

**LA QUINTA RESOURCES CORPORATION**

**FINANCIAL STATEMENTS**

**March 31, 2006 AND 2005**



**LA QUINTA RESOURCES CORPORATION.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**THREE MONTHS ENDED MARCH 31, 2006 and 2005**  
Unaudited

	2006	2005
<b>EXPENSES</b>		
Amortization	\$ -	\$ -
Bank charges and interest	84	51
Geological property assessments	18,897	-
Management fees	15,000	15,000
Office and miscellaneous	1,294	300
Professional fees	9,000	6,000
Rent	808	3,331
Shareholder communications	1,074	
Stock based compensation	-	44,300
Transfer, regulatory and sponsorship fees	6,414	27,928
Travel and conferences	5,634	2,155
<b>Loss before income taxes</b>	<b>\$ 58,205</b>	<b>\$ 99,065</b>
<b>Future Income Tax Recovery</b>		
Gain realized on future income taxes	\$ 102,010	\$ 5,671
<b>Gain (loss) for the period</b>	<b>\$ 43,805</b>	<b>\$ (93,394)</b>
<b>Deficit, beginning of period</b>	<b>\$ (272,112)</b>	<b>\$ (42,599)</b>
<b>Deficit, end of period</b>	<b>\$ (228,307)</b>	<b>\$ (135,993)</b>
<b>Basic earnings (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ ( 0.02)</b>
<b>Weighted average number of shares outstanding during the period</b>	<b>9,238,000</b>	<b>5,255,000</b>

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

**LA QUINTA RESOURCES CORPORATION.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2006 and 2005**  
Unaudited

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) from operations	\$ 43,805	\$ (93,394)
Items not affecting cash:		
Gain on realization of future tax effects of flow through shares	(102,010)	(5,671)
Stock-based compensation		44,300
Changes in non-cash working capital items:		
Increase in prepaid expenses and deposits	(1,985)	(1,697)
Increase (decrease) in accounts payable and accrued liabilities	(61,708)	(34,838)
Net cash provided by operating activities	<u>(121,898)</u>	<u>(91,300)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deferred exploration	\$ -	\$ (2,324)
Net cash used in investing activities	<u>\$ -</u>	<u>\$ (2,324)</u>
<b>Change in cash and equivalents during the period</b>	<b>\$ (121,898)</b>	<b>\$ (93,624)</b>
<b>Cash and equivalents, beginning of period</b>	<b>\$ 783,518</b>	<b>\$ 173,786</b>
<b>Cash and equivalents, end of period</b>	<b>\$ 661,620</b>	<b>\$ 80,162</b>
<b>Cash paid during the period for:</b>		
Interest	\$ -	\$ -
Income taxes	-	-

Significant non-cash transaction of the Company during the period ended March 31, 2006:

- a) Recognized benefit of flow-through tax shares of \$122,731. (see note 4)

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

**LA QUINTA RESOURCES CORPORATION.**  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2006  
Unaudited

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated on August 17, 2004 under the British Columbia Company Act and its principal business activities include the acquiring and developing of mineral properties, began on that date.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company is considered to be in the development stage as it has not yet earned significant revenues.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and to achieve a favourable outcome of its contingencies.

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	March 31 2006	March 31 2005
Working capital	\$	77,279
Deficit		(15,137)

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**2. BASIS OF PRESENTATION**

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year or the preceding period. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's audited financial statements as at and for the year ended December 31, 2004. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

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**3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Howell Property, British Columbia	\$122,686
Crowsnest Property, British Columbia	\$ 47,129

Howell Property, British Columbia

On August 17, 2004, the Company accepted assignment of an option on the Howell property, from a company with a common director, under which the Company can earn a 60% interest in the mineral property by paying cash acquisition costs of \$220,000 over 4 years, issuing 150,000 common shares and incurring exploration expenditures of \$900,000 over 4 years. The schedule of commitments is as follows:

DATE	CASH PAYMENT	SHARES TO BE ISSUED	EXPENDITURE
ON SIGNING	\$2,500 (PAID)	20,000 (ISSUED)	-
BY AUGUST 4, 2005	\$5,000 (PAID)	20,000 (ISSUED)	\$100,000 (MADE)
BY AUGUST 4, 2006	\$12,500	20,000	\$100,000
BY AUGUST 4, 2007	\$20,000	20,000	\$100,000
BY DECEMBER 31, 2008	\$180,000	70,000	\$600,000
	\$220,000	150,000	\$900,000

Acquisition Costs

Balance, beginning of period	\$14,598
Option payments	-
Balance, end of period	\$14,598

Exploration Costs

Balance, beginning of period	\$108,088
Engineering and other costs	-
Balance, end of period	\$108,088

Balance, end of period	\$122,686
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Crowsnest Property, British Columbia

On August 17, 2004, the Company entered into an assignment of an option agreement with respect to the Crowsnest claims, from a company with a common director, under which the Company can earn up to a 60% interest in the claims by paying cash acquisition costs of \$100,000 over 4 years, issuing 150,000 common shares and incurring \$800,000 of exploration expenditures on the claims. The schedule of commitments is as follows:

DATE	CASH PAYMENT	SHARES TO BE ISSUED	EXPENDITURE
ON SIGNING	\$10,000 (PAID)	20,000 (ISSUED)	-
BY JULY 31, 2005	\$7,500 (PAID)	-	-
BY AUGUST 4, 2005	\$5,000 (PAID)	20,000 (ISSUED)	\$10,000 (MADE)
BY JULY 31, 2006	\$12,500	-	-
BY AUGUST 4, 2006	\$5,000	20,000	\$100,000
BY AUGUST 4, 2007	\$20,000	20,000	\$100,000
BY AUGUST 4, 2008	\$40,000	70,000	\$590,000
	\$100,000	150,000	\$800,000

Acquisition Costs

Balance, beginning of period	\$29,540
Option payments	-
Balance, end of period	\$29,540

Exploration Costs

Balance, beginning of period	\$17,589
Engineering and other costs	-
Balance, end of period	\$17,589
	\$47,129

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**4. CAPITAL STOCK**

Authorized:

Unlimited common shares without par value

Issued:

	Number of Shares	Share Amount	Contributed Surplus
Shares issued for cash	2,133,750	\$ 95,875	
Flow-through shares issued for cash	2,671,250	\$179,625	
Shares issued for services	360,000	\$ 21,000	
Shares issued for debt	50,000	\$ 5,000	
Shares issued for mineral properties	40,000	\$ 4,000	
Balance, December 31, 2004	5,255,000	\$304,500	
Recognize tax benefit realized on renunciation of flow through shares	-	\$(63,982)	
Share issue costs	-	\$(96,039)	
Shares issued for cash	2,564,000	\$641,000	
Flow through shares issued for cash	1,379,000	\$344,750	
Shares issued for property	40,000	\$ 10,000	
Balance, December 31, 2005	9,238,000	\$1,140,229	
Income tax benefit renounced	-	\$(122,731)	
Balance, March 31, 2005	9,238,000	\$1,017,498	

**Flow-through shares**

In the period, the Company renounced exploration expenditures to its flow-through shareholders and has recorded the tax effect of these shares in accordance with generally accepted accounting principles. The Company has \$410,000 of unexpended flow-through monies to expend on its properties in 2006.

**Stock options**

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the Company granted 775,000 options, subject to regulatory approval, on March 31, 2005 at an exercise price of \$0.25 per shares, and an expiry date of March 30, 2010.

**5. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the period:

- a) Paid or accrued management fees of \$15,000 to a director of the Company.
- b) Paid or accrued record keeping fees of \$3,000 to an officer of the Company.