

**ALDRIDGE MINERALS INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**NOVEMBER 30, 2006 AND 2005**



## AUDITORS' REPORT

To the Shareholders of  
Aldridge Minerals Inc.

We have audited the consolidated balance sheets of Aldridge Minerals Inc. as at November 30, 2006 and 2005, and the consolidated statements of loss and deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 November 30, 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.

Vancouver, Canada

March 16, 2007

“Morgan & Company”

Chartered Accountants

# ALDRIDGE MINERALS INC.

## CONSOLIDATED BALANCE SHEETS

	November 30	
	2006	2005
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,929,152	\$ 138,311
Taxes recoverable	15,713	9,958
Prepaid expenses	56,467	17,528
	<u>3,001,332</u>	<u>165,797</u>
Interest in Mineral Properties (Note 3)	3,565,356	960,243
Capital Assets (Note 4)	87,036	-
	<u>\$ 6,653,724</u>	<u>\$ 1,126,040</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	<u>\$ 135,837</u>	<u>\$ 91,850</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 5)	10,499,415	5,301,462
Contributed Surplus (Note 5(e))	2,770,482	774,704
Deficit	<u>(6,752,010)</u>	<u>(5,041,976)</u>
	<u>6,517,887</u>	<u>1,034,190</u>
	<u>\$ 6,653,724</u>	<u>\$ 1,126,040</u>

Approved by the Board Of Directors:

"Hikmet Akin" Director  
Hikmet Akin

"Martin Ozclon" Director  
Martin Ozclon

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

# ALDRIDGE MINERALS INC.

## CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

	Years Ended November 30	
	2006	2005
<b>EXPENSES</b>		
Administrative costs – Turkey office	\$ 131,744	\$ -
Consulting fees	118,989	170,903
Amortization	25	-
Directors fees	21,673	-
Foreign exchange gain	(26,258)	-
Management fees	19,457	71,553
Office and sundry	8,244	40,056
Professional fees	168,926	89,831
Salaries and benefits	52,258	-
Shareholder information	94,762	24,259
Stock based compensation	1,020,700	970,000
Project investigation costs	24,576	-
Transfer, filing and sponsorship fess	49,684	57,123
Travel and promotion	36,555	72,933
	1,721,335	1,496,658
Less: Interest income	(11,301)	(723)
<b>Loss For The Year</b>	(1,710,034)	(1,495,935)
<b>Deficit, Beginning of Year</b>	(5,041,976)	(3,546,041)
<b>Deficit, End of Year</b>	\$ (6,752,010)	\$ (5,041,976)
<b>Loss Per Share – Basic</b>	\$ (0.13)	\$ (0.19)
<b>Weighed Average Number of Outstanding Common Shares</b>	13,066,949	7,979,292

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

# ALDRIDGE MINERALS INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended November 30	
	2006	2005
<b>Cash Flows From Operating Activities</b>		
Loss for the year	\$ (1,710,034)	\$ (1,495,935)
Amortization	25	-
Stock based compensation	1,020,700	970,000
	(689,309)	(525,935)
Changes in on-cash working capital items:		
Taxes recoverable	(5,755)	(3,177)
Accounts payable and accrued liabilities	26,663	69,243
Due to related parties	17,324	-
Prepaid expenses	(38,939)	(17,528)
	(690,016)	(477,397)
<b>Cash Flows From Financing Activity</b>		
Common shares issued	4,509,031	1,186,036
<b>Cash Flows From Investing Activities</b>		
Interest in mineral properties	(921,881)	(671,445)
Purchase of capital assets	(106,293)	-
	(1,028,174)	(671,445)
<b>Increase in Cash and Cash Equivalents</b>	2,790,841	37,194
<b>Cash and Cash Equivalents, Beginning of Year</b>	138,311	101,117
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,929,152	\$ 138,311
<b>Supplementary Cash Flow Information</b>		
1,150,000 common shares issued for mineral properties	1,664,000	-
142,000 common shares issued for fees	171,696	-
33,333 common shares issued for fees	-	23,333

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

## **ALDRIDGE MINERALS INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

#### **1. NATURE OF OPERATIONS**

The Company is incorporated under the laws of British Columbia, Canada and is engaged in the exploration of its mineral property interests in Turkey.

The Company is in the process of exploring and developing its mineral properties and has not yet determined if the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for the mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, confirmation of title, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary incorporated in Turkey. All material inter-company transactions and balances have been eliminated on consolidation.

##### **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 these estimates.

##### **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, taxes recoverable, accounts payable and accrued liabilities. 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.

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and short term deposits with original maturity dates of less than three months.

## **ALDRIDGE MINERALS INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

#### **2. SIGNIFICANT ACCOUNT POLICIES (Continued)**

##### Mineral Properties and Deferred Costs

The company accounts for its mineral properties on a cost basis whereby all direct costs, net of pre-production revenue, relative to the acquisition of, exploration for and development of the properties are capitalized. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based upon estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to operations. Amounts shown for the mineral properties and their related deferred exploration costs represent costs incurred and are not intended to reflect present or future values. The company reviews the carrying values of its mineral properties on a regular basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and the exploration results experienced by the company and others. The review of the carrying value of any producing property will be made by reference to the estimated future operating results and net cash flows.

##### Stock Based Compensation

The Company follows CICA 3870 "Stock-based Compensation and other Stock-based Payments" and has chosen to account for stock-based transactions with employees, non-employees and directors in accordance with the fair value method for accounting for stock-based transactions. Accordingly, the fair value of the options at the date of the grant is charged to operations, with an offsetting credit to contributed surplus. Any consideration paid on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The stock-based compensation awards expense is calculated using the Black-Scholes option pricing model.

##### Foreign Currency Translation

Transactions recorded in foreign currencies are translated as follows:

- monetary assets and liabilities at the rate prevailing at the balance sheet date.
- non-monetary assets and liabilities at the rate in effect at the time of acquisition or issue.
- revenues and expenses at the average rate in effect during the year.

Gains and/or losses on foreign exchange are included in the statement of loss and deficit.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**2. SIGNIFICANT ACCOUNT POLICIES (Continued)**

Loss Per Share

Loss per share is computed on the basis of the average number of shares outstanding during the year. Diluted loss per share is computed on the treasury stock method to give effect to the potential exercise of outstanding stock options and warrants. Diluted loss per share is not shown as the effect of the issuance of stock options and warrants is antidilutive.

Income Taxes

The Company has adopted the liability method of accounting for income taxes. Future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities using tax rates applicable for future years. A valuation allowance is provided to offset any future tax asset if, based upon the available evidence, it is more likely than not that some or all of the future tax asset will not be realized.

Asset Retirement Obligations

The company follows CICA Section 3110 "Asset Retirement Obligations". This section applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operations of a long-lived asset. This section requires that the fair value of a liability for an asset retirement obligation be recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Upon settlement of the liability, a gain or loss is recorded. As at November 30, 2006, the company does not have any asset retirement obligations.

Capital Assets

Equipment is recorded at cost less accumulated amortization and is amortized over the estimated useful life at the following rates:

Automotive	30% declining balance
Equipment	30% declining balance
Computer software	30% declining balance

Management assesses the carrying value of all capital assets, using its best estimate of undiscounted cash flows, whenever conditions arise which could indicate a possible impairment. Any impairment is recognized when identified.

Amortization of capital assets located in Turkey are charged to deferred exploration costs.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**3. INTEREST IN MINERAL PROPERTIES**

- a) On December 4, 2002, the Company entered into an option agreement to acquire up to 100% in the Derinkoy and the Olucak mineral properties located in Turkey.

As consideration for the option agreement, the Company will issue to the optionor an aggregate of 1,100,000 common shares over various stages of earning the option interest, a further 1,000,000 common shares upon completion of a feasibility study and an additional 2,000,000 common shares upon commencement of commercial production. In addition, the company will reimburse the optionor for expenses totaling \$30,000 by the issue of 200,000 common shares (issued).

The option agreement provides that the Company will assume the underlying obligations of an option agreement dated November 5, 2002, as amended November 28, 2003.

Under the terms of the underlying agreement to earn a 60% interest in the properties, the Company is required to incur not less than US\$150,000 on exploration. The optionor transferred the 60% interest to the Company after agreement that the minimum expenditure commitment was waived.

On January 27, 2006, the Company entered into an agreement (the "Agreement") to acquire the remaining 40% interest in these properties by the issuance of 250,000 common shares of the Company, subject to a 1.5% net smelter returns royalty.

In addition, the Company will pay \$3,000,000 upon production of 2,500,000 ounces of gold (or equivalent value in silver or platinum group metal).

In July 2006, the Company signed a strategic alliance and an option agreement with Northfield Inc. ("Northfield"), wherein Northfield will have the option to acquire up to 75% interest in the Derinkoy Property for consideration consisting of:

- (i) at least Cdn\$3,000,000 in aggregate exploration expenditures by the fourth anniversary of the date of closing ("Closing") of the Agreement, including:
- at least \$250,000 by the first anniversary of Closing of the Agreement,
  - at least \$1,000,000, in the aggregate, by the second anniversary of Closing of the Agreement; and,
  - at least \$2,000,000, in the aggregate, by the third anniversary of Closing of the Agreement.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**3. INTEREST IN MINERAL PROPERTIES (Continued)**

- (ii) the receipt of a cumulative 2,000,000 post-consolidation shares of Northfield to be issued in allotments 500,000 common shares upon receipt of regulatory approvals to the Agreement and 500,000 shares on each of the first, second and fourth anniversaries of the Closing.

Northfield has the right and option to earn a 51% undivided interest in the Derinkoy Property by satisfying the requirements of the agreement up to and including the third anniversary date.

- b) On December 1, 2004, the Company entered into an agreement to acquire a 65% interest in the Yenipazar Property located in Turkey.

To earn its interest, the Company is required to pay US\$25,000 on closing of the agreement, US\$25,000 on each of the six month, twelve month and twenty-four month anniversary dates, US\$50,000 each six months thereafter until the sixth year anniversary, at which time a payment of US\$500,000 for aggregate payments of \$950,000. In addition the Company is required to expend up to US\$6,000,000 in exploration work on the property, of which US\$230,000 must be incurred by December 1, 2005. As at November 30, 2006, the Company had made its required periodic payments and incurred the required exploration expenditures.

In July 2006, the Company executed a strategic alliance and option agreement with Anatolia Minerals Development Ltd. and its subsidiary (collectively "Anatolia") to amend and restate the December 2004 agreement. Under the revised option agreement and supplementary to earn-in conditions contained in the earlier agreement, the Company has the right to earn a 100% interest in the Yenipazar Property in exchange for consideration of 250,000 common shares (issued) of the Company. In addition, the Company will pay Anatolia a 6% net proceeds interest ("NPI"), until such time as operational revenues reach the amount of US\$165,000,000. Should operation revenues exceed this threshold amount, the NPI will increase to 10% of the amount realized in excess of US\$165,000,000.

- c) Exploration Licenses – Western Turkey
  - i) In June 2006, the Company acquired the mineral license for Ayranci, a 6.9 square kilometre area, located in western Turkey;
  - ii) In August 2006, the Company acquired a second licensed area named Gurlek, which is located approximately 10 kilometres east of Ayranci; and,
  - iii) In September 2006, a further 15 exploration licenses were acquired, three of which three are in close proximity to Ayranci and Gurlek. The remaining 12 licenses, covering 119.33 square kilometres, are located elsewhere in western Turkey.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**3. INTEREST IN MINERAL PROPERTIES (Continued)**

d) The Company has incurred the following costs to November 30, 2006:

i) Derinkoy and Olucak Properties

	2006	2005
Acquisition Costs	\$ 1,004,325	\$ 155,693
Deferred exploration costs		
Geological	11,574	-
Analytical	195	12,234
Vehicle and travel	10,298	-
Project expenses and employee costs	14,796	-
Licenses and fees	41,185	-
	78,048	12,234
Balance, beginning of year	237,027	224,973
Balance, end of year	315,075	237,207
Total expenditures	\$ 1,319,580	\$ 392,900

ii) Yenipazar Property

	2006	2005
Acquisition Costs	\$ 748,172	\$ -
Deferred exploration costs		
Drilling	41,697	331,641
Geological	194,603	134,520
Analytical	18,463	-
Project expenses and employee costs	190,968	54,381
Travel and transportation	11,716	16,801
Report writing	36,714	30,000
Licenses and fees	209,501	-
	703,662	567,343
Balance, beginning of year	567,343	-
Balance, end of year	1,271,005	567,343
Total expenditures	\$ 2,019,177	\$ 567,343

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**3. INTEREST IN MINERAL PROPERTIES (Continued)**

iii) Exploration Licenses – Western Turkey

	2006	2005
Acquisition Costs	\$ 90,396	\$ -
Deferred exploration costs		
Geological	1,117	-
Analytical	1,104	-
Project expenses and employee costs	100,728	-
Travel and transportation	14,064	-
Licenses and fees	19,190	-
	<u>136,203</u>	<u>-</u>
Balance, beginning of year	<u>-</u>	<u>-</u>
Balance, end of year	<u>136,203</u>	<u>-</u>
Total expenditures	<u>\$ 226,599</u>	<u>\$ -</u>

iv) Total Expenditures

	2006	2005
Derinkoy and Olucak Properties	\$ 1,319,580	\$ 392,900
Yenipazar Property	2,019,177	567,343
Exploration Licenses	226,599	-
	<u>\$ 3,565,356</u>	<u>\$ 960,243</u>

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**4. CAPITAL ASSETS**

	November 30, 2006			November 30, 2005	
	Cost	Accumulated amortization	Net book value	Net book value	
Automotive	\$ 76,524	\$ 13,956	\$ 62,568	\$	-
Equipment	16,846	2,932	13,914	-	-
Computer Software	12,923	2,369	10,554	-	-
	<u>\$ 106,293</u>	<u>\$ 19,257</u>	<u>\$ 87,036</u>	<u>\$</u>	<u>-</u>

**5. SHARE CAPITAL**

a) Authorized:

100,000,000 common shares without par value

c) Issued and outstanding

	Number Of Shares	Amount
Balance, November 30, 2004	6,878,384	\$ 3,920,130
Issued for warrants exercised	2,656,305	566,036
Issued for options exercised	625,000	250,000
Issued for broker options exercised	50,000	20,000
Issued for cash	500,000	350,000
Issued for fees	33,333	23,333
Transfer from contributed surplus on exercise of options	-	195,296
Less: Share Issue costs	-	(23,333)
Balance, November 30, 2005	<u>10,743,022</u>	<u>\$ 5,301,462</u>

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**5. SHARE CAPITAL (Continued)**

b) Issued and outstanding (Continued)

	Number Of Shares	Amount
Balance, November 30, 2005	10,743,022	\$ 5,301,462
Issued for warrants exercised	1,714,695	441,464
Issued for options exercised	60,500	52,635
Issued for cash	2,687,756	3,043,955
Issued for fees	142,000	171,696
Issued for mineral properties	1,150,000	1,664,000
Transfer from contributed surplus on exercise of options and warrants	-	50,963
Less: Share Issue costs	-	(226,760)
Balance, November 30, 2006	16,497,973	\$ 10,499,415

On September 19, 2005, the Company issued 500,000 units at a price of \$0.70 per unit and 33,333 units at a price of \$0.70 per unit as fees. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.85 per share up to September 9, 2007.

On February 22, 2006, the Company issued 1,175,756 common shares for cash proceeds of \$1,293,332, and 41,200 common shares at a price of \$1.10 per share for finder's fees. The issuance was a private placement of 1,175,756 units, at \$1.10 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$1.29 per share for a two year period. The share purchase warrants were valued at \$1,026,041 using the Black-Scholes valuation model.

On August 31, 2006, the Company issued, by private placement offering, a total of 1,512,000 units at a price of \$1.80 per unit, to raise gross proceeds of \$2,721,600. Each unit consists of one common share and one common share purchase warrant, which entitles the holder thereof to purchase one additional common share of the Company for a period of two years at a price of \$2.00 per share. A finder's fee of 100,800 units was paid in connection with this offering. The share purchase warrants were valued at \$709,632 using the Black-Scholes valuation model.

c) Stock Options

Under its Stock Option Plan the total number of shares which may be offered under, or issued under, for options granted shall not exceed 10% of the issued and outstanding common shares. The number, terms and conditions of options which may be issued to certain individuals are limited as required by the TSX Venture Exchange.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**5. SHARE CAPITAL (Continued)**

c) Stock Options (Continued)

A summary of the Company's stock options as at November 30, 2006 and 2005, and the changes for those years is presented below.

	OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
Balance, November 30, 2004	-	\$ -
Granted	1,685,000	0.68
Exercised	625,000	0.40
Balance, November 30, 2005	1,060,000	\$ 0.85
Granted	607,000	2.00
Exercised	60,500	0.87
Expired	25,000	0.40
Balance, November 30, 2006	1,581,500	\$ 1.35

The fair value of option compensation totaling \$1,020,700 (2005 - \$970,000) to directors, employees and consultants is included as stock based compensation in the statement of operations and deficit.

The fair value of the stock options was estimated on the grant date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value are as follows.

	2006	2005
Risk free interest rate	3.89%	3.04% - 3.90%
Expected dividend yield	Nil	Nil
Expected lives	5 years	3 – 5 years
Volatility	123%	107% - 136%

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**5. SHARE CAPITAL (Continued)**

The following table summarized information about the stock options outstanding at November 30, 2006:

<u>OPTIONS OUTSTANDING</u>			<u>OPTIONS EXERCISABLE</u>	
<u>EXERCISE PRICE</u>	<u>NUMBER OF SHARES</u>	<u>REMAINING CONTRACTUAL LIFE (YEARS)</u>	<u>NUMBER OF SHARES</u>	<u>EXERCISE PRICE</u>
\$ 0.87	344,500	3.69	344,500	\$ 0.87
1.06	630,000	3.91	630,000	1.06
2.05	237,000	4.67	237,000	2.05
2.10	210,000	4.81	210,000	2.10
1.80	160,000	4.95	160,000	1.80
<u>\$ 1.38</u>	<u>1,581,500</u>	<u>4.20</u>	<u>1,581,500</u>	<u>\$ 1.35</u>

d) As at November 30, 2006 the following share purchase warrants were outstanding:

<u>NUMBER</u>	<u>EXPIRY DATE</u>	<u>EXERCISE PRICE</u>
533,333	September 9, 2007	\$ 0.85
1,166,956	February 1, 2008	1.29
<u>1,612,800</u>	August 31, 2008	2.00
<u>3,313,089</u>		

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**5. SHARE CAPITAL (Continued)**

e) Contributed Surplus

Balance, November 30, 2004	\$ -
Fair value of options granted	970,000
Incentive stock options exercised	<u>(195,296)</u>
Balance, November 30, 2005	\$ 774,704
Fair value of options granted	1,020,700
Incentive stock options exercised	(38,403)
Fair value of warrants granted	1,026,041
Warrants exercised	<u>(12,560)</u>
Balance, November 30, 2006	<u>\$ 2,770,482</u>

As at November 30, 2006, 1,279,537 of the issued shares are held in escrow, their release being subject to regulatory approval.

**6. RELATED PARTIES**

At November 30, 2006, included in accounts payable and accrued liabilities were amounts owing to directors and officers of the Company totalling \$19,824.

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**7. INCOME TAXES**

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial tax rates to the loss as a result of the following.

	2006	2005
Statutory rates	34%	34%
Recovery of income taxes computed at statutory rates	\$ (581,400)	\$ (508,707)
Foreign tax rate differential	18,400	-
Non-deductible items	347,000	329,800
Share issue costs	(18,300)	(2,947)
Tax benefit not recognized on current year's losses	234,300	181,854
Future income tax expense	<u>\$ -</u>	<u>\$ -</u>

The tax effects of temporary timing differences that give rise to significant components of the future tax assets and future tax liabilities are as follows.

	2006	2005
Future tax assets (liabilities)		
Non-capital loss carry forward	\$ 707,900	\$ 511,543
Mineral properties	84,780	106,019
Share issue costs	69,160	10,426
Total future income tax assets	861,840	627,988
Less: Valuation allowance	(861,840)	(627,988)
Net future income taxes	<u>\$ -</u>	<u>\$ -</u>

**ALDRIDGE MINERALS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2006 AND 2005**

**7. INCOME TAXES (Continued)**

The Company has non-capital losses carried forward of \$2,106,916 that may be available for tax purposes. These losses expire as follows:

<b>EXPIRY DATE</b>	<b>AMOUNT</b>
2007	140,961
2008	186,482
2009	68,725
2010	214,828
2011	131,744
2014	240,821
2015	536,347
2026	<u>587,008</u>
	<u>\$2,106,916</u>

The Company has provided a full valuation allowance on the future tax assets as realization of the future tax asset is not considered likely.

**8. SUBSEQUENT EVENTS**

Subsequent to November 30, 2006:

- a) the Company issued an aggregate 769,500 common shares on the exercise of stock options for total proceeds of \$750,215.
- b) the Company granted stock options to directors, officers and consultants to purchase up to 450,000 common shares at a price of \$2.60 per share for a term of five years.