource properties are located in Argentina and Peru. The geographical origin of revenues, expenses, assets and liabilities is as shown.

	2006				2005			
	Canada	Argentina	Peru	Total	Canada	Argentina	Peru	Total
Interest Revenue	12,217	326	-	12,543	32,227	5	-	32,232
Stock based compensation	257,463	-	-	257,463	229,306	-	-	229,306
Amortization of capital assets	9,668	1,568	3,223	14,459	5,917	690	-	6,607
Writedown of resource properties		280,193		280,193	105,155	-	-	105,155
All other expenses	517,890	86,196	193,734	797,820	461,662	26,854	-	488,516
Total expense	785,021	367,957	196,957	1,349,935	802,040	27,544	-	829,584
Reported loss	772,804	367,631	196,957	1,337,392	769,813	27,539	-	797,352
Working capital	831,295	5,253	(59,957)	776,591	2,203,266	(238,872)	-	1,964,394
Taxes recoverable	8,097	45,721	120,590	174,408	(588)	61,927	-	61,339
Property, plant and equipment	25,353	4,386	21,394	51,133	34,149	5,374	-	39,523
Resource properties	2,756,059	1,345,024	678,152	4,779,235	397,341	427,936	-	825,277
Net assets	3,620,804	1,400,384	760,179	5,781,367	2,634,168	256,365	-	2,890,533

9. Subsequent Events

On March 3, 2006 the Company and Farallon Capital Management, L.L.C. ("Farallon") announced that funds and an affiliated entity managed by Farallon had subscribed for 3,500,000 "Units" of Antares by way of private placement for an aggregate consideration to Antares of \$2,450,000. Each Unit, priced at \$0.70, consists of one common share and one-half of one common share purchase warrant of Antares. One whole common share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.90 per share for a period of two years.

Farallon was also granted an option (the "Option") to complete a second private placement consisting of 5,000,000 additional Units on the same terms for consideration to Antares, for an additional \$3,500,000. Farallon will have until the later of (i) 60 business days from the closing date of the first private placement and (ii) 15 business days from the date that all approvals required for the exercise of the Option have been received, within which to elect to exercise the Option. Closing of the second private placement is to take place within 10 days of an election by Farallon to exercise the Option, subject to receipt of all necessary regulatory approvals.

Under terms of the arrangement, Farallon will have certain additional rights, including: (i) the right to nominate an Antares director; (ii) a right of first offer on any financings by Antares for the next two years; (iii) a right to participate in any future Antares financings to maintain its pro-rata equity interest in Antares, and (iv) a right to tag-along, on a pro-rata basis, in the event of any sale of more than 15% of the shares held by Antares' management. These rights will generally terminate if Farallon's equity interest in Antares drops below 10% on a fully diluted basis.