

# **Antares Minerals Inc.**

## **Interim Unaudited Consolidated Financial Statements**

**For the three and nine months ended October 31, 2006**

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#### **Notice to the Reader**

Management has compiled the unaudited interim financial information of Antares Minerals Inc. consisting of the interim Consolidated Balance Sheet as at October 31, 2006, the Consolidated Statement of Operation and Deficit for the three and none months ended October 31, 2006 and the Consolidated Statement of Cash Flows for the three and nine month periods ending October 31, 2006. The issuer's auditors have not reviewed or audited this interim financial information.

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

(Reported in Canadian Dollars)

	October 31, 2006	January 31, 2006
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 6,558,539	\$ 985,922
Prepays and receivables	<u>447,609</u>	<u>119,731</u>
	7,006,148	1,105,653
Input taxes recoverable	759,426	174,408
Property, plant and equipment (Note 4)	63,193	51,133
Resource properties (Note 3)	<u>10,489,680</u>	<u>4,779,235</u>
	11,312,299	5,004,776
<b>Total Assets</b>	<b>18,318,447</b>	<b>6,110,429</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts and input taxes payable	951,251	329,062
Shareholder's Equity		
Share capital (Note 5)	19,111,665	9,180,103
Warrants (Note 5)	3,722,325	1,493,246
Contributed surplus (Note 6)	1,121,357	486,769
Deficit	<u>(6,588,151)</u>	<u>(5,378,751)</u>
	17,367,196	5,781,367
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 18,318,447</b>	<b>\$ 6,110,429</b>

Approved on behalf of the board

**John Black**  
Director

**Mark Wayne**  
Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

(Reported in Canadian Dollars)

	For 3 months ended October 31, 2006	For 3 months ended October 31, 2005	For 9 months ended October 31, 2006	For 9 months ended October 31, 2005
<b>Other Income</b>				
Interest income	\$ 6,804	\$ 1,644	\$ 9,645	\$ 9,279
<b>Expenses</b>				
Bank charges	8,207	2,242	18,468	16,109
Communication	9,297	4,607	49,820	8,436
Depreciation	5,029	2,809	12,868	8,427
Foreign exchange loss (gain)	(36,427)	5,402	(118,419)	21,397
Office and administration	68,306	30,638	215,531	65,165
Professional fees	10,003	26,848	96,150	57,964
Rent	8,576	5,148	15,014	7,039
Salaries and benefits	292,616	86,569	544,289	253,239
Stock based compensation	83,007	62,401	171,839	199,120
Transfer agent and filing fees	(5,570)	1,367	36,401	10,052
Travel	31,616	8,770	177,084	36,919
	<b>474,660</b>	<b>236,801</b>	<b>1,219,045</b>	<b>683,867</b>
<b>Loss for the period</b>	<b>(467,856)</b>	<b>(235,157)</b>	<b>(1,209,400)</b>	<b>(674,588)</b>
<b>Deficit, beginning of period</b>	<b>(6,120,295)</b>	<b>(4,480,790)</b>	<b>(5,378,751)</b>	<b>(4,041,359)</b>
<b>Deficit, end of period</b>	<b>(6,588,151)</b>	<b>(4,715,947)</b>	<b>(6,588,151)</b>	<b>(4,715,947)</b>
<b>Loss per share</b>	<b>\$ (0.015)</b>	<b>\$ (0.014)</b>	<b>\$ (0.045)</b>	<b>\$ (0.043)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Antares Minerals Inc.**  
**(An Exploration Stage Company)**  
**Unaudited Consolidated Statements of Cash Flow**

(Reported in Canadian Dollars)

	For 3 months ended July 31, 2006	For 3 months ended July 31, 2005	For 6 months ended July 31, 2006	For 6 months ended July 31, 2005
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (419,607)	\$ (153,221)	\$ (741,544)	\$ (439,431)
Non-cash items included in operating activities				
Depreciation of property, plant and equipment	4,361	2,815	7,839	5,618
Stock option expense	32,947	46,422	88,832	136,719
Changes in non-cash working capital balances				
Prepays and receivables	(32,763)	3,428	(82,490)	5,506
Taxes recoverable	(149,170)	(4,253)	(193,561)	14,969
Accounts payable	354,793	95,364	233,957	(59,396)
	<b>(209,439)</b>	<b>(9,445)</b>	<b>(686,967)</b>	<b>(336,015)</b>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	(13,807)	(165)	(14,415)	(1,452)
Additions to resource properties	(1,418,840)	(362,684)	(3,134,513)	(1,862,678)
	<b>(1,432,647)</b>	<b>(362,849)</b>	<b>(3,148,928)</b>	<b>(1,864,130)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of Share Capital (net of cash issue costs)	3,500,001	86,900	6,203,102	94,050
	<b>3,500,001</b>	<b>86,900</b>	<b>6,203,102</b>	<b>94,050</b>
<b>Increase in cash and cash equivalents during the period</b>	<b>1,857,915</b>	<b>(285,394)</b>	<b>2,367,207</b>	<b>(2,106,095)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,495,214</b>	<b>493,721</b>	<b>985,922</b>	<b>2,314,422</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,353,129</b>	<b>\$ 208,327</b>	<b>\$ 3,353,129</b>	<b>\$ 208,327</b>

The accompanying summary of significant accounting policies and 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 nine months ended October 31, 2006, the Company had a loss of \$1,209,400, net cash outflows from operating activities of \$1,315,400 and a working capital balance of \$6,054,897 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.

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**

These interim consolidated financial statements should be read in conjunction with the most recent annual financial statements as they follow the same accounting policies and methods of their application. These interim statements do not include all of the information and notes required by generally accepted accounting principals for audited financial statements.

**3. Resource Properties**

Net changes:

	Cumulative to October 31, 2006	February 1, 2006 to October 31, 2006	Cumulative to January 31, 2006
Rio Grande	3,254,345	1,798,867	1,455,478
Catua	584,996	410,834	174,162
Haquira	6,597,188	3,459,560	3,137,628
Other	53,151	41,184	11,967
	10,489,680	5,710,445	4,779,235

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Notes to Financial Statements (Unaudited)  
Nine Months ended October 31, 2006

The Company has entered into option-joint venture agreements with Mansfield Minerals Inc. whereby the Company can earn an interest in two exploration properties in Argentina (Rio Grande and Catua) by completing certain work expenditures and making certain payments to Mansfield Minerals Inc.

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 also 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. This amount is included within the deferred exploration cost for the Haquira project.

The Company paid US\$750,000 during the year ended January 31, 2006, and a further US\$1,250,000 in March 2006, in accordance with the option agreement. The next option payment is US\$2,000,000 and is due on March 4, 2007.

**4. Property, Plant and Equipment**

	October 31, 2006		January 31, 2006	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Furniture & Fixtures	32,159	8,316	17,126	5,031
Computers	39,696	17,925	36,594	12,055
Software	6,642	3,579	6,642	2,690
Field Equipment	22,761	8,245	15,968	5,421
	<b>\$101,258</b>	<b>\$38,065</b>	<b>\$76,330</b>	<b>\$25,197</b>
Net book value		<b>\$63,193</b>		<b>\$51,133</b>

**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, 2006	21,413,751	\$9,180,103
Shares issued upon private placements	14,500,000	\$11,627,100*
Amount allocated to warrants included in private placements	-	(\$2,900,258)
Shares issued pursuant to Rio Grande option agreement	300,000	\$240,000
Shares issued upon exercise of warrants	940,600	\$964,720
<b>Ending Balance, October 31, 2006</b>	<b>37,154,351</b>	<b>\$19,111,665</b>

\* includes \$37,100 received in the current year related to prior year financings.

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The company completed a private placement in March 2006 consisting of 3,500,000 “units” at \$0.70 per unit for gross proceeds of \$2,450,000. Each unit consisted 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 24 months from closing. In June of 2006 the Company completed a second private placement consisting of 5,000,000 additional units on the same terms for an additional \$3,500,000. In October of 2006 the Company completed a third private placement consisting of 6,000,000 new units at \$0.94 per unit for gross proceeds of \$5,640,000. Each unit consisted 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 \$1.14 for a period of 24 months from closing.

**b) Warrants and Agent Options**

	Number of Warrants to acquire shares	Amount
Outstanding January 31, 2006	3,902,412	\$1,493,246
Warrants issued during period	7,250,000	\$2,900,258
Exercised during period	(940,600)	(\$208,430)
Warrants expired during period	(755,000)	(\$462,749)
Outstanding October 31, 2006	9,456,812	\$3,722,325

The Company issued 1.5 million warrants to Phelps Dodge pursuant to the Haquira 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. All of the warrants exercisable at \$1.25 expired during the current period.

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, which was subsequently extended to October 31, 2006. 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. 902,500 of these warrants were exercised during the current period and the remaining 5,000 expired.

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. 38,100 of these warrants were exercised during the current period, leaving a balance outstanding of 1,217,673.

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

Antares Minerals Inc.  
Notes to Financial Statements (Unaudited)  
Nine Months ended October 31, 2006

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.

The Company issued 1,750,000 warrants as part of a private placement completed on March 2, 2006. Each warrant entitles the holder to purchase one common share at \$0.90 for a period of 24 months from closing. The fair value of these warrants (\$609,507) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 99%, a dividend yield of nil, a risk-free interest rate of 4.5% and the expiry date of the warrants for the term.

The Company issued 2,500,000 warrants as part of a private placement completed on June 30, 2006. Each warrant entitles the holder to purchase one common share at \$0.90 for a period of 24 months from closing. The fair value of these warrants (\$990,644) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 96%, a dividend yield of nil, a risk-free interest rate of 4.4% and the expiry date of the warrants for the term.

The Company issued 3,000,000 warrants as part of a private placement completed on October 31, 2006. Each warrant entitles the holder to purchase one common share at \$1.14 for a period of 24 months from closing. The fair value of these warrants (\$1,300,107) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 87%, a dividend yield of nil, a risk-free interest rate of 3.97% and the expiry date 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 October 31, 2006, the Company had options outstanding to purchase a total of 2,080,000 common shares at prices ranging from \$0.50 to \$0.95 per share. All options have a term of five years from the date of grant, subject to specified vesting periods of up to two years.

	<b>Stock options outstanding</b>	<b>Weighted Average Exercise Price</b>
Opening balance January 31, 2006	1,505,000	0.58
Granted	575,000	0.88
Outstanding October 31, 2006	2,080,000	0.66

The Company has recognized an expense of \$171,839 for the 9 months ending October 31, 2006. The Company will recognize a further \$105,025 in the year ending January 31, 2007 and a further \$180,066 in the year ending January 31, 2008 relating to the fair value of options granted before October 31, 2006.

Antares Minerals Inc.  
Notes to Financial Statements (Unaudited)  
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The following table summarizes information about stock options outstanding at October 31, 2006

Exercise prices	Number Outstanding	Number Exercisable	Weighted average remaining contractual life
\$0.50	1,000,000	1,000,000	2.50 years
0.70	250,000	150,000	3.58 years
0.75	350,000	125,000	4.01 years
0.76	80,000	-	4.12 years
0.80	25,000	12,500	3.30 years
0.95	375,000	-	4.85 years
	<u>2,080,000</u>	<u>1,287,500</u>	

**6. Contributed Surplus**

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

Opening balance January 31, 2006	\$486,769
Stock options expensed	171,839
Warrants expired	462,749
<u>Balance October 31, 2006</u>	<u>\$1,121,357</u>