

ERIN VENTURES INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005
(Unaudited)

THE ACCOMPANYING FINANCIAL STATEMENT FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2005 AND 2004 HAVE NOT BEEN REVIEWED OR AUDITED BY THE COMPANY'S AUDITORS.

ERIN VENTURES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
December 31, 2005 and June 30, 2005
(Unaudited)

<u>ASSETS</u>	December 31, <u>2005</u>	June 30, <u>2005</u>
Current		
Cash	\$ 31,090	\$ 289,561
Mining tax credit receivable	3,700	3,700
GST receivable	5,157	2,767
Prepaid expenses	7,502	10,564
Deposit – Piskanja bid	72,832	-
Due from related party – Note 4	<u>19,121</u>	<u>-</u>
	139,402	306,592
Equipment	5,161	3,995
Investment	1	1
Resource properties – Note 2	<u>76,093</u>	<u>21,973</u>
	<u>\$ 220,657</u>	<u>\$ 332,561</u>
 <u>LIABILITIES</u> 		
Current		
Accounts payable – Note 4	\$ 239,406	\$ 243,979
Note payable	<u>396,065</u>	<u>368,360</u>
	<u>635,471</u>	<u>612,339</u>
 <u>SHAREHOLDERS' DEFICIENCY</u> 		
Share capital – Notes 3 and 5	9,040,900	8,599,419
Shares subscribed – Note 5	-	353,481
Contributed surplus – Note 3	33,000	-
Deficit	<u>(9,488,714)</u>	<u>(9,232,678)</u>
	<u>(414,814)</u>	<u>(279,778)</u>
	<u>\$ 220,657</u>	<u>\$ 332,561</u>

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
for the three and six months ended December 31, 2005 and 2004
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Administrative Expenses				
Accounting and audit fees	\$ 4,350	\$ 6,400	\$ 9,350	\$ 9,400
Amortization	341	224	650	449
Consulting fees– Note 4	-	7,667	-	10,000
Filing fees	233	1,515	2,208	1,515
Interest	2,249	15,387	4,118	32,777
Interest on long-term debt	14,179	-	27,705	-
Investor relations	51,000	10,000	66,000	30,000
Legal fees	2,424	875	2,424	5,957
Management fees – Note 4	15,000	15,000	30,000	30,000
Office and miscellaneous – Note 4	8,667	14,183	24,070	24,430
Rent – Note 4	5,735	3,926	11,470	8,161
Stock-based compensation	33,000	-	33,000	-
Telephone	2,665	9,378	6,582	11,775
Transfer agent fees	586	1,204	1,618	2,422
Travel and promotion – Note 4	5,205	16,614	21,105	32,071
Web site	<u>276</u>	<u>497</u>	<u>698</u>	<u>600</u>
Loss before other items	(145,910)	(102,870)	(240,998)	(199,557)
Other items:				
Interest income	-	-	-	2
Foreign exchange loss	(7)	(5,852)	(3,332)	(14,422)
Recovery of advance receivable – Note 4	1,500	-	3,050	-
Write-down of resource property costs Note 2	(9,756)	(58,782)	(14,756)	(66,282)
Property investigation costs – Note 4	<u>-</u>	<u>(6,800)</u>	<u>-</u>	<u>(15,300)</u>
Net loss for the period	<u>\$ (154,173)</u>	<u>\$ (174,304)</u>	(256,036)	(295,559)
Deficit, beginning of the period			<u>(9,232,678)</u>	<u>(8,363,807)</u>
Deficit, end of the period			<u>\$ (9,488,714)</u>	<u>\$ (8,659,366)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding	<u>39,399,467</u>	<u>35,842,546</u>	<u>38,528,723</u>	<u>35,530,372</u>

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and six months ended December 31, 2005 and 2004
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Operating Activities				
Net loss for the period	\$ (154,173)	\$ (174,304)	\$ (256,036)	\$ (295,559)
Items not affecting cash:				
Amortization	341	224	650	449
Stock-based compensation	33,000	-	33,000	-
Foreign exchange loss	7	5,852	3,332	14,422
Write-down of resource property	9,756	-	14,756	-
Accrued interest payable	<u>14,179</u>	<u>13,619</u>	<u>27,705</u>	<u>28,934</u>
	(96,890)	(154,609)	(176,593)	(251,754)
Changes in non-cash working capital accounts related to operations				
GST receivable	(1,630)	(1,470)	(2,390)	(1,654)
Prepaid expenses	875	4,667	3,062	745
Accounts payable	(5,339)	(36,172)	(7,905)	(50,476)
Increase in deposit – Piskanja bid	-	-	(72,832)	-
Increase in due from related party	<u>2,388</u>	<u>-</u>	<u>(19,121)</u>	<u>-</u>
	<u>(100,596)</u>	<u>(187,584)</u>	<u>(275,779)</u>	<u>(303,139)</u>
Financing Activities				
Issuance of common shares	88,000	216,000	88,000	216,000
Shares subscribed, net of fees paid	-	(8,501)	-	164,499
Repayment of notes payable	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
	<u>88,000</u>	<u>107,499</u>	<u>88,000</u>	<u>280,499</u>
Investing Activities				
Increase in resource properties	(20,223)	-	(68,876)	-
Purchase of equipment	<u>-</u>	<u>-</u>	<u>(1,816)</u>	<u>-</u>
	<u>(20,223)</u>	<u>-</u>	<u>(70,692)</u>	<u>-</u>
Decrease in cash during the period	(32,819)	(80,085)	(258,471)	(22,640)
Cash, beginning of the period	<u>63,909</u>	<u>392,843</u>	<u>289,561</u>	<u>335,398</u>
Cash, end of the period	<u>\$ 31,090</u>	<u>\$ 312,758</u>	<u>\$ 31,090</u>	<u>\$ 312,758</u>

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SEE ACCOMPANYING NOTES

Continued

ERIN VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and six months ended December 31, 2005 and 2004
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u>19,017</u>
Income taxes	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005
(Unaudited)

Note 1 Interim Reporting

While the information presented in the accompanying interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. It is suggested that these interim financial statements be read in conjunction with the Company's audited June 30, 2005 financial statements. These statements follow the same accounting policies and methods of their application as the Company's June 30, 2005 annual financial statements.

Note 2 Resource Properties – Note 4

	Piskanja Borate Property <u>Serbia</u>	Stope Baby <u>B.C.</u>	Ceiba <u>Belize</u>	<u>Total</u>
Balance, June 30, 2005	\$ <u>1</u>	\$ <u>1</u>	\$ <u>21,971</u>	\$ <u>21,973</u>
Acquisition costs	<u>-</u>	<u>-</u>	<u>2,831</u>	<u>2,831</u>
Deferred exploration costs				
Consulting	14,756	-	-	14,756
Fuel and vehicle	-	-	2,447	2,447
General and administrative	-	-	171	171
Geological consulting	-	-	38,625	38,625
Road clearing	-	-	6,428	6,428
Supplies	-	-	2,018	2,018
Wages	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>
	<u>14,756</u>	<u>-</u>	<u>51,289</u>	<u>66,045</u>
	14,757	1	76,091	90,849
Less: write-downs	<u>(14,756)</u>	<u>-</u>	<u>-</u>	<u>(14,756)</u>
Balance, December 31, 2005	\$ <u>1</u>	\$ <u>1</u>	\$ <u>76,091</u>	\$ <u>76,093</u>

The Piskanja borate property is located in the Ibar region of the Republic of Serbia ("Serbia"). The Company entered into a joint venture agreement dated October 4, 1996 whereby the Company can earn a 50% interest in the property through direct exploration expenditures (drilling and testing) totalling \$2,670,000 to conduct a research and reserves study leading to the preparation of a feasibility study. As at December 31, 2005, the cumulative total of direct exploration expenditures of \$2,670,000 has not been completed.

Note 2 Resource Properties – Note 4 – (cont'd)

All costs incurred with respect to the property are being written-off pending obtaining acceptable agreements for mining concessions from the Serbian government.

In April 2005, the Serbian government announced a public tender regarding a concession for the mineral rights. The Company believes it has a valid agreement for the mineral rights and is preparing to defend its position as required, however, the outcome of such actions and the status of the Company's agreements is unknown.

During the period ended December 31, 2005, the Company tendered a bid in accordance with the public tender process and paid a deposit of 4 million Dinars (Cdn\$72,832) to the Serbian government in accordance with the bid instructions. The Company considers that participation in this tender process in no way mitigates its position regarding the validity of the previous agreement with the Serbian government with respect to the development of the Piskanja Borate property. The Company lost its bid and recovered US\$55,823 for the deposit subsequent to December 31, 2005. The Company intends to seek compensation for its financial loss, if any, in this matter, however, the outcome of this matter cannot be determined at this time.

Note 3 Share Capital – Note 5

a) Authorized:

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

b) Issued and fully paid common shares:

		<u>Number</u>	<u>Amount</u>
Balance, June 30, 2005		36,625,425	\$ 8,599,419
For cash:			
Pursuant to private placements	- at \$0.18	2,110,999	379,980
	- at \$0.09	1,000,000	90,000
Less: issue costs		<u> -</u>	<u> (28,499)</u>
Balance, September 30, 2005		<u>39,736,424</u>	<u>\$ 9,040,900</u>

Note 3 Share Capital – Note 5 – (cont'd)

c) Commitments:

Stock-based Compensation Plan

The Company has granted directors and employees common share purchase options. These options are granted with an exercise price equal to the market price of the Company's shares on the date of the grant.

A summary of the stock option plan is presented below:

	Six months ended December 31,		Six months ended December 31,	
	2005		2004	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable at beginning of period	300,000	\$0.25	300,000	\$0.25
Granted	<u>1,100,000</u>	\$0.15	<u>-</u>	-
Outstanding and exercisable at end of period	<u>1,400,000</u>	\$0.17	<u>300,000</u>	\$0.25

The fair value of the share purchase options granted during the six months ended December 31, 2005 of \$33,000 (2004: \$Nil) was determined using the Black-Scholes option pricing model with the following assumptions:

	<u>2005</u>	<u>2004</u>
Risk-free interest rate	2%	-
Dividend yield	0	-
Expected volatility	109%	-
Weighted average expected stock option life	2 years	-

At December 31, 2005, the Company has 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>1,100,000</u>	\$0.15	October 12, 2007
<u>1,400,000</u>		

Note 3 Share Capital – Note 5 – (cont'd)

c) Commitments: – (cont'd)

Share Purchase Warrants

At December 31, 2005, the Company has 3,304,661 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
2,110,999	\$0.31	March 24, 2006
<u>500,000</u>	\$0.15	September 16, 2006
<u><u>3,304,661</u></u>		

During the six months ended December 31, 2005, 812,000 common share purchase warrants, previously outstanding and exercisable at \$0.35 per share, expired unexercised. Subsequent to December 31, 2005, 693,662 common share purchase warrants, previously outstanding and exercisable at \$0.50 per share, expired unexercised.

Note 4 Related Party Transactions

The Company incurred the following costs charged by directors of the Company:

	Six months ended December 31,	
	<u>2005</u>	<u>2004</u>
Resource property costs		
Consulting	\$ 8,042	\$ 3,000
Geological consulting	-	7,500
Property investigation costs	-	7,500
Management fees	30,000	30,000
Consulting fees	-	7,000
Office and miscellaneous	50	2,438
Rent	3,000	-
Travel and promotion	<u>1,500</u>	<u>10,111</u>
	<u>\$ 42,592</u>	<u>67,549</u>

Note 4 Related Party Transactions – (cont'd)

During the six months ended December 31, 2005, the Company recovered \$3,050 in respect to advances receivable previously written off to a related company.

The charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

As at December 31, 2005 accounts payable includes \$21,286 (June 30, 2005: \$31,235) due to directors of the Company. This amount is comprised of unpaid geological fees, consulting fees and travel costs.

The amount due from related party is comprised of advances for travel and promotion costs. These amounts are unsecured, non-interest bearing and have no specific terms for repayment.

Note 5 Subsequent Events

Subsequent to December 31, 2005, the company proposed to issue 4,000,000 units at \$0.075 per unit pursuant to private placements. Each unit will consist of one common share and one warrant entitling the holder to purchase one common share at \$0.12 per share within one year.