

**ERIN VENTURES INC.**  
Year-End Report  
for the year ended June 30, 2005

**Management Discussion and Analysis**

1.1 Date of Report: November 1, 2005

1.2 Overall Performance

**Description of Business**

Erin Ventures Inc. (the "Issuer") is a TSX Venture Exchange listed company. It has interests in resource prospects located in British Columbia, the Federal Republic of Serbia & Montenegro (formerly the F.R of Yugoslavia), and Belize. The Canadian resource prospect in British Columbia is an early stage exploration property hosting a polymetallic epithermal discovery with a showing of lead, zinc, copper, gold and silver. The Serbian property is an advanced stage exploration prospect for the industrial mineral boron. The Belize property is an early stage exploration property with geology consisting of intrusive and meta-sedimentary rocks, with the potential to yield gold bearing gravel.

During the period under review the Issuer achieved the following objectives:

**Current Status and Future plans for the Stope Baby Property in British Columbia**

Erin Ventures Inc., through its wholly owned subsidiary 766072 Alberta Ltd., holds a 30% equity interest in the Stope Baby Property, located in the Quesnel mining district, British Columbia.

Phase two of the exploration program, was completed in July of 2003, with the geologists report complete in November of that same year. The projects in 2003 were successful in suggesting exploration targets both from the magnetic geophysical survey and from the enzyme leach soil geochemical survey.

The next recommended work program includes IP (induced polarization) as the next exploration method in the northeast grid area of the property.

The Issuer is pursuing a potential joint venture partners to continue exploration on this property.

766072 Alberta Ltd. granted Otish Mountain Exploration an option to acquire a 50-per-cent interest in the Stope Baby claims held under option by 766072 by the issuance of a total of 300,000 shares and \$750,000 exploration expenditures over three years and annual advance royalty payments of \$7,500 cash plus \$2,500 in cash or shares. Otish completed Phase two of the exploration during 2003, but declined to continue with its option on the property, and subsequently defaulted on the agreement.

No additional work has been conducted on the Stope Baby Property since the completion of the 2003 work program.

**Current Status and Future plans for the Piskanja Property in Serbia**

As of the year ended June 2001, the Issuer reduced the Carrying Value of the Piskanja Borate Property in Serbia, and its associated capitalized amounts, to \$1.

In a news release dated April 25, 2005, Erin Ventures Inc. reported the following:

Erin has confirmed that the Serbian government has announced a public tender for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia. A public opening of the tender bids is scheduled for September 5 – 8 2005, with the winning bid to be chosen and ratified by the Serbian government within a 90 day period of the opening of the bids.

In a news release dated August 16, 2005, Erin reported the following update:

Erin has tendered a bid to the Serbian government in accordance with the public tender process for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia. According to Serbian government published information, a public opening of tendered bids is scheduled for September 5th to 8th, 2005, with the winning bid to be chosen and ratified by the Serbian government within a 90 day period of the opening of the bids.

Erin's participation in this tender process in no way mitigates its position that the company continues to hold a valid joint venture contract with Elektroprivreda (the government owned power corporation of Serbia) with respect to the development of the Piskanja boron property, located within the Jarandol Basin of Serbia. Erin's management is actively taking steps to defend Erin's position on this matter, using legal and diplomatic means.

With the assistance of Erin's legal counsel, local Serbian management, advisors and others, a strategy has been formulated and implemented that affords Erin its best chance of achieving the reinstatement of its property rights to the Piskanja property and/or compensation for its loss, as the case may be. Erin will likely continue to seek compensation for its financial loss in this matter, regardless of the outcome of the present tender. There can be no assurance that Erin will succeed in its present bid attempt, or that any legal or other action it pursues will be successful.

The corporation's operation in Serbia remains suspended until such time as a new agreement can be reached. However, the corporation does maintain a "skeleton operation" in Serbia during this time.

**Current Status and Future plans for the Ceibo Chico Property in Belize**

Erin, through its wholly owned subsidiary Ceiba Resources Ltd., announced on June 1, 2005 that it has entered into an option agreement to acquire up to 90% equity of the Ceibo Chico Gold Prospect, located in Belize. Erin may acquire up to 90% equity in the prospect by making payments of up to US \$100,000 over 5 years to the optionor, Boiton Minerals Ltd., a Belizean mining company. The agreement is currently in good standing with all commitments having been met to date.

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Subsequently, on September 12, 2005 Erin reported that its 2005 work program was currently underway and consisted of the following:

- A Unimog truck that will provide access to the site has been mechanically upgraded and serviced.
- Access road improvements have been made.
- On-site camp repairs and up-grading is complete.
- Demarcation of the northern boundary of the Mining License area as required by regulations is being completed.
- Utilizing an 8-inch suction dredge to obtain at least one bulk sample from the central portion of the Mining License area and one from the high grade area near the southern boundary to confirm the recoverable grade of the alluvial gold values.
- Collection of soil samples @ 100 meter intervals from the lower pool to the headwaters of the Ceibo Chico (70 to 90 samples).
- Collection of fist sized samples of each different geologic rock type encountered during the geochemical survey.
- Initiate a geologic mapping program
- Completion of a hand trenching and sampling program in the area of the Ceibo Chico that produced the coarse and highest grade gold values during the earlier dredge testing program.

Budget requirements for the remainder of the 2005 season total approx. U.S. \$20,000.

On October 5, 2005 Erin reported:

Erin's wholly owned subsidiary, Ceiba Resources Ltd., has reported that geological mapping and prospecting designed to define the geologic formation that hosts the free gold mineralization within the Ceibo Chico drainage system continues. Specifically, the following progress has been reported:

- Demarcation of the northern boundary of the Mining License area, as required by regulations, is now complete.
- Bulk sampling from the central portion of the Mining License area and from the high grade area near the southern boundary, in order to confirm the recoverable grade of the alluvial gold values, is currently underway, utilizing an 8-inch suction dredge.
- Collection of fist sized samples of each different geologic rock type encountered during the geochemical survey is in progress.
- A geologic mapping program continues.
- Volumetric sampling of the fan gravel on the lower portion of the Rio Ceibo Chico continues.
- Collection of soil samples @ 100 meter intervals from the lower pool to the headwaters of the Ceibo Chico (70 to 90 samples) is on hold until drier weather permits continuation.
- A hand trenching and sampling program in the area of the Ceibo Chico that produced the coarse and highest grade gold values during the earlier dredge testing program is on hold until drier weather permits continuation.

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Work to date has produced the following geological information:

Bedrock geology in the upper Ceibo Chico drainage is primarily a carbonaceous black argillite with some thin, local beds of pyrite and siltstone. Andesite flows with strong sericite and jarosite alteration also occur locally in proximity to clastic rocks. A number of white quartz-carbonate veins occur in the clastic rocks on both sides of the Ceibo Chico fault north of a large volcanic block. Commonly these veins carry minor pyrite and galena and in some cases massive arsenopyrite.

The upper Ceibo Chico drainage cuts a wide zone (approximately 2 km) of clastic – metasedimentary rocks. Some areas show intensive quartz – carbonate veining with massive arsenopyrite, chalcopyrite, and minor galena and zinc minerals. One sample collected carries some fine visible gold. It is this geologic feature which is assumed to be responsible for the alluvial gold in the drainage system.

### **Investor Relations Activities**

Blake Fallis provided investor relations services to the Issuer at a remuneration of \$60,000 for the year ended June 30, 2005 compared with \$70,283 for the year ended June 30, 2004.

The investor relation activities of Mr. Fallis include such activities as:

- (a) corporate and shareholder communications and investor relations including preparation of press releases and other material and responding to shareholder inquiries on a timely basis;
- (b) public relations and promotional matters;
- (c) assisting in fund raising
- (d) corporate administration and record keeping, including inter-corporate communications and handling accounts payable.

### **Management Services and Fees**

Mr. Tim Daniels, President and CEO is the only full time member of management. He receives \$5,000 per month remuneration for his services. His services include, but are not limited to, all general administrative functions such as bookkeeping, bill payment, audit preparation, regulatory filings, as well as aiding in Investor Relations, attending meetings, strategic planning, negotiation of acquisitions, coordinating and aiding in fund raising activities, and representing Erin Ventures Inc. on the Board of Directors of Ras Borati. Mr. Daniels received remuneration in the amount of \$60,000 for the year ended June 30, 2005.

Mr. James Wallis, Director of the corporation is a professional mining engineer who provides services to the corporation on a consulting basis. Mr. Wallis is remunerated at a monthly rate of \$5,000 per month for those periods when his services are required. Duties of Mr. Wallis include planning and overseeing all exploration and development of the corporation's mineral properties, aiding in the assessment and negotiation of new potential acquisitions, attending investor and analyst meetings, as well as representing Erin Ventures Inc. on the Board of Directors of Ras Borati.

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Dr. Dragoljub Jujic, Director of the corporation is a professional mining engineer who provides services to the corporation on a consulting basis. Dr. Jujic is remunerated at a monthly rate of \$5,000 per month for those periods when his services are required. Duties of Dr. Jujic include aiding in the sourcing, assessment and negotiation of new potential acquisitions in the Balkan region, coordinating and attending meetings, gathering of documentation, translation, as well as representing Erin Ventures Inc. on the Board of Directors of Ras Borati.

**Significant Events and Transactions**

During the year ending June 30, 2005:

1. Erin has confirmed that the Serbian government has announced a public tender for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia. A public opening of the tender bids is scheduled for September 5 – 8 2005, with the winning bid to be chosen and ratified by the Serbian government within a 90 day period of the opening of the bids.
2. Erin has tendered a bid to the Serbian government in accordance with the public tender process for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia.
3. Erin, through its wholly owned subsidiary, Ceiba Resources announced on June 1, 2005 that it has entered into an option agreement to acquire up to 90% equity of the Ceibo Chico Gold Prospect, located in Belize. Erin may acquire up to 90% equity in the prospect by making payments of up to US \$100,000 over 5 years to the optionor, Boiton Minerals
4. Due to the period of inactivity on the Stope Baby Property, the carrying value of the property has been written down from \$254,328 to \$1.
5. Erin completed a total of \$408,499 net through various financings.

**Foreign Exchange Loss**

The corporation recorded a foreign exchange loss of \$21,833 during the period ending June 30, 2005 vs. a loss of \$8,786 for the same 12 month period during 2004. This is due to the fact that certain assets of the Issuer are carried in US currency, as well as the fact that Erin had submitted tender proposals requiring deposits in foreign currencies.

**Selected Annual Information**

The following financial data are selected information for the Issuer for the three most recently completed financial years:

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	Year ended June 30,		
	2005	2004	2003
Total revenues	\$ -	\$ -	\$ -
Loss before discontinued operations and extraordinary items	\$ (868,871)	\$ (579,273)	\$ (55,577)
Basic and diluted loss per share before discontinued operations and extraordinary items	\$ (0.02)	\$ (0.02)	\$ (0.00)
Net loss	\$ (868,871)	\$ (579,273)	\$ (55,577)
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.00)
Total assets	\$ 332,561	\$ 599,192	\$ 572,675
Total long-term liabilities	\$ -	\$ -	\$ -
Cash dividends per share	\$ -	\$ -	\$ -

Summary of Quarterly Results

	Q4 June 30 2005	Q3 Mar 31 2005	Q2 Dec 31 2004	Q1 Sept 30 2004	Q4 June 30 2004	Q3 Mar 31 2004	Q2 Dec 31 2003	Q1 Sept 30 2003
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before discontinued operations and extraordinary items:								
Total	\$ (439,111)	\$ (134,201)	\$ (174,304)	\$ (121,255)	\$ (153,653)	\$ (114,511)	\$ (120,068)	\$ (191,041)
Per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Per share, fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Net loss:								
Total	\$ (439,111)	\$ (134,201)	\$ (174,304)	\$ (121,255)	\$ (153,653)	\$ (114,511)	\$ (120,068)	\$ (191,041)
Per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Per share, fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)

**Increase in Expenses**

The Issuer incurred an increase in overall expenses of \$23,956 for the year ended June 30, 2005 when compared to the year ended June 30, 2004 (from \$419,099 in 2004 to \$443,055). This represents an increase of 5.7%. The most significant change from 2004 to 2005 was an increase of travel expense to \$68,148 in 2005 from \$28,105 in 2004. This represents an increase of 142% and is the result of the management spending increased time abroad in Serbia, Belize and other areas that the corporation has been searching for potential acquisitions. The other significant expense change was the reduction of \$10,283 in investor relations expense from \$70,283 for the year ended June 30, 2004 compared to \$60,000 for the year ended June 30, 2005. This represented a decrease of 14.6%. Overall the increase in expenses is not considered significant.

**Discussion of Operations and Financial Condition**

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto for the year ended June 30, 2005 (the "Period") that is attached. There have been no major changes in accounting policies during the Period.

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During the Period, the Issuer expended \$443,055 on general and administrative expenses as compared to \$419,099 for the year ended June 30, 2004. This represents an increase of 5.7%. Other significant items include a reduction of debt to \$612,339 for the year ended June 30, 2005 from \$744,079 as at June 30, 2004, representing a reduction of \$131,740 or 17.7%, improving the Issuer's liquidity position. The Issuer reported a net loss of \$868,871 or \$0.02 per share for the Period compared with a net loss of \$579,273 or \$0.02 per share for the year ended June 2004. This increase in loss is mainly attributable to a writedown of the Stope Baby Property, as well as ongoing writedowns of the Serbian property, together totaling \$300,904 for the year ended June 30, 2005 compared with \$94,392 for the year ended June 30, 2004. The decision was made to write down the value of the Stope baby Property due to the inactivity on the property since 2003. Erin has chosen to focus its attention on the Ceibo Chico Property instead of the Stope Baby.

Generally, the corporation's financial condition remained relatively unchanged for the year ended June 30, 2005 when compared with the same period for 2004. Current liabilities were reduced slightly in 2005, liquid assets were also slightly reduced, and administrative expenses rose modestly.

### **Risks and Uncertainties**

The reader is advised that the following is merely a summary of the risks and uncertainties faced by the Issuer. The reader should refer to the Issuers "Annual Information Form" for additional description of the possible risks faced by the Issuer.

Mining exploration is an inherently risky business with no guarantees that further exploration will result in an economically viable mine. Amongst the risks faced by the Issuer are such things as foreign government risks; title risks; currency fluctuations and deflationary risks; exploration and mining risks; competition risks; financing risks; uninsurable risks; permits and licences risks; mineral prices risks; and environmental regulations risks.

Erin has confirmed that the Serbian government has announced a public tender for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia. It is Erin's contention that it maintains a valid joint venture contract with Elektroprevreda (the government owned power corporation of Serbia) with respect to the development of the Piskanja boron deposit, located within the Jarandol Basin, but there can be no assurance that any legal and/or diplomatic action, if taken, will be successful in restoring Erin's claim to the Piskanja Property, or properly compensate Erin for its losses. There remains a risk that the government of Serbia may decide to not recognize Erin Ventures Inc.'s interest in the Piskanja Property, or may otherwise change the applicable government regulations, so that Erin Ventures Inc. may entirely lose its interest in the Property. In addition, any such agreement, if reached, may be subject to a number of conditions and timelines, such as financing and expenditure requirements that Erin may not be able to satisfy.

There is no assurance that the Issuer will be able to negotiate a binding contract with the Serbian authorities, or that any such agreement, if reached, will be confirmed by the concession committee. In addition, any such agreement, if reached, may be subject to a number of conditions and timelines, such as financing and expenditure requirements that the Issuer may not be able to satisfy.

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Further development on these properties is dependent upon the Issuer securing additional financing or arranging for other parties to participate in and/or fund such development. There is no assurance that that such arrangements can be secured, however, the Issuer is working diligently on obtaining such funding.

**Related Party Transactions**

During the period, the Issuer incurred expenses of \$140,383 with related parties, as compared with \$132,180 for the year ending June 30, 2004. This increase of \$8,203 or 6.2% included a property investigation cost of \$36,645 for 2005 vs. \$Nil for 2004. This was due to the fact that the corporation aggressively was seeking out potential property acquisitions during 2005 using the expertise of certain of its Directors to conduct the due diligence and negotiate the acquisitions, while in 2004, the corporation did not engage in this activity. Travel and promotion was \$15,288 in 2005 compared with \$3,00 in 2004, again reflecting the increased activity by the corporation in seeking out potential acquisitions in various regions, and the travel related to this. Refer to Note 8 to the attached financial statements for further details.

**Acquisition or Abandonment of Assets**

During the Period in question, Erin, through its wholly owned subsidiary, Ceiba Resources Ltd. announced on June 1, 2005 that it has entered into an option agreement to acquire up to 90% equity of the Ceibo Chico Gold Prospect, located in Belize. Erin may acquire up to 90% equity in the prospect by making payments of up to US \$100,000 over 5 years to the optionor, Boiton Minerals Ltd., a Belizean mining company. The agreement is currently in good standing with all commitments having been met to date.

**Legal Proceedings**

The Issuer is not engaged in any legal proceedings at this time.

**Financings and Principal Purposes**

The Issuer completed private placements of 812,000 units at \$0.25 per unit for a total of \$203,000 along with 693,662 units at \$0.30 for a total of \$208,099 during the year ended June 30, 2005. As well the Issuer raised \$28,000 pursuant to the exercise of 80,000 share purchase warrants at \$0.35. The funds raised pursuant to these financings were used as general working capital and to pay down existing liabilities.

**Liquidity and Solvency**

As at June 30, 2004 the Issuer had current assets of \$306,592. Current liabilities stood at \$243,979. The Issuer has and continues to maintain good relations with its creditors. The Issuer has funded its working capital needs primarily through equity sales as well as through unsecured loans. The Issuers ability to meet its obligations and maintain operations is contingent upon financing arrangements and the support of its creditors.

**Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Issuer is committed.

### **Critical Accounting Estimates**

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Issuer's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, accounts payable and note payable. The fair value of the financial instruments is considered to be equal to the carrying value. 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.

### **Disclosure of Outstanding Share Data**

a) Authorized:

Unlimited voting common shares without nominal or par value  
Unlimited preferred shares without nominal or par value

b) Common shares issued:

	<u>Number</u>	<u>Amount</u>
Balance, June 30, 2005	36,625,425	\$ 8,599,419
Issued at \$0.18	2,110,999	379,980
Less: issue costs	<u>-</u>	<u>(28,499)</u>
Balance, November 1, 2005	<u>38,736,424</u>	<u>\$ 8,950,900</u>

c) Share purchase options

At November 1, 2005, there were 1,400,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
300,000	\$0.25	January 18, 2006
<u>1,100,00</u>	\$0.15	October 11, 2007
<u>1,400,000</u>		

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d) Share purchase warrants

At November 1, 2005 the Company has 2,804,661 common share purchase warrants outstanding entitling the holders 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>
693,662	\$0.50	January 17, 2006
<u>2,110,999</u>	\$0.31	March 24, 2006
<u><u>2,804,661</u></u>		

**Subsequent Events**

See Note 10 of the audited financial statements for the year ended June 30, 2005.