

WYN DEVELOPMENTS INC.

Financial Statements
January 31, 2006

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AUDITORS' REPORT

TO THE STOCKHOLDERS OF WYN DEVELOPMENTS INC.

We have audited the balance sheets of Wyn Developments Inc. as at January 31, 2006 and 2005 and the 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 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.

"Smythe Ratcliffe" (signed)

Chartered Accountants

Vancouver, British Columbia

May 24, 2006

WYN DEVELOPMENTS INC.

Balance Sheets (note 2)

January 31

	2006	2005
Assets		
Current		
Cash	\$ 2,277,429	\$ 1,209,355
Accounts receivable	18,247	22,204
Prepaid expenses and deposits	10,939	37,394
	2,306,615	1,268,953
Investment in and Expenditures on Resource Properties (note 6)	1,342,685	915,120
Oil and Gas Interests (note 7)	2,124,854	1,482,155
	\$ 5,774,154	\$ 3,666,228
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 146,085	\$ 46,412
Due to related parties (note 8)	0	36,195
	146,085	82,607
Stockholders' Equity		
Capital Stock (note 9)	15,137,837	10,445,087
Contributed Surplus (note 9)	969,270	469,016
Subscriptions Received	0	830,000
Deficit	(10,479,038)	(8,160,482)
	5,628,069	3,583,621
	\$ 5,774,154	\$ 3,666,228

Approved on behalf of the Board:

"David McMillan"..... Director
David McMillan*"Ronald Jorgensen"*..... Director
Ronald Jorgensen

WYN DEVELOPMENTS INC.
Statements of Operations and Deficit
Years Ended January 31

	2006	2005
		(note 3)
General and Administrative Expenses		
Stock option compensation benefit (notes 9(c), (d) and (e))	\$ 856,770	\$ 150,000
Investor relations	255,090	194,957
Travel and promotion	156,975	184,863
Office, postage and supplies	63,684	32,687
Transfer agent, listing and filing fees	45,817	40,287
Professional fees	42,954	66,652
Rent	31,889	18,015
Management fees	24,500	68,000
Consulting fees	15,376	19,829
Printing	9,064	14,041
Bank charges and interest	1,848	1,837
Loss Before Other Items	1,503,967	791,168
Other Items		
Write-off of resource properties	819,178	0
Other income	(6,275)	0
Foreign exchange loss	1,686	692
Net Loss for Year	2,318,556	791,860
Deficit, Beginning of Year	8,160,482	7,368,622
Deficit, End of Year	\$ 10,479,038	\$ 8,160,482
Loss Per Share	\$ (0.04)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding	52,240,115	31,184,591

WYN DEVELOPMENTS INC.
Statements of Cash Flows
Years Ended January 31

	2006	2005
Operating Activities		
Net loss	\$ (2,318,556)	\$ (791,860)
Items not involving cash		
Shares issued for services	74,700	0
Stock option compensation benefit	856,770	150,000
Write-off of resource properties	819,178	0
Operating Cash Flow	(567,908)	(641,860)
Changes in Non-Cash Working Capital		
Accounts receivable	3,957	(18,015)
Prepaid expenses and deposits	26,455	(11,038)
Accounts payable and accrued liabilities	99,673	(19,187)
	130,085	(48,240)
Cash Used in Operating Activities	(437,823)	(690,100)
Investing Activities		
Investment in and expenditures on resource properties	(841,243)	(1,889,007)
Oil and gas interests expenditures	(522,699)	0
Cash Used in Investing Activities	(1,363,942)	(1,889,007)
Financing Activities		
Repayment to related parties	(36,195)	(13,805)
Proceeds from shares issued	3,736,034	2,670,300
Share subscriptions received	(830,000)	830,000
Cash Provided by Financing Activities	2,869,839	3,486,495
Inflow of Cash	1,068,074	907,388
Cash, Beginning of Year	1,209,355	301,967
Cash, End of Year	\$ 2,277,429	\$ 1,209,355
Supplemental Information		
Shares issued for property option payments	\$ 525,500	\$ 272,600
Shares issued for debt	\$ 0	\$ 15,000
Income tax paid	\$ 0	\$ 0
Interest paid	\$ 0	\$ 0

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Wyn Developments Inc. (the "Company") was incorporated under the *Company Act* of British Columbia on February 1, 1984. The Company is involved with the exploration and development of mining properties and is considered to be an exploration stage enterprise. The Company presently operates in one geographical area, namely Canada.

The Company is a publicly traded company and is listed on the TSX Venture Exchange (the "TSX") in Canada. These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

2. GOING-CONCERN

These financial statements have been prepared on a going-concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business.

The Company reported net losses of \$1,496,562 and \$791,860 for the years ended January 31, 2006 and 2005, respectively, and has an accumulated deficit of \$9,657,044 at January 31, 2006. The Company has working capital of \$2,160,530 at January 31, 2006.

The Company's ability to continue operations is uncertain and is dependent upon its ability to obtain necessary financing to meet the Company's liabilities and commitments as they become payable and to complete the exploration and development of mining properties and oil and gas interests, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims and oil and gas reserves, and the attainment of future profitable production or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. COMPARATIVE FIGURES

Certain of the comparative figures are reclassified to conform to the current year's presentation.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Resource properties

The Company defers exploration and development expenditures including the cost of mineral properties and administrative expenditures directly related to specific mineral projects or an area of interest until such time as the extent of mineralization has been determined and mineral properties are either developed or the Company's mineral rights are allowed to lapse. At that time, the costs will either be written off or amortized over the expected life of the ore body.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Oil and gas interests

All of the Company's oil and gas activities are conducted jointly with others. The financial statements reflect the Company's proportionate interest in such activities as a non-operator.

The Company uses the full-cost method of accounting for oil and gas interests to determine the capitalized costs whereby all expenditures related to the acquisition, exploration and development of oil and gas properties are capitalized. Capitalized costs include the cost of land acquired or leased, intangible drilling costs, tangible costs such as those for equipment, casing and attachments, and completion costs as well as re-completion costs on both productive and non-productive wells.

Oil and gas interests are carried at the lower of capitalized costs, less accumulated depletion and amortization, and estimated net recoverable amount, which is the undiscounted aggregate of estimated future net revenues of proven oil and gas reserves, less estimated costs to develop those reserves, future administrative and general expenses, financing costs, restoration costs and income taxes. The calculations are based on prices and cost estimates at January 31, 2006, as determined by the Company and independent engineers. The recovery of oil and gas interests is evaluated annually to estimate the remaining oil and gas reserves. Actual results could differ from those estimates.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 those estimates and would impact future results of operations and cash flows.

(d) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange for the year.

The effects of translation are credited or charged to the statement of operations as foreign exchange gain or loss.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Asset retirement obligation

The estimated fair value of the asset retirement obligation ("ARO") is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the proved reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Amounts are recorded once they become known or can be readily estimated.

(f) Stock-based compensation

The Company follows the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments", for accounting for stock-based compensation expense whereby all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2004, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted, and a corresponding increase in contributed surplus. When stock options are exercised, the corresponding fair value is transferred to capital stock.

(g) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Shares held in escrow are not included in the calculation of the weighted average number of shares outstanding when their release is subject to other than the passage of time. Diluted loss per share has not been calculated separately as outstanding stock options and warrants are anti-dilutive.

(h) Income taxes

Income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. A valuation allowance is provided to reduce the asset to the net amount management estimates to be reasonable to carry as a future income tax asset.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

5. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of the short term maturity of these financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary assets and liabilities.

(c) Credit risk

The Company is exposed to credit risk with respect to its cash; however, the risk is minimized as cash is held at a major financial institution.

(d) Currency risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received by the Company are not denominated in Canadian dollars. The risk is minimized as the Company does not expend, receive or hold a significant amount of non-Canadian funds.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

Expenditures incurred on the Company's resource properties during the years ended January 31, 2006 and 2005 are as follows:

	Ferguson Lake Project	Blustry/ Rand Project	Hearne Channel Mineral Claims	Thrust Project	Total
Balance, January 31, 2004	\$150,558	\$ 85,110	\$ 0	\$ 0	\$ 235,668
Acquisition costs	32,500	32,000	70,400	0	134,900
Exploration costs					
Geology and engineering	162,848	107,531	63,590	0	333,969
Surveys	0	0	98,250	0	98,250
Helicopter and equipment rental	0	48,076	10,846	0	58,922
Camp and supplies	0	15,674	8,657	0	24,331
Travel	0	0	12,422	0	12,422
Staking, recording fees and general	0	9,064	0	0	9,064
Assay and recording	0	0	7,594	0	7,594
Total additions during year	195,348	212,345	271,759	0	679,452
Balance, January 31, 2005	345,906	297,455	271,759	0	915,120
Acquisition costs	0	40,500	185,500	259,500	485,500
Exploration costs					
Geophysics	0	75,643	41,723	152,812	270,178
Helicopter and equipment rental	0	43,000	7,479	92,803	143,282
Staking, recording fees and general	2,250	31,432	34,290	24,977	92,949
Camp and supplies	0	18,786	57,377	9,573	85,736
Drilling	0	0	85,000	0	85,000
Geology and engineering	0	15,338	50,187	16,500	82,025
Site personnel	0	22,217	0	0	22,217
Travel	0	0	9,365	0	9,365
Assay and recording	0	0	5,804	0	5,804
Expense recovery	0	(35,313)	0	0	(35,313)
Total additions during year	2,250	211,603	476,725	556,165	1,246,743
Less: write-off of resource properties	(348,155)	(471,023)	0	0	(819,178)
	(345,905)	(259,420)	476,725	556,165	427,565
Balance, January 31, 2006	\$ 1	\$ 38,035	\$748,484	\$556,165	\$1,342,685

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Ferguson Lake Property

On November 8, 2002 (as amended May 6, 2003 and December 3, 2003), the Company entered into an option agreement with Hunter Exploration Group ("Hunter"). Hunter is the recorded and/or beneficial owner of an undivided 100% interest in and to five separate claims located in the Ferguson Lake area, Kivalliq Region, Nunavut Territory. The Company can earn an undivided 100% interest in the property in consideration of the issuance of 1,100,000 units to Hunter, and expenditures of \$1,000,000 on exploration and development on the property and payment of advance royalty payments. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.20 per share for twelve months and thereafter at a price equal to the trading price prior to the issuance of the warrant. In order to earn its 100% interest in the property, the Company's option payments to Hunter are to be made as follows:

- (i) Advance royalty payment of \$15,000 upon execution of the agreement (paid);
- (ii) Advance royalty payment of \$15,000 on or before July 1 of each year thereafter (to date \$15,000 paid);
- (iii) Issuance of 1,100,000 units and incurrence of \$925,000 on exploration and development on the property as follows:
 - Issuance of 275,000 units on TSX approval (issued);
 - Issuance of 275,000 units (issued) and incurrence of \$50,000 in exploration expenditures by July 1, 2004 (paid);
 - Issuance of 275,000 units and incurrence of \$275,000 in exploration expenditures on or before December 31, 2004 (by verbal agreement, this date has been delayed until a technical report outlining a recommended work program has been prepared, which is currently in progress); and
 - Issuance of 275,000 units and incurrence of \$600,000 in exploration expenditures on or before December 31, 2006.

The Company also issued 42,500 common shares at a deemed price of \$0.10 per share as a finder's fee to an unrelated third party. The option agreement is subject to a 3% net smelter return ("NSR") on any mineral production. The Company has the option to purchase 1% of the NSR for the sum of \$1,000,000 and 1% of the GORR (strictly for diamond production) for an additional \$1,000,000.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Ferguson Lake Property (Continued)

On July 14, 2003, the Company signed a letter of intent with Starfield Resources Inc. ("SRU") whereby SRU can earn a 50% interest in the Company's Ferguson Lake Property and become the operator of the project. Terms of the agreement are as follows:

(i) The Company and SRU must expend as follows:

Due date	Wyn	SRU	Total	
December 31, 2002	\$ 12,285	\$ 0	\$ 12,285	(Paid)
December 31, 2003	50,000	0	50,000	(Paid)
December 31, 2004	137,715	200,000	337,715	(Paid)
December 31, 2005	300,000	300,000	600,000	
	\$500,000	\$ 500,000	\$1,000,000	

(ii) SRU must contribute an additional \$75,000 in 2004, which is approximately 50% of the value of the 1,100,000 shares the Company has to issue to Hunter under the aforementioned agreement (paid);

(iii) SRU must pay 50% of the advance royalty to Hunter each year as follows:

Due date	Wyn	SRU	Total	
July 1, 2002	\$ 25,000	\$ 0	\$ 25,000	(Paid)
July 1, 2003	0	5,000	5,000	(Paid)
July 1, 2004	0	15,000	15,000	
July 1, 2005	5,000	10,000	15,000	
	\$ 30,000	\$ 30,000	\$ 60,000	

Upon completion of the above option payments, SRU will have earned a 50% interest in the Ferguson Lake claim. SRU will also have the right to purchase 50% of the Company's right to buy back 1% of the NSR for \$500,000, and the right to purchase 50% of the Company's right to buy back 1% of the GORR for \$500,000.

During the year ended December 31, 2005, given minimal exploration activity, the Company wrote-down its investment in the Ferguson Lake Property.

(b) Blustry Mountain Project

On July 1, 2003 (as amended January 1, 2004), the Company signed a letter of intent whereby the Company has been granted an option to acquire a 100% interest in 70 units, comprising approximately 3,640 acres in the Clinton Mining Division, British Columbia, and referred to as the Blustry Mountain Project. The property is located 18 kilometres southeast of Lillooet within the Fountain-Lytton ranges of southern British Columbia.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Blustry Mountain Project (Continued)

In order to exercise the option, the Company must undertake an exploration work program of \$1,000,000, issue an aggregate of 350,000 common shares of the Company, and make option payments totalling \$120,000 over a four-year period as follows:

- (i) Payment of \$10,000 on or before July 1, 2003 (paid);
- (ii) Payment of \$15,000 (paid), issuance of 50,000 common shares (issued) upon signing amended agreement on January 1, 2004;
- (iii) Payment of \$10,000 on or before July 1, 2004 (paid);
- (iv) Incurring expenditures on the claims of \$100,000 by July 31, 2004 (paid);
- (v) Payment of \$10,000 (paid), issuance of 50,000 common shares (issued), and incurring expenditures on the claims of an additional \$200,000 by December 31, 2004;
- (vi) Payment of \$15,000 on or before July 1, 2005 (paid);
- (vii) Payment of \$15,000 (\$10,000 paid subsequent to year end), issuance of 100,000 common shares (issued), and incurring expenditures on the claims of an additional \$300,000 by December 31, 2005 (the Company has received a verbal extension on this date such that all obligations will be caught up as at July 1, 2006);
- (viii) Payment of \$25,000 on or before July 1, 2006; and
- (ix) Payment of \$25,000, issuance of 100,000 common shares, and incurring expenditures on the claims of an additional \$400,000 by December 31, 2006.

The claims are subject to a 2.5% NSR. The Company has the option to purchase 1.5% of the NSR for a lump sum of \$1,500,000 upon or prior to commencement of commercial production (thereby reducing the NSR to 1%).

In addition, should a positive feasibility be completed and/or any commercial production attained, a bonus of 650,000 common shares of the Company shall be payable to the optionors within 12 months of the event. As well, an advance on royalties of \$20,000 per year is payable to the optionor, commencing October 1, 2008.

During the year ended December 31, 2005, due to various difficulties encountered in regards to continued exploration efforts, the Company wrote-down its investment in Blustry Mountain Project.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(c) Rand Property

On October 14, 2003, the Company acquired a 100% interest in an additional 668 mineral property units adjacent to the Blustry Mountain Project known as the Rand Property. The claims cover approximately 16,700 hectares tying onto the north and south of the Blustry Mountain Project in the Clinton Mining Division of southwest British Columbia. The property is located approximately 18 kilometres southeast of Lillooet within the Fountain-Lytton mountain ranges.

Under the terms of the agreement, the Company paid for reimbursement of staking costs in the amount of \$28,789, and issued 2,000,000 warrants. Each warrant was exercisable into one common share of the Company at a price of \$0.15 per share at any time over a two-year period until October 14, 2005. In addition, 1,000,000 bonus common shares of the Company are payable should an economically feasible deposit containing greater than 500,000 ounces gold-silver be placed into production from the claims.

As part of the inclusive sale price, the optionor will provide geological consulting services for the claims and will maintain the claims in good standing for a period of 12 months with fees to be advanced by the Company prior to the anniversary dates. Additionally, for a period of 36 months from the date of signature of this agreement, and except for mining claims owned at the date of signature of this agreement, the optionor grants the Company the right to purchase any mining claims owned or purchased by the Company located within one mile of any of the claims purchased in the Rand Property for a price equivalent to the cost of acquiring such claims by the optionor.

The claims are subject to a 2% NSR. The Company has the option to purchase 1% of the NSR for a lump sum of \$1,000,000 within 12 months from commencement of commercial production. Advance royalties of \$25,000 shall be paid annually commencing October 14, 2008.

(d) Hearne Channel Property/Coni Mineral Claims

On March 21, 2004, the Company entered into an option agreement with Impala Resource Service Ltd. ("Impala") to purchase a 100% interest in certain mineral claims known as the Coni mineral claims, which comprise approximately 4,000 acres in the Hearne Channel area located some 135 kilometres southeast of Yellowknife, Northwest Territories, subject to regulatory approval (received subsequent to year-end), in consideration of the following cash payments totalling \$30,000 and share issuances totalling 600,000 common shares of the Company to be paid and/or issued as follows:

- (i) Payment of \$10,000 on or before the fifth business day following regulatory approval (the "Effective Date") (paid);
- (ii) Issuance of 200,000 common shares on or before the Effective Date (issued);
- (iii) Payment of \$10,000 on or before 12 months following the Effective Date (paid);
- (iv) Issuance of 200,000 common shares on or before 12 months following the Effective Date (issued); also, a finder's fee of 40,000 common shares is to be issued in regards to this transaction (issued);

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(d) Hearne Channel Property/Coni Mineral Claims (Continued)

- (v) Payment of \$10,000 on or before 24 months following the Effective Date (paid); and
- (vi) Issuance of 200,000 common shares on or before 24 months following the Effective Date (issued).

An annual royalty equal to 2% of the NSR, as defined in section 1(c) of the Agreement, subject only to the Company's option to purchase one-half of the NSR (1%) for a one-time payment of \$1,000,000.

(e) Duffy and Easter Claims

- (i) The Company has acquired the right to earn 100% interest in a group of claims (Duffy 1 and 2, and the Easter 1, 2 and 3 claims) on Easter Island encompassing approximately 2,500 acres, 70 miles southeast of Yellowknife, Northwest Territories, by paying a total of \$30,000 and 650,000 shares in staged payments over time. This property covers a geological environment similar to Wyn's Hearne Channel nickel-cobalt project, some 50 kilometres northeast.
- (ii) On February 23, 2005, the Company entered into an option agreement with WGT Consultants (NWT) Ltd. ("WGT") wherein the Company will acquire the right to earn a 100% interest in a group of claims on Easter Island (Duffy 1 and 2, and Easter 1, 2 and 3), encompassing approximately 2,500 acres and located 70 miles southeast of Yellowknife, Northwest Territories, in consideration of the following:

The Company will pay to WGT:

- \$10,000 cash on or before the fifth business day following acceptance of the Agreement by the TSX (the "Effective Date") (paid);
- \$10,000 cash on or before the date 12 months following the Effective Date (February 2006); and
- \$10,000 cash on or before the date 24 months following the Effective Date (February 2007).

The Company will issue to WGT:

- 250,000 common shares on or before the Effective Date (issued);
- 200,000 common shares on or before the date 12 months following the Effective Date (February 2006); and
- 200,000 common shares on or before the date 24 months following the Effective Date (February 2007).

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(f) Thrust Project

On April 25, 2005, the Company entered into an option agreement with United Exploration Management Inc. ("United") to acquire a 100% interest in and to 151 mineral claims located in the Liard Mining Division, subject to the NSR royalty in consideration of \$75,000 in property payments and the issuance of 1,350,000 shares to United as follows:

- (i) The Company shall earn the interest by:
- paying \$25,000 to United upon the execution hereof (paid);
 - paying \$50,000 property payment to United on the sooner of the TSX approval or August 1, 2005 (paid); and
 - paying \$15,000 advance royalty payments to United on or before July 1 of each year starting 2006.
- (ii) Issuing 1,350,000 shares to United as follows:
- 450,000 shares on or before July 1, 2005, subject to TSX acceptance (issued);
 - 450,000 shares on or before July 1, 2006; and
 - 450,000 shares on or before July 1, 2007.

The Company shall issue to United 1,500,000 shares upon the completion of a positive feasibility report recommending that the Property be put into production. These shares shall also be issued in the event of a takeover or merger of the Company or the Project prior to the Company attaining commercial production.

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties, which are explored, are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

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7. OIL AND GAS INTERESTS

Expenditures incurred on the Company's oil and gas interests during the years ended January 31, 2006 and 2005 are as follows:

	Bougie/ Trutch Property
Balance, January 31, 2004	\$ 0
Acquisition costs	257,700
Exploration costs	
Drilling and supplies	1,220,000
Geology and engineering	2,350
Camp and supplies	2,105
Total additions during year	1,482,155
Balance, January 31, 2005	1,482,155
Acquisition costs	120,000
Exploration costs	
Drilling and supplies	467,758
General fees	43,101
Geology and engineering	12,310
Expense recovery	(470)
Total additions during year	642,699
Balance, January 31, 2006	\$2,124,854

Bougie/Trutch Oil and Gas Property

The Company has entered into a participation agreement (the "Agreement") with Tenaka Drilling Consortium Ltd. ("Tenaka"), in the form presented to the directors and dated as of December 6, 2004, wherein the Company has been granted the right to participate in the drilling and completion of a test well on the Bougie/Trutch area prospect in northeastern British Columbia in order to earn (not issued):

- (a) a 15% working interest in the well and the Slave Point to basement zones in 26 sections of land (the "Farmout Lands") subject to a 3% GORR with respect to the Slave Point to basement zones;
- (b) a 15% working interest in all zones from surface to a depth shallower than the top of the Slave Point formation in the spacing unit of the test well subject to a convertible GORR of net 3% together with a 7.5% working interest in five additional contiguous sections (the "Earning Block");

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7. OIL AND GAS INTERESTS (Continued)

Bougie/Trutch Oil and Gas Property (Continued)

- (c) the right to participate with Tenaka for one year from the test well rig release in the drilling of such additional well as Tenaka may elect to drill (the "Option Well") on any block not earned by the test well to earn a 15% working interest in the Earning Block on the same terms as the test well; and
- (d) the right to participate in the drilling of wells (the "Joint Wells") proposed by Tenaka over a period of six months from the earning in the test well on the Farmout Lands or the Earning Block.

In consideration for which:

- (a) The Company will pay:
 - \$25,000 as a non-refundable fee for a right of first refusal (paid);
 - \$50,000 upon the signing of the Agreement (paid);
 - \$1,221,000 upon receipt of a cash call for the drilling of a test well, representing 15% of the total cost of drilling the test well (paid); and
 - upon receipt of a cash call, its proportionate share of the drilling, completion and tie-in costs of any Option or Joint Wells (paid).
- (b) The Company will issue to Tenaka:
 - 300,000 common shares upon execution of this Agreement (issued);
 - 300,000 common shares upon spudding of the test well (issued); and
 - 375,000 common shares upon tie-in of the test well. At this time, the Company will also issue 375,000 common share purchase warrants, exercisable for a period of two years at the maximum discount allowed by the TSX. The exercise price of the warrants will be determined at the time of issuance of shares on the tie-in of the test well.

In connection with the acquisition, the Company has paid a finder's fee to Gatmar Management Corporation of 402,692 common shares of the Company (the "Finder's Fee") for introducing the project to the Company.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
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8. RELATED PARTY TRANSACTIONS

- (a) The amount due to a director of the Company is unsecured, non-interest bearing and with no specific terms of repayment.
- (b) Included in management fees is \$12,500 (2005 - \$31,480) for accounting and management services paid during the year to a company controlled by a director/officer.
- (c) Included in investment in and expenditures on resource properties is \$10,699 (2005 - \$nil) for exploration expenditures incurred on behalf of the Company by a company controlled by a director/officer.
- (d) Included in travel and promotion and telephone expenses is \$152,426 (2005 - \$149,587) for related costs incurred on behalf of the Company by a director/officer of the Company.
- (e) Included in rent and expense is \$13,889 (2005 - \$nil) for office space leased by a director/officer of the Company in furthering business efforts in the United States of America.

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

9. CAPITAL STOCK

- (a) Authorized
100,000,000 Common shares without par value
- (b) Issued and outstanding

	2006		2005	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	41,363,576	\$10,445,087	23,546,384	\$7,007,008
Issued during year				
For cash, pursuant to private placements	4,483,223	1,613,960	12,010,000	2,602,000
Pursuant to resource properties options				
For Ferguson Lake Property (note 6(a))	0	0	275,000	27,500
For Blustry Mountain (note 6(b))	250,000	45,500	50,000	12,000
For Hearne Channel (note 6(d))	450,000	175,500	200,000	42,000
For Bougie/Trutch Property (note 7(a))	300,000	120,000	702,692	182,700
For Thrust Project (note 6(f))	450,000	184,500	0	0
For finder's fees on Hearne Channel Property (note 6(d))	0	0	40,000	8,400
Exercise of share purchase warrants	7,835,000	1,890,450	2,340,000	365,500
Exercise of stock options	2,515,000	367,200	0	0
Shares issued for debt	0	0	2,199,500	415,000
Transferred from contributed surplus on exercise of stock options	0	356,516	0	14,179
Share issue costs	0	(60,876)	0	(231,200)
Balance, end of year	57,646,799	\$15,137,837	41,363,576	\$10,445,087

WYN DEVELOPMENTS INC.
Notes to Financial Statements
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9. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

During the 2005 year, the Company completed a private placement in the amount of 5,510,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$1,102,000. Each unit consists of one common share in the capital stock of the Company and one non-transferable common share purchase warrant. Each warrant is exercisable at a price of \$0.27 and will entitle the placee to acquire an additional common share of the Company for a period of one year. The Company paid a finders' fee in the amount of \$106,200 in connection with the private placement.

On August 26, 2004, the Company settled debts with a major creditor. The Company issued a total of 1,700,000 common shares at a deemed price of \$0.20 per share to settle the outstanding amount of \$340,000.

The Company concurrently completed a debt settlement announced October 9, 2003, with two other creditors in the amount of \$75,000 at \$0.15 per share for a total of 500,000 shares of common stock of the Company. The individuals, both directors of the Company, acquired the debt by assignment from the major creditor.

On November 5, 2004, pursuant to a private placement, the Company issued an aggregate of 2,500,000 units at \$0.20 each for cash proceeds of \$500,000. Each unit consists of one common share and one share purchase warrant, exercisable into one additional common share for payment of \$0.27 for a period of one year from the date of closing. Finders' fees in the amount of \$45,000 were paid in connection with this placement.

On November 29, 2004, pursuant to a private placement, the Company issued an aggregate of 4,000,000 units at \$0.25 each for cash proceeds of \$1,000,000. Each unit consists of one common share and one share purchase warrant, exercisable into one additional common share for payment of \$0.32 for a period of one year from the date of closing. Finders' fees in the amount of \$80,000 were paid in connection with this placement.

On February 8, 2005, pursuant to a subscription agreement, the Company issued an aggregate of 2,222,223 units at \$0.36 each for cash proceeds of \$800,000. Each unit consists of one common share and one share purchase warrant, exercisable into one additional common share for payment of \$0.42 for a period of one year from the date of closing (extended to June 8, 2006 as of January 12, 2006).

On March 14, 2005, pursuant to a subscription agreement, the Company issued an aggregate of 300,000 units at \$0.36 each for cash proceeds of \$108,000. Each unit consists of one common share and one non-transferable common share purchase warrant, exercisable into one additional common share for payment of \$0.42 for a period of one year from the date of closing.

On August 26, 2005, pursuant to a subscription agreement, the Company issued an aggregate of 1,961,000 units at \$0.36 each for cash proceeds of \$705,960. Each unit consists of one common share and one-half share purchase warrant, exercisable into one additional common share for payment of \$0.45 for a period of one year from the date of closing.

WYN DEVELOPMENTS INC.
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9. CAPITAL STOCK (Continued)

(c) Contributed surplus

Contributed surplus increased in connection with the recognition of compensation cost relating to stock options. The applicable amounts are transferred to capital stock when those stock options are exercised:

	2006	2005
Contributed surplus, beginning of year	\$ 469,016	\$ 333,195
Stock option expense for year	856,770	150,000
Transferred to capital stock on exercise of stock options	(356,516)	(14,179)
Contributed surplus, end of year	\$ 969,270	\$ 469,016

(d) Stock options

During the year ended January 31, 2004, the Company received regulatory and shareholder approvals for its stock option plan (the "Plan"). The Plan is effective until 2013 unless terminated earlier. The Plan is administered by the directors of the Company. The directors have full power to grant options, the number of options, and to determine the terms, limitations, restrictions and conditions respecting such options. Options may be granted to employees, senior officers, directors, non-employee directors, management company employees and consultants of the Company and its affiliates who are, in the opinion of the directors, in a position to contribute to the success of the Company. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance may not exceed 10% of the issued shares at the time of grant and to each individual may not exceed 5% of the issued shares (2% to an employee conducting investor relations activities or to any consultant in a 12-month period). The price per optioned share shall be determined by the directors and shall not be less than \$0.10 per share, and will be subject to a maximum discounted market price formula. The option period shall not exceed five years from the date the option is granted. Options granted to an optionee who is a director, senior officer, employee or consultant must expire within 90 days after the optionee ceases to be in at least one of those categories and options granted to an optionee who is engaged in investor relations activities must expire within 30 days after the optionee ceases to be employed to provide such services, except in the case of death in which case they terminate after one year. Vesting of the options is determined by the directors at the grant date; however, options issued to consultants engaged to perform investor relations activities must be subject to a vesting requirement, whereby options vest in stages over 12 months with no more than 25% of the options vesting in any three-month period.

WYN DEVELOPMENTS INC.
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Years Ended January 31, 2006 and 2005

9. CAPITAL STOCK (Continued)

(d) Stock options (Continued)

A summary of the status of the stock option plan as of January 31, 2006 and changes during the years ended on those dates is presented below:

	2006		2005	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding and exercisable, beginning of year	3,150,000	\$ 0.22	2,350,000	\$ 0.14
Granted	3,850,000	\$ 0.39	900,000	\$ 0.31
Exercised	(2,625,000)	\$ 0.15	(100,000)	\$ 0.14
Options outstanding and exercisable, end of year	4,375,000	\$ 0.42	3,150,000	\$ 0.22

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for options. During the year ended January 31, 2006, 3,850,000 (2005 - 900,000) options were granted, which resulted in a charge to operations totalling \$672,610 (2005 - \$150,000).

The fair value of each option grant is calculated using the following weighted average assumptions:

	2006	2005
Expected life (years)	2.00	2.00
Interest rate	3.00%	2.00%
Volatility	122%	117%
Dividend yield	0.00%	0.00%

As at January 31, the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of Shares	
		2006	2005
June 24, 2005	\$ 0.12	0	1,400,000
January 29, 2006	\$ 0.18	0	850,000
October 26, 2006	\$ 0.18	675,000	900,000
February 14, 2007	\$ 0.36	550,000	0
March 11, 2007	\$ 0.41	650,000	0
September 20, 2007	\$ 0.385	2,500,000	0
		4,375,000	3,150,000

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9. CAPITAL STOCK (Continued)

(e) Share purchase warrants

A summary of the status of share purchase warrants as of January 31, 2006 and changes during the years ended on those dates is presented below:

	2006		2005	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, beginning of year	7,510,000	\$ 0.23	5,480,000	\$ 0.15
Granted	3,502,723	\$ 0.43	5,510,000	\$ 0.27
Expired	(250,000)	\$(0.17)	(1,240,000)	\$(0.16)
Exercised	(7,260,000)	\$(0.24)	(2,240,000)	\$(0.16)
Warrants outstanding and exercisable, end of year	3,502,723	\$ 0.42	7,510,000	\$ 0.23

As at January 31, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price Per Share	Number of Shares	
		2006	2005
May 18, 2005	\$0.27	0	5,510,000
November 1, 2005	\$0.15	0	2,000,000
February 8, 2006	\$0.42	2,222,223	0
March 17, 2006	\$0.42	300,000	0
August 29, 2006	\$0.45	980,500	0
		3,502,723	7,510,000

(f) Escrow shares

A total of 8,948,700 common shares were subject to escrow agreements signed in previous years. Of this total, 250,000 shares may be released only upon approval of the TSX and 8,698,700 shares are subject to a time release over a three-year period from November 21, 2002 as follows:

- (i) 40% - 12 months after November 21, 2002 (released);
- (ii) 15% - 18 months after November 21, 2002 (released subsequent to year-end);
- (iii) 15% - 24 months after November 21, 2002;
- (iv) 15% - 30 months after November 21, 2002; and
- (v) 15% - 36 months after November 21, 2002.

At January 31, 2006, the Company had released a total of 3,349,610 shares from escrow, leaving a balance of 1,020,000 shares still in escrow.

WYN DEVELOPMENTS INC.
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

10. INCOME TAXES

The components of future income tax assets are as follows:

	2006	2005
Future income tax assets		
Non-capital loss carry-forwards for Canadian income tax purposes	\$ 1,702,000	\$ 1,938,300
Net capital loss carry-forwards for Canadian income tax purposes	2,741,800	1,370,900
Unused cumulative Canadian exploration and development expenses	4,410,308	153,591
Unused cumulative foreign exploration and development expenditures	109,016	109,016
	8,963,124	3,571,807
Tax rate	34.12%	35.62%
	3,058,218	1,272,278
Valuation allowance	(3,058,218)	(1,272,278)
	\$ 0	\$ 0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

The Company has available approximate non-capital losses that may be carried forward to apply against future years' income for Canadian income tax purposes. The losses expire as follows:

Available to	Amount
2007	\$ 30,300
2008	380,600
2009	148,400
2010	38,500
2011	110,700
2015	343,800
2016	649,700
	\$ 1,702,000

WYN DEVELOPMENTS INC.
Notes to Financial Statements
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10. INCOME TAXES (Continued)

The Company also has approximately \$2,741,800 of capital losses that can be applied against future capital gains taxable in Canada, which carry-forward indefinitely. The benefit of these losses has not been recorded in these financial statements.

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2006	2005
	34.12%	35.62%
Income tax benefit computed at Canadian statutory rates	\$ 791,092	\$ 282,061
Permanent differences not recognized in year	(592,415)	(91,199)
Unrecognized tax losses	(198,677)	(190,862)
	\$ 0	\$ 0

11. SUBSEQUENT EVENTS

- (a) On February 2, 2006, the Company signed a letter of agreement ("Agreement") to acquire a right of first refusal ("ROFR") to participate for a 21.33% working interest in the drilling of a Slave Point test well located in the Prophet River of northeastern British Columbia, as well as a 3-D seismic program. The Company paid \$50,000 for this ROFR and will have the right to earn a 21.33% working interest in 11 sections of leases and the test well from the surface to the deepest depth drilled by paying 33.33% of the cost of the 3-D seismic program and the drilling, completion and tie-in of the test well. The Company will also have the option to earn an additional 10 sections by drilling an option well and will earn the option well and the 10 sections to the total depth drilled.

The operator of this well, a North American major oil and gas producer will test multiple potential pay zones of natural gas including the Slave Point Formation. This working interest is subject to a non-convertible 2.5% gross overriding royalty to the 100% working interest. The operator has the right to convert its 35% working interest to a 12.5% non-convertible gross overriding royalty within 30 days of receipt of production test information. If the operator converts its working interest to a royalty, the Company's working interest will increase from a 21.67% working interest to a 33.33% working interest.

Upon the execution of this Agreement, a number of fully paid and non-assessable common shares of the Company will be issued in three defined stages for the following amounts:

- (i) \$75,000 upon TSX approval;
- (ii) \$75,000 upon completion of test well spudding; and
- (iii) \$200,000 subsequent to proven and probable reserves in excess of 75 BCF of gas that are established (all zones) on any or all of the operator lands.

The shares issued will be based on the average market price on the date of issuance.

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11. SUBSEQUENT EVENTS (Continued)

- (b) On February 13, 2006, pursuant to an agreement in 1993 with Impala regarding the Hearne Channel Property, 250,000 escrow shares were returned to treasury.
- (c) During April 2006, Wyn announced a non-brokered private placement intending to raise \$4,150,000 by issuing 5,000,000 (non-flow-through) units at \$0.38, each unit consists of one common share and one-half warrant at a price of \$0.50, for a maximum of \$1,900,000 and 5,000,000 flow-through units at \$0.45, each unit consists of one common share and one-half warrant at a price of \$0.50, for a maximum of \$2,250,000.
- (d) On May 29, 2006, the Company completed the private placement in the amount of 1,056,000 flow-through units of the Company at a price of \$0.45 per unit and 3,914,315 non-flow-through units of the Company at a price of \$0.38 per unit (collectively the "Unit") for gross proceeds of \$1,962,640. Each Unit consists of one common share in the capital stock of the Company and one-half share purchase warrant (the "Warrant"). Each Warrant is exercisable at a price of \$0.50 and will entitle the placee to acquire an additional common share of the Company for a one-year period.

The shares and underlying shares are subject to hold periods expiring September 26, 2006. The Company paid finder's fees in the amount of \$116,265 in connection with the private placement. Funds raised will be used for the Company's obligation under the participation agreement for the Prophet River Slave Point test well development and general working capital.