

**INTERNATIONAL NORTHAIR  
MINES LTD.**

**(A Development Stage Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOVEMBER 30, 2005**

**(Unaudited – Prepared by Management)**

Reader's Note: These interim consolidated financial statements for the nine months ended November 30, 2005 of International Northair Mines Ltd. ("Northair" or the "Company") have been prepared by management and have not been subject to review by the Company's auditor.

**Interim Consolidated Balance Sheet**

Canadian Funds – Unaudited - Prepared by Management

<b>ASSETS</b>	<b>November 30, 2005</b>		February 28, 2005	
<b>Current</b>				
Cash and cash equivalents	\$	468,618	\$	989,869
Accounts receivable		23,219		20,694
Due from related parties (Note 7)		209,673		187,020
Prepaid expenses and deposit		3,752		14,947
		<u>705,262</u>		1,212,530
<b>Investments - Marketable Securities</b> (Note 3)		<b>203,606</b>		211,262
<b>Property, Plant and Equipment</b> (Note 4)		<b>92,825</b>		83,423
<b>Resource Property Costs - Schedule</b> (Note 5)		<b>384,779</b>		384,483
<b>Reclamation Deposits</b>		<b>7,000</b>		7,000
	\$	<u>1,393,472</u>	\$	<u>1,898,698</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$	87,828	\$	93,597
Due to related parties (Note 7)		-		13,658
Current portion of capital lease obligation (Note 9)		8,407		8,407
		<u>96,235</u>		115,662
<b>Capital Lease Obligation</b> (Note 9)		<b>9,808</b>		16,814
		<u>106,043</u>		132,476
<b>SHAREHOLDERS' EQUITY</b>				
<b>Share Capital</b> (Note 6)		<b>21,161,001</b>		21,150,501
<b>Contributed Surplus</b> (Note 6)		<b>461,898</b>		437,683
<b>Deficit - Statement 2</b>		<b>(20,335,470)</b>		(19,821,962)
		<u>1,287,429</u>		1,766,222
	\$	<u>1,393,472</u>	\$	<u>1,898,698</u>

ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director  
"F.G. Hewett"

\_\_\_\_\_, Director  
"D. Bruce McLeod"

- See Accompanying Notes to the Interim Consolidated Financial Statements -

**Interim Consolidated Statement of Loss and Deficit**

Canadian Funds – Unaudited - Prepared by Management

	Three months Ended November 30		Nine months Ended November 30	
	2005	2004	2005	2004
<b>General and Administrative Expenses</b>				
Salaries and benefits	\$ 11,639	\$ 37,283	\$ 90,358	\$ 139,467
Stock-based compensation	14,671	-	24,215	18,102
Office, equipment rental and general	45,437	50,213	162,221	175,873
Shareholder information and investor relations	27,515	28,269	55,595	77,471
Foreign exchange loss (gain)	3,235	8,528	(5,242)	16,171
Professional fees	(5,732)	7,046	27,426	48,428
Regulatory compliance and transfer agent fees	1,725	4,124	29,440	17,987
Administrative recoveries	(59,770)	(85,395)	(96,762)	(258,471)
<b>Loss before the Undernoted</b>	<b>(38,720)</b>	<b>(50,068)</b>	<b>(287,251)</b>	<b>(235,028)</b>
Write-off of exploration costs on outside properties and properties abandoned	(94,755)	(94,917)	(250,529)	(243,446)
Write-down of investments	(12,630)	-	(17,491)	-
Gain on sale of investments	-	-	-	65
Gain from resource property option agreement	-	-	33,558	-
Interest and sundry	427	7,787	8,205	23,433
<b>Income (Loss) for the period</b>	<b>(145,678)</b>	<b>(137,198)</b>	<b>(513,508)</b>	<b>(454,976)</b>
Deficit – Beginning of period	(20,189,792)	(18,721,733)	(19,821,962)	(18,403,955)
<b>DEFICIT – End of the period</b>	<b>\$ (20,335,470)</b>	<b>\$ (18,858,931)</b>	<b>\$ (20,335,470)</b>	<b>\$ (18,858,931)</b>
<b>EARNINGS (LOSS) PER SHARE</b>				
<b>- Basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>13,077,172</b>	<b>13,027,172</b>	<b>13,046,627</b>	<b>13,010,198</b>

**Interim Consolidated Statements of Cash Flows**

Canadian Funds – Unaudited - Prepared by Management

	<u>Three Months Ended November 30</u>		<u>Nine Months Ended November 30</u>	
	2005	2004	2005	2004
<b>CASH RESOURCES PROVIDED BY (USED IN)</b>				
<b>Operating activities</b>				
Net income (loss) for the period	\$ (145,678)	\$ (137,198)	\$ (513,508)	\$ (454,976)
Items not affecting cash				
Write-off of exploration costs on outside properties and properties abandoned	94,755	94,917	250,529	243,446
Stock-based compensation	14,671	-	24,215	18,102
Write-down of investments	12,630	-	17,491	-
Amortization	6,165	5,544	20,855	13,843
Gain from resource property option receipt	-	-	(33,558)	-
Gain on sale of investments	-	-	-	(65)
	(17,457)	(36,737)	(233,976)	(179,650)
Changes in non-cash working capital	(176,587)	(85,465)	(33,410)	(245,907)
	(194,044)	(122,202)	(267,386)	(425,557)
<b>Investing activities</b>				
Resource property costs	(78,026)	(119,266)	(240,517)	(744,752)
Proceeds from sale of investments	-	-	-	90
Option payment received	-	-	15,000	-
Acquisition of investments	-	-	(1,585)	-
Acquisition of property, plant and equipment	-	(17,603)	(30,257)	(26,705)
	(78,026)	(136,869)	(257,359)	(771,367)
<b>Financing activities</b>				
Reduction of obligation under capital lease	(2,102)	-	(7,006)	-
Issuance of share capital	-	-	10,500	143,495
	(2,102)	-	3,494	143,495
<b>Net decrease in cash</b>	(274,172)	(259,071)	(521,251)	(1,053,429)
Cash position – Beginning	742,790	1,229,214	989,869	2,023,572
<b>Cash position – Ending</b>	\$ 468,618	\$ 970,143	\$ 468,618	\$ 970,143

**Schedule of Non-Cash Investing and Financing Transactions**

Stock-based compensation	\$ 14,671	\$ -	\$ 24,215	\$ 18,102
Equipment under capital lease	\$ 18,215	\$ -	\$ 18,215	\$ -
Option payment received in shares	\$ -	\$ -	\$ (8,250)	\$ -

**International Northair Mines Ltd.***(A Development Stage Company)*Schedule**Interim Consolidated Schedule of Resource Property Costs***Canadian Funds – Unaudited - Prepared by Management*

	Acquisition Costs	Exploration Costs	As at November 30, 2005	Year Ended February 28, 2005
<b>Direct - Mineral</b>				
<i>Mexico</i>				
Sierra Rosario				
Labour and supervision	\$ -	\$ 5,051	\$ 5,051	\$ 6,524
Field work and travel	-	1,963	1,963	1,471
Taxes	334	-	334	683
Recoveries	-	(9,246)	(9,246)	-
- Option payments	(23,250)	-	(23,250)	(20,000)
	(22,916)	(2,232)	(25,148)	(11,322)
El Tesoro				
Salaries and consulting	-	2,100	2,100	161,830
Field work	-	510	510	139,862
Assays	-	-	-	87,375
Road building	-	-	-	40,779
Camp and general	-	-	-	35,078
Travel	-	-	-	21,705
Taxes	1,911	-	1,911	7,309
Option payments	-	-	-	1,296
Permits and licenses	-	-	-	245
	1,911	2,610	4,521	495,479
Las Moras				
Option payment	-	-	-	7,827
Claimstaking	-	-	-	5,667
Salaries and consulting	-	6,119	6,119	5,065
Taxes	724	-	724	1,386
Field work and general	-	1,896	1,896	901
Travel	-	1,516	1,516	-
Assays	-	-	-	424
	724	9,531	10,255	21,270
La Joya				
Claimstaking	-	-	-	4,464
Salaries and consulting	-	-	-	2,553
Assaying, camp and general	-	-	-	959
	-	-	-	7,976
<b>Balance Carry Forward</b>	\$ (20,281)	\$ 9,909	\$ (10,372)	\$ 513,403

- See Accompanying Notes to the Interim Consolidated Financial Statements -

**International Northair Mines Ltd.***(A Development Stage Company)*Schedule**Consolidated Schedule of Resource Property Costs***Canadian Funds – Unaudited - Prepared by Management*

	Acquisition Costs	Exploration Costs	As at November 30, 2005	Year Ended February 28, 2005
<b>Balance Carried Forward</b>	\$ (20,281)	\$ 9,909	\$ (10,372)	\$ 513,403
<b>Direct - Mineral</b>				
General exploration				
Salaries and consulting	-	139,945	<b>139,945</b>	173,076
Field work and travel	-	46,833	<b>46,833</b>	101,409
Assaying, camp and general	-	40,477	<b>40,477</b>	46,515
Claimstaking	384	-	<b>384</b>	5,110
	<u>384</u>	<u>227,255</u>	<u><b>227,639</b></u>	<u>326,110</u>
<b>Net Costs for the Period</b>	(19,897)	237,164	<b>217,267</b>	839,513
Balance - Beginning of period	23,426	361,057	<b>384,483</b>	743,353
Gain from resource property option	18,744	14,814	<b>33,558</b>	-
Write-off of exploration costs on outside properties and properties abandoned <i>(Note 5)</i>	<u>(13,089)</u>	<u>(237,440)</u>	<u><b>(250,529)</b></u>	<u>(1,198,383)</u>
<b>Balance – End of Period</b>	\$ 9,184	\$ 375,595	\$ <b>384,779</b>	\$ 384,483

- See Accompanying Notes to the Interim Consolidated Financial Statements -

**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management***1. Basis of Presentation**

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company as at February 28, 2005.

**2. Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and short term deposits, accounts receivable, amounts due from related parties, investments, reclamation deposits, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

**3. Investments - Marketable Securities**

Details are as follows:

	<b>November 30, 2005</b>	November 30, 2005	February 28, 2005
	<b>Net Book Value</b>	Market Value	Net Book Value
Tenajon Resources Corp. * – 1,043,734 (1,043,734) shares	\$ 52,982	\$ 208,747	\$ 52,982
Troon Ventures Ltd. * – 402,719 (402,719) shares	78,254	102,693	78,254
NDT Ventures Ltd. * – 252,600 (237,600) shares	10,104	10,104	23,760
Samba Gold Inc. (formerly Kaieteur Resources Ltd.) – 10,000 (10,000) shares	1,600	1,750	1,600
Spartan Resources Inc. – 75,000 (Nil) shares	6,000	11,625	-
Stornoway Diamond Corporation * – 180,000 (180,000) shares	54,666	167,400	54,666
	<b>\$ 203,606</b>	<b>\$ 502,319</b>	<b>\$ 211,262</b>

Investments are recorded at the lower of cost or market and represent less than a 10% interest in the respective companies.

\* Have certain directors and officers in common with the Company.

**4. Property, Plant and Equipment**

Details are as follows:

			<b>November 30,</b>	February 28,
	Cost	Accumulated Amortization	<b>2005</b>	2005
			<b>Net Book Value</b>	Net Book Value
Office furniture and equipment	\$ 136,510	\$ (65,123)	\$ 71,387	\$ 58,202
Equipment under capital lease	25,221	(3,783)	21,438	25,221
	<b>\$ 161,731</b>	<b>\$ (68,906)</b>	<b>\$ 92,825</b>	<b>\$ 83,423</b>

**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management***5. Resource Property Costs**

a) Details are as follows:

	Acquisition	Exploration	November 30, 2005	February 28, 2005
Mexico Properties				
- Sierra Rosario	\$ (8,102)	\$ 12,879	\$ 4,777	\$ (3,632)
- El Tesoro	14,931	334,205	349,136	344,615
- Las Moras	12,705	10,185	22,890	35,524
- La Joya	4,464	3,512	7,976	7,976
	<u>\$ 23,998</u>	<u>\$ 360,781</u>	<u>\$ 384,779</u>	<u>\$ 384,483</u>

The current period write-off of exploration costs on outside properties and properties abandoned consisted of:

Mexico – Las Moras	\$ 22,890
Mexico - General exploration and property examinations	<u>227,639</u>
	<u>\$ 250,529</u>

b) **Sierra Rosario, Mexico**

The Company acquired, by staking, a concession in the state of Sinaloa Mexico, known as Sierra Rosario (“Rosario”). By letter of intent dated March 11, 2004, the Company granted Sparton Resources Inc. (“Sparton”) the option to acquire a 51% interest in the property by completing the following:

	Cash	Shares	Exploration Expenditures
Upon signing the agreement (received)	\$ 20,000	-	\$ -
On or before March 11, 2005 (received)	15,000	75,000	-
On or before August 31, 2005 (completed)	-	-	150,000 *
On or before March 11, 2006	20,000	100,000	150,000
On or before March 11, 2007	25,000	100,000	200,000
On or before March 11, 2008	50,000	-	300,000
	<u>\$ 130,000</u>	<u>275,000</u>	<u>\$ 800,000</u>

\* \$50,000 of the \$150,000 is a firm commitment.

By letter agreement dated March 8, 2005, the Company and Sparton agreed to extend the deadline to meet the first year of expenditures from March 11, 2005 to August 31, 2005.



**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management***5. Resource Property Costs - Continued****c) El Tesoro, Mexico**

The Company acquired a large property position located in the State of Durango, Mexico, consisting of four concessions by staking and an additional four concessions by option agreements.

In March 2005, the Company terminated the option agreements relating to the Guadalupe, Dos Hermanos, Santo Niño and La Esperanza mineral concessions. In anticipation of this decision, the Company wrote-off related exploration and acquisition costs of \$874,512 during the year ended February 28, 2005.

The Company continues to maintain its interest in four mineral concessions known as La Lajita, Tesoro 1, Tesoro 2 and Tesoro 3, that were acquired by staking. These mineral concessions are located in Pueblo Nuevo Municipality, State of Durango, Mexico.

In September 2005, the Company's wholly-owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. ("Grupo Northair") entered into a Letter of Intent with Compania Minera San Valentin, S.A. de C.V. ("San Valentin") whereby San Valentin may lease Grupo Northair's El Tesoro concessions for up to 15 years by paying Grupo Northair US\$2,000 per month to explore and mine the G Zone and an additional US\$3,000 per month for the rights to the rest of the concessions. San Valentin has the option to purchase the G Zone for US\$200,000 and the remainder of the concessions for a further US\$300,000. Should San Valentin exercise the purchase option, Grupo Northair will retain a 49% back-in right for the G Zone. The agreement is subject to board and regulatory approvals.

**d) Las Moras, Mexico**

By letter of intent dated October 16, 2003, the Company had an option to earn a 100% interest in certain mineral concessions known as Las Moras located in the State of Durango, Mexico. During the current period, the Company terminated its option agreement to earn an interest in the privately held concession. The Company continues to hold a 100% interest in a staked concession covering grounds adjacent to the privately held concession.

**e) La Joya, Mexico**

During the year ended February 28, 2005, the Company acquired, by staking, a concession in the state of Durango, Mexico, known as the La Joya Project.

**6. Share Capital****a) Details are as follows:**

	Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Balance – February 29, 2005	13,027,172	\$ 21,150,501
Exercise of options	50,000	10,500
Balance – November 30, 2005	13,077,172	\$ 21,161,001

**b) Stock Options**

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant up to a total of 1,705,992 options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant date. Options vest on the grant date.

**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management***6. Share Capital - Continued****b) Stock Options - Continued**

A summary of the Company's outstanding options is as follows:

Opening balance, February 28, 2005	1,200,000
Granted	170,000
Exercised	(50,000)
Cancelled	(25,000)
Ending balance, November 30, 2005	<u>1,295,000</u>

As at November 30, 2005, the Company had the following incentive stock options outstanding:

Number	Exercise Price	Expiry
75,000	\$0.15	October 17, 2006
325,000	\$0.25	July 17, 2007
5,000	\$0.40	June 5, 2008
635,000	\$0.69	October 21, 2008
20,000	\$1.20	January 8, 2009
65,000	\$0.40	June 17, 2009
50,000	\$0.35	March 15, 2010
120,000	\$0.23	September 14, 2010
<u>1,295,000</u>		

During the period ended November 30, 2005, the Company granted options to purchase up to 50,000 shares of the Company's stock to an employee at an exercise price of \$0.35 and the Company granted options to purchase up to 120,000 shares of the Company's stock to directors, officers and employees at an exercise price of \$0.23. A fair value of these options of \$24,215 (*Note 6d*) has been recorded in the Company accounts.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	58.4% ~ 60.1%
Risk free interest rate	3.58% ~ 3.81%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the company's stock options.

**c) Warrants**

As at November 30, 2005, the Company had no (February 28, 2005 – 1,493,931) warrants outstanding. On September 30, 2005, warrants to acquire 1,493,931 common shares of the Company at \$0.80 per share expired without exercise.

**d) Contributed Surplus**

Balance – February 28, 2005	\$ 437,683
Fair value of stock-based compensation ( <i>Note 6b</i> )	<u>24,215</u>
Balance – November 30, 2005	<u>\$ 461,898</u>

**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management***7. Related Party Transactions**

Except as disclosed elsewhere in the financial statements, related party transactions are as follows:

- a) Administrative recoveries of \$96,762 (November 30, 2004 - \$258,471) are primarily recovered from various companies with certain directors in common.
- b) Total salaries of \$206,250 (November 30, 2004 - \$193,500) were paid to two directors of the Company. The Company recovered \$108,520 (November 30, 2004 - \$133,885) based on time spent for these two directors, from companies with certain directors in common.
- c) The amounts due from (to) related parties are for expense reimbursements and are receivable from (payable to) various companies with directors in common. The amounts are non-interest bearing and are receivable (payable) within the following year, and therefore, have been classified as current.
- d) Troon Ventures Ltd., Tenajon Resources Ltd., Stornoway Diamond Corp. (formerly Northern Empire Minerals Ltd.), Sherwood Copper Corporation and NDT Ventures Ltd. have certain directors and officers in common with the Company.
- e) During the period, directors and officers acquired 50,000 (2005 – 30,000) shares of the Company for proceeds to the Company of \$10,500 (2005 – \$18,500).

**8. Segmented Information**

The Company's business consists of mineral exploration and development. Details on geographic segments are as follows:

	Canada		Mexico		Total	
	2005	2004	2005	2004	2005	2004
Income (loss) for the period	\$ (511,388)	\$ (232,172)	\$ (2,120)	\$ (222,804)	\$ (513,508)	\$ (454,976)
Identifiable assets	\$ 976,022	\$ 1,610,928	\$ 417,450	\$ 1,250,557	\$ 1,393,472	\$ 2,861,485
Administrative expenses	\$ 388,796	\$ 477,727	\$ (4,783)	\$ 15,772	\$ 384,013	\$ 493,499

**9. Lease Obligations**

- a) The Company has a lease agreement for its office space. The minimum annual commitments for rental expenses are as follows:

2007	\$ 115,752
2008	\$ 115,752
2009	\$ 135,031
2010	\$ 135,031

The Company has a sub-lease agreement with Strongbow Exploration Inc., a company with a certain officer in common. The Company may recover approximately two-thirds of the annual rent commitment.

**International Northair Mines Ltd.***(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****November 30, 2005***Canadian Funds – Unaudited - Prepared by Management*

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**9. Lease Obligations - Continued**

- b) The Company has an asset classified as a capital lease and the applicable cost is included in property, plant and equipment (*Note 4*). Future minimum lease payments with remaining terms in excess of one year are as follows:

2006	\$	1,401
2007		8,407
2008		8,407
Total minimum lease payments		18,215
Less: Current portion		(8,407)
Long-term portion	\$	9,808

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**10. Income Taxes**

The Company has incurred certain resource related expenditures of approximately \$5,521,000 which may be carried forward indefinitely and used to reduce prescribed taxable income in future years.

The Company has allowable capital losses for tax purposes of approximately \$978,000 which may be carried forward indefinitely. These losses may be used to reduce taxable capital gains in future years.

The Company has allowable non-capital losses for tax purposes of approximately \$247,000 as follows:

2011	\$	34,000
2015	\$	213,000
	\$	247,000

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The potential future tax benefits of these resource related expenditures and income tax losses have not been recognized in the accounts of the Company.

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**11. Comparative Figures**

Certain of the comparative figures have been reclassified to conform with the current period's presentation.

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