



Item 1 - ANNUAL MD&A for the fiscal year ended December 31, 2005 (the "Fiscal Year") and to the date of this report for EXMIN Resources Inc. ("EXMIN", or "the Company", formerly Street Resources Inc.)

1. Date of this Report

This report is dated on **April 27, 2006**, is integral to and should be read in conjunction with the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2005.

2. Description of business.

Background

From its Amalgamation on June 25, 2002, and until the first quarter of 2004, the Company, then named The Learning Library Inc., was engaged in providing the platform, content conversion services and distribution channels for customers seeking to deliver and syndicate their training, learning and other business communication initiatives over the Internet. This business model failed to achieve the level of success anticipated and the Company was eventually unable to sustain it as a viable business model for a public company.

On July 9, 2004, the Company entered into an arm's length agreement with EXMIN, Inc., an Arizona-based private gold exploration company with mining interests in the Chihuahua-Sonora gold belt in Northwest Mexico, and its shareholders pursuant to which the Company paid \$500,000 to EXMIN, Inc. to acquire a 10% carried interest in EXMIN, Inc.'s Reyna de Oro concessions, and an option to purchase all of the issued and outstanding shares of EXMIN, Inc.

On August 16, 2004, the Company and EXMIN, Inc. entered into a definitive option agreement whereby the Company could exercise its option to acquire all of the shares of EXMIN, Inc. (the "EXMIN Acquisition") in consideration of: (i) 12,000,000 common shares; (ii) 2,000,000 share purchase warrants exercisable for a period of five years to acquire 2,000,000 common shares of the Company at a price of \$0.75 per share (subsequently amended to \$0.60 for the first two years and \$0.75 for the remaining three years); and (iii) 2,000,000 share purchase warrants exercisable for a period of five years to acquire 2,000,000 common shares at a price of \$1.00 per share (subsequently amended to \$0.60 for the first two years and \$0.75 for the remaining three years).

On September 23, 2004, the Company entered into an arm's length agreement with 2029778 Ontario Inc. pursuant to which the Company was granted the option to acquire up to a 100% interest in certain contiguous mining claims located at Street Township, Ontario.

On November 30, 2004, the Company entered into an asset sale agreement with Learning Library Limited Partnership, ("LLLPP"), pursuant to which the Company sold substantially all of the assets relating to its e-learning and e-communication application services and solutions business (the "e-learning business") to LLLPP in exchange for LLLPP assuming all of the liabilities related to the business. Pursuant to the articles of amendment dated December 31, 2004, upon completion of the asset sale, the Company changed its name from The Learning Library Inc. to Street Resources Inc. Certain cease-trade orders were lifted, and the Company's shares resumed trading on the NEX Board of the TSX Venture Exchange (the "Exchange") with the symbol "SRS.H".

Completion of the EXMIN Acquisition was subject to negotiation of a definitive share purchase agreement and the successful completion of a minimum \$3,000,000 equity financing by the



Company. The equity financing was successfully completed by the Company on February 25, 2005 and the share purchase agreement was entered into on March 31, 2005. A condition to earn an interest of 50% in the Street Township mining claims was also satisfied, and, subsequently, the Company exercised its option to acquire all of the issued and outstanding shares of EXMIN, Inc.

The Company changed its focus to the acquisition, exploration and development of mineral resource properties, and is now considered an exploration stage company, with properties in Mexico and Ontario, Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties.

Pursuant to an amending agreement dated March 31, 2005, the parties agreed to re-characterize the \$500,000 payment to EXMIN as a loan with an imputed interest rate of 15%, effective as of the date of payment and that the interest in the properties should be regarded as having been granted to the Company as additional consideration for the Company making such a loan to EXMIN. The loan was secured against EXMIN's assets and, subject to the completion of the EXMIN Acquisition, was repayable on June 30, 2005. During the first quarter of 2005, the Company loaned EXMIN, Inc. an additional \$395,000. This loan was non-interest bearing and secured against EXMIN, Inc.'s assets and was repayable on June 30, 2005. However, with the completion of the acquisition of EXMIN, Inc. the loan amounts became part of the consolidated assets of the Company.

On April 14, 2005 the Company completed the acquisition of all of the shares of EXMIN, Inc. by issuing its shareholders 12,000,000 common shares and 4,000,000 share purchase warrants mentioned above and detailed under sections 15, below.

With the completion of the acquisition of EXMIN, Inc. the Company, still named Street Resources Inc., received Exchange approval and graduated Tier 1 on the Exchange, with symbol "SRS". Concurrent with the acquisition, the Company announced a reconstitution of its Board of Directors and Management. Finally, on July 14, 2005, the Company was continued in the province of British Columbia changing its name to **EXMIN Resources Inc.**, and its trading symbol changing to "EXM". The Company's administrative office was moved from Toronto to Vancouver, and *Davidson & Company Chartered Accountants* was appointed auditor of the Company.

Although the Exchange treated the EXMIN Acquisition as a Reverse Takeover pursuant to Exchange Policy 5.2, for accounting purposes the EXMIN Acquisition is treated as an asset acquisition taking place on the date of the transaction. Comparative financial statements for previous periods are those published by the Company.

A complete description of the EXMIN Acquisition can be found in the *Filing Statement* dated April 13, 2005, and available on the SEDAR website at www.sedar.com

Mineral Properties

EXMIN is currently focused on the exploration and development of large properties in the Sierra Madre gold belt in Northwest Mexico. EXMIN's principal projects are: Reyna de Oro Project, mainly consisting of the Reyna de Oro and Luz de Oro concession groups, Maguarichic Project, mainly consisting of the Tati de Oro concession group, and the Moris Project, consisting of the Gato de Oro concession group as well as three option agreements. All concessions are located in the canyon lands of the Sierra Madre Occidental of Southwestern Chihuahua State. This region includes other deposits and mines such as El Sauzal, Ocampo, Monterde, Palmarejo, Cieneguita, Piedras Verdes, and Bahuerachi. The Company obtained a report on the Reyna de Oro property prepared in accordance with National Instrument 43-101 dated January 21, 2005 (available on the SEDAR website at www.sedar.com).

The following table summarizes the Mexican properties by project:

Concession	Area Hectares	Comments
<u>Reyna de Oro Project</u>		
La Reyna de Oro group	564	5 Concessions
Luz de Oro	14,255	2 Fractions
	<u>14,819</u>	
<u>Maquarichic Project</u>		
Tati de Oro	38,797	3 Fractions
Alex	98	
Santa Rosa	95	Option
	<u>38,990</u>	
<u>Urique Project</u>		
Diana II	899	
<u>Moris Project</u>		
Gato de Oro group	9,233	16 Concessions
Pilar	832	3 Applications
La Fe Option	267	1 Concession
Oaxaca Option	470	22 Concessions
F. Leal Option	170	5 Concessions
	<u>10,972</u>	
<u>Arechuyvo Project</u>		
Nilda de Oro	35,954	
Mayo	200	Application
Mayo	162	Application
	<u>36,316</u>	
Total	<u>101,996</u>	

Note: The Mexican mining law has been changed to recognize only one type of concession, eliminating the difference between Exploration and Exploitation concessions that previously existed. Under the new law, existing concessions will automatically convert to the new type of concessions and will be valid for a period of 50 years from the original date of inscription in the public mining record. The concessions can be renewed for an additional 50 year period.

(a) Reyna de Oro project

EXMIN has acquired a 25% interest in two concessions from certain individuals (the "Owners") covering the Reyna de Oro project (see table below), collectively totalling about 20 hectares pursuant to certain agreements with the owners of such concessions. In addition, EXMIN acquired an option for the remaining 75% interest by making staged payments to the Owners of the concessions, totalling US \$2.3 million (inclusive of 15% Mexican value added tax) over five years. These agreements are as follows:

- i) An agreement dated January 30, 2004 whereby one of the Owners transferred to EXMIN half of the 50% title and interest he held in the Reyna de Oros concession
- ii) An agreement dated January 30 2004 whereby another of the Owners transferred all of the 25% right, title and interest he held in the Reyna II concession

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- iii) An agreement of purchase and sale dated March 23, 2004 with three of the Owners (the "Optionors"), whereby they granted EXMIN an option to their remaining 75% interest in the Reyna concessions for a price of US \$2.3 in the following schedule:
1. US \$20,000 on execution of the agreement (which has been paid);
 2. US \$30,000 on September 23, 2004 (which has been paid);
 3. US \$100,000 on March 23, 2005 (which has been paid);
 4. US \$150,000 on September 23, 2005 (which has been paid);
 5. US \$200,000 on March 23, 2006^(*);
 6. US \$250,000 on September 23, 2006;
 7. US \$300,000 on March 23, 2007;
 8. US \$350,000 on September 23, 2007;
 9. US \$400,000 on March 23, 2008; and
 10. US \$200,000 on September 23, 2008.

^(*) EXMIN has to date paid US \$360,000 plus applicable taxes to the Owners. In March 2006, EXMIN started negotiations to evaluate the possibility of putting the old mine within the optioned claims into production. To this effect the March 23 2006 payment was split into two, one of US \$60,000 made on March 23 2006 and the second of US \$140,000 on September 23 2006. All other payments will be pushed back 6 months. Upon full payment, all rights, interests and title in the Reyna Concessions will be transferred to EXMIN. EXMIN has the right to pay the outstanding balance to earn the remaining interest in the Reyna Concessions at any time without penalty. EXMIN also has the right to terminate the agreement at any time upon 15 days written notice to the Optionors before any scheduled payment.

The Reyna concessions are "Exploration" concessions under Mexican mining law, and have been legally surveyed and registered. Exploration concessions can be valid for up to six years if work is performed on the ground, assessment reports are filed in May of each year and taxes are paid, in advance, in January and July of each year (See note in table below).

The Reyna de Oro project group also includes the 100%-owned Luz de Oro concession. In addition, under an agreement dated July 14, 2005 and the one-time payment of \$20,000 plus back-taxes, the owner of La Metalica, La Estrella and La Princesa concessions, surrounding the Reyna de Oro project, transferred to EXMIN all of the rights, title and interest on these concessions.

EXMIN completed sampling and a Phase I drill program on the Reyna Concessions and during the year ended December 31, 2004, it spent approximately US \$318,000 on exploration related to the Reyna Concessions. Thirty-four rock chip samples of variably altered and mineralized rock in the immediate area of the deposit were taken by EXMIN to confirm the results of previous sampling programs. In addition, four additional samples were taken in areas outside of the immediate deposit area.

EXMIN's Phase I drill program, completed in December 2004, was designed to test the central portion of the deposit that was previously explored by core drilling, in order to confirm the presence of significant gold values. A total of 771.4 metres was drilled in 11 holes. Results published on May 18, 2005 show that eight of the holes intersected significant mineralized widths and grades. Hole RDO-04-R6 intersected 1.5 metres (5 feet) of 20.1 grams per tonne of gold (g/t) (0.59 ounces per ton (oz/t)), within a 6.1 metre (20 foot) intersection of 13.56 g/t (0.40 oz/t). This hole had a total intercept of 18.3 metres (60 feet) of 6.14 g/t (0.18 oz/t). Hole RDO-04-R3 intersected 10.7 metres (35 feet) of 7.17 g/t (0.21 oz/t). The holes intersected substantial widths of mineralization, and with these limited number of holes, delineate an extensive zone of mineralization along 250 metres of strike, approximately 100 metres down dip, with a width of about 20 to 30 metres. The zone remains open along strike in both directions and down dip.

The Company previously received surface access rights and an environmental permit to build up to 5 km of new roads to provide access to additional drill targets. On June 7, 2005, the Company announced the commencement of Phase II of the drill program aimed at delineating a qualified resource and to expand the known resource discovered during the Phase I drill program. An additional 1517.9 metres of RC drilling was completed in 11 holes with significant results as published on August 30, 2005. Hole RDO-05-R15 intersected 9.1 metres of 6.49 g/t gold and 8.7 g/t silver within a larger zone of 22.9 metres of 2.94 g/t gold and 6.6 g/t Ag. Hole RDO-05-R16 intersected the highest grades encountered to date, with 3.0 metres of 25.41 g/t gold and 20.3 g/t silver within a larger zone of 13.7 metres of 7.85 g/t gold and 7.2 g/t silver. Drilling extended the mineralized zone for an additional 100 metres along strike and down dip but several holes were stopped short of or within the mineralized zone due to limited capability of the track-mounted reverse circulation drilling rig.

Surface mapping and sampling during the quarter extended the mineralization an additional 600 metres east of previously known exposures and several high grade polymetallic veins and areas of copper oxide mineralization have been encountered to the east of the Reyna de Oro deposit. A granodiorite intrusive was recently encountered approximately 2 kilometres east of the Reyna mine. Geologic data suggests that the Reyna de Oro mineralization may be part of a large, zoned intrusion related system, and that significant potential exists for additional drill targets near the intrusive body. Therefore, further Phase II drilling using a diamond core rig was postponed to allow delineation of drill targets and construction of roads to access this new area.

In the fourth quarter, approximately 2 kilometres of new roads were constructed to access the eastern extension of the Reyna de Oro deposit and the area further east. Reconnaissance mapping and sampling has continued. EXMIN plans to increase exploration activities in the first half of 2006 in order to further define drill targets.

(b) Maguarichic project

The Tati de Oro concessions, owned 100% by EXMIN, cover most of a 20 kilometre long mineralized structural zone in the Maguarichic district. In addition, this group also includes the Alex concession and, under option, the Santa Rosa concession.

According to the Consejo de Recursos Minerales, the Patria mine, in the center of the district, produced 4.7 metric tons of gold and 165 metric tons of silver from 214,000 metric tons of ore from 1936 to 1943 (a grade of 22 g/tonne gold and 770 g/tonne silver). A further 54,000 tons grading 11 g/tonne gold and 1,344 g/tonne silver was produced from 1978 to 1980.

Although all of the recorded production has come from the Patria vein system, which lies in the center of the 20 kilometre long structural zone staked by EXMIN and is owned by an independent party, many small and medium sized mines and prospects occur in the district. Most of the exploration potential in the district occurs in areas surrounding the Patria mine property that have not been previously subjected to large scale mining or modern exploration. This region is characterized by a large color anomaly caused by oxidation of high level advanced argillic alteration containing alunite and abundant clay minerals. Alunite and clay rich altered rock are common in the upper parts of bonanza epithermal vein systems and indicate the boiling of hydrothermal fluids at depth, but are generally low grade or barren. This type of alteration and associated color anomaly overlies the productive ore shoots of the Patria vein system, which was discovered because a deep narrow valley cut through the altered rocks to expose ore-grade veins at the surface. The Maguarichic alteration zone and color anomaly extends for 10 kilometres along strike to the southwest from the Patria mine, and is mostly covered by EXMIN concessions. An option to acquire 100% of an interior concession, Santa Rosa, was signed on June 17th with the following terms: payment of 2,000 US dollars at signing and for each six month anniversary for two years, and payment of 5,000 US dollars for the two subsequent six month periods, for a total payment of 20,000 US dollars over three years.



Geologic mapping and sampling was undertaken on part of the alteration zone located about 5 kilometres southwest of and along strike with the Patria vein system in an area with ongoing small scale precious metal production. Subsequently, a gradient array IP survey of part of this strongly altered area was completed to define structures at a depth permissible for potentially economic mineralization below the strongly altered rock. The exploration carried out has resulted in the definition of drill targets based on the presence of favorable alteration, structure, anomalous rock geochemistry, and resistivity and chargeability contrasts.

EXMIN entered into an earn-in option agreement with Industrias Peñoles on Feb. 13, 2006 to explore the Maguarichic district. Upon completion of the terms of the five year, US \$4.1 million contract, Peñoles may earn up to a 65% interest in the concessions, and can earn an additional 10% interest by completing a prefeasibility study to NI 43-101 standards on the project. Of the US \$ 4.1 million that Peñoles will invest in the joint venture, US \$3.5 million is earmarked for project development. The remaining US \$600,000 will be paid to EXMIN in annual cash payments over the five year term of the agreement. Should EXMIN's participating interest in the project be reduced to 10%, it may be converted to a 2% NSR. The contract also stipulates that a minimum 2000 metre drill program will be initiated in the first year of the agreement.

(c) Moris Project and Arechuyvo Project

In the fourth quarter of 2005 and the first two months of 2006, EXMIN acquired significant land holdings in the Moris district located to the west of the Ocampo district currently under development by Gammon Lake Resources. The land package was acquired under three separate agreements:

Acquisition #1 EXMIN acquired the mineral rights as two separate packages. The first package consists of 16 concessions and 7 applications covering almost 46,650 hectares, and was acquired 100% by EXMIN for a total one-time cash purchase price of US \$100,000. EXMIN has paid the vendor in full and holds 100% title ownership of these claims.

The second package in Acquisition #1 consists of one concession, La Fe (267 hectares), and is subject to an underlying option agreement. EXMIN may earn 100% title ownership of the La Fe by paying US\$195,000 over four years, of which US\$10,000 has been paid. During the term of the deal, EXMIN has agreed to satisfy all obligations of the titleholder to keep the concession in good standing. EXMIN can terminate this purchase option contract unilaterally, at any time, with no further obligations to the titleholder.

Acquisition #2 EXMIN has signed a 100% purchase option contract for 22 concessions covering 461 hectares. The terms of this deal include payment of back taxes on the concessions of around US\$65,000 payable at the signing of the agreement which has been paid. To earn 100% title ownership of the 22 concessions, EXMIN may pay US\$785,000 over 5 years, with payments beginning in the second half of 2007. During the term of the deal, EXMIN has agreed to satisfy all obligations of the title holder to keep the concessions in good standing. EXMIN can unilaterally terminate the purchase option contract, at any time, with no further obligations to the titleholder..

Acquisition #3 EXMIN has signed a comprehensive Letter of Agreement and paid a US\$10,000 signing guarantee deposit to enter into a 100% purchase option contract on a group of five concessions that cover 170.4 hectares of the Mesa de Las Tunas/El Pilar area of the Moris district. EXMIN may acquire 100% title ownership of four of the concessions and 50% title ownership of the fifth concession by paying a total of US\$1.5 million over four years, including US\$815,000 to be paid at the at fourth anniversary of the contract. EXMIN has agreed to pay a royalty of US\$1.00 per gold ounce for the reserve defined at the end of the four year term of the option purchase contract. EXMIN can unilaterally terminate the purchase option contract after completing payments of US\$135,000 over the first eighteen months of the contract.

Mineralization in the Moris district consists of low sulfidation epithermal vein systems within several



regional scale mineralized structural zones. EXMIN's new land package covers portions of three separate mineralized areas, La Cienega, Mesa de Las Tunas/El Pilar and El Tecolote, each of which has seen historic precious metal production and has the potential to host large deposits. Two large, nearly drill-ready vein and breccia targets have been identified in the land package that was acquired, at La Fe and Balleza, and several veins in the Mesa de Las Tunas/El Pilar area provide immediate exploration targets. Each of these targets is road accessible and has been mapped and sampled by EXMIN, and none have ever been drilled.

At La Fe, EXMIN completed a preliminary exploration program during its due-diligence period, including mapping, rock and soil sampling and a pole-dipole IP survey. The vein system exposed on the La Fe concession has been traced for over 800 metres along strike and is exposed over a vertical extent of more than 500 metres. In the highest levels of exposure, the veins are relatively narrow and occur within a large area of high-level silicification commonly observed above productive low sulfidation epithermal deposits. Rock chip and soil samples contain anomalous gold, silver and the indicator elements arsenic and mercury. Individual rock samples in the upper levels of the mineralized system yielded gold values of as much as 21.8 g/t, and a twelve metre continuous section taken about 500 metres below ran 4.4 g/t gold with most of the value in one two metre sample with 21.6 g/t gold. The 1.8 line kilometre IP survey identified resistivity and chargeability anomalies below the high level surface exposures providing targets for drilling planned for 2006.

The Balleza target consists of a silicified rhyolite dike that hosts quartz-matrix breccias. The dike has been explored over mineralized widths of 10 to 50 metres and is exposed over a vertical elevation of more than 100 metres and at least 500 metres along strike and is open in both directions. Forty-two rock chip samples have been taken; of these more than half returned gold values of greater than 0.5 g/t Au and ranged up to 2.9 g/t Au and 461 g/t Ag. In addition to the Balleza target, the structural zones in the surrounding areas contain numerous other mineral occurrences, and reconnaissance mapping and sampling programs at these old mines and prospects are in progress.

The Mesa de Las Tunas/El Pilar area contains at least seven vein systems in an area that measures 2 km by 4 kilometres. Several of the veins on ground acquired by EXMIN have past production from shallow workings, generally less than 50 metres in depth. The Fomento Minero, the Mexican government agency that promotes mining, studied the La Blanca mine in 1993; 19 samples taken of the La Blanca vein averaged 38.2 g/t Au and 472 g/t Ag, and 7 samples of the Templar vein ranged from 2.8 to >100 g/t Au and 31 to 153 g/t Ag. A sample of the Templar vein taken by EXMIN yielded 7.0 g/t Au and 15.9 g/t Ag.

In addition to the targets mentioned above, EXMIN's new land package in the Moris Project surrounds the historic Mesa Las Tunas/El Pilar and La Cienega areas. On March 22, 2006, EXMIN announced that it had signed a letter of intent to joint venture the Moris project to the Mexican subsidiary of Mauricio Hochschild & Cia. Ltda (MHC), a privately held, Peru-based diversified precious metals and materials mining company. MHC may earn a 70% interest in the concessions upon making expenditures of US \$5.65 million. Of the total, US \$4.8 million is earmarked for project development. The remaining US \$850,000 will be paid to EXMIN as annual cash payments or through private placements, by MHC's US subsidiary, over the five year term of the agreement.

The land acquired as described above has been separated into two projects, the Moris Project, consisting of the properties described above, and the Arechuyvo project, which consists of land acquired to the south of the Moris district extending 20 kilometres southward to the Arechuyvo district. The northern part of this area is prospective for structurally controlled bonanza vein systems while the southern part of the area is prospective for intrusion related polymetallic mineralization. EXMIN has conducted limited reconnaissance mapping and sampling in this area.

d) Street Township

Pursuant to an arm's length letter agreement dated September 23, 2004 and option agreement dated February 7, 2005 with 2029778 Ontario Inc., the Company acquired an option to earn a 100% interest



in four mining claims consisting of 24 claim units in Street Township, Sudbury Mining Division of Ontario in consideration of:

- (i) issuance of 1,000,000 common shares of the Company, issued in February, 2005;
- (ii) incurring \$75,000 in expenditures on or before December 23, 2004, (completed)
- (iii) incurring \$250,000 in expenditures, cash payment of \$15,000 and issuance of 300,000 common shares of the Company on or before the second anniversary of the agreement, and;
- (iv) incurring \$350,000 in expenditures, cash payment of \$25,000 and issuance of 300,000 common shares of the Company on or before the third anniversary of the agreement.

The Company will earn a 50% interest upon completion of (i) and (ii) and a further 25% interest upon completion of either of (iii) and (iv). The interest in the property is subject to a 1.5% Net Smelter Return Royalty which may be purchased in consideration of \$500,000 per one half percent (0.5%). Subsequent to the signing of the letter agreement, the sole shareholder of 2029778 Ontario Inc. became a director and officer of the Company. This director subsequently has resigned and been replaced.

EXMIN performed no work on the property in 2005, but plans to have consultants knowledgeable in this area review the data and make recommendations for further work.

In the event that the Company does not fully execute its commitments under the option by February 7, 2007, the option agreement will terminate and 100% claims title to these mining claims will return to its owner with no further obligations to either party.

(e) Expenditures in mineral properties

The following table details the exploration investments for the Fiscal Year:

	Reyna de Oro Project (a)	Tati de Oro Project (b)	Moris Properties (c)	Street Township Project (d)	Total
Balance, December 31, 2003	\$ -	\$ -	\$ -	\$ -	-
Acquisition costs	50,000	-	-	-	50,000
Exploration expenditures	29,391	-	-	90,160	119,551
Balance, December 31, 2004	79,391	-	-	90,160	169,551
Acquisition of EXMIN Inc.	747,884	29,182	-	-	777,066
Acquisition costs	177,921	-	222,435	100,500	500,856
Claim legal rights	4,125	8,235	-	-	12,360
Consulting and professional	263,496	64,360	-	-	327,856
Drilling	165,507	-	-	-	165,507
Equipment leasing	122,873	-	-	-	122,873
Equipment maintenance	8,675	235	-	-	8,910
Equipment	9,399	-	-	-	9,399
Field office	19,012	4,707	-	-	23,719
Fuel	36,385	1,351	-	-	37,736
Insurance	2,657	-	-	-	2,657
Materials and tools	18,324	-	-	-	18,324
Mineral sample analysis	79,846	1,167	-	-	81,013
Taxes	33,389	3,116	-	-	36,505
Traveling and camp meals	41,951	2,005	-	-	43,956
Other	64,037	4,816	840	-	69,693
Balance, December 31, 2005	\$ 1,874,872	\$ 119,174	\$ 223,275	\$ 190,660	\$ 2,407,981



Financial risk and outlook

With the change of focus to the acquisition, exploration and development of mineral resource properties, substantially all of the Company's efforts will be devoted to financing and developing resource properties. There has been no determination whether the Company's interests or proposed interests in mineral properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company's proposed exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence will be dependent upon the preservation of its interests and proposed interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values of its interests or proposed interests. The Company's proposed mining assets located outside of Canada are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting or proposing to conduct exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and non-compliance with regulatory requirements.

3. Overall Performance

Financings

During the Fiscal Year, the Company undertook the following financing activities:

- On February 25, 2005, the Company completed a private placement of 8,025,000 subscription receipts at a price of \$0.40 per subscription receipt for gross proceeds of \$3,210,000 resulting in net proceeds of \$2,612,928. The subscription receipts were converted into the units upon the completion of the acquisition of EXMIN, Inc. on April 14, 2005. Each unit consists of one common share and one half of one common share purchase warrant with an exercise price of \$0.60 for two years (please refer to section on Warrants, below). In addition, the agent received 702,500 compensation options. Each compensation option is exercisable into a compensation unit at a price of \$0.40 per unit for a period of two years. Each compensation unit has the same terms as the units described above.
- On June 14, 2005, the Company completed a non brokered private placement consisting of 600,000 units at a price of \$0.40 per share, for gross proceeds of \$240,000. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each warrant will be exercisable for an additional common share of the Company at a price of \$0.60 for a period of two years from the date of issuance. The proceeds of this private placement were used for general corporate purposes.
- During the Fiscal Year the Company received \$303,750 upon the exercise of 2,025,000 share purchase warrants with an exercise price of \$0.15 per share.
- Subsequent to the end of the Fiscal Year, on March 10, 2006, the Company completed a private placement of 14,533,333 units at a price of \$0.15 per unit for gross proceeds of \$2,180,000, including an over-allotment option that was exercised in full by Union Securities Ltd. (the



"Agent"). 1,500,000 units were issued on a non-brokered basis and the remainder were issued on a brokered basis through the Agent. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of EXMIN at a price of \$0.20 until March 9, 2008. EXMIN paid a cash commission to the Agent of \$210,500 and issued agent's warrants that entitled the Agent to purchase up to 1,403,333 units at a price of \$0.15 per Unit until March 9, 2008. The securities issued under the private placement are subject to a four month hold period expiring on July 10, 2006.

- A further \$195,000 were received on exercise of 1,300,000 share purchase warrants with an exercise price of \$0.15.

Working Capital

As at December 31, 2005, the Company had working capital of \$331,590 (2004: \$392,228). The financings completed during the Fiscal Year are the source for the increased working capital, providing the Company with adequate cash and working capital to fund planned operations.

Receivables consist of Canadian Goods and Services Tax (GST) refund receivable for \$34,785, (2004: \$21,723). The amount was received subsequent to the end of the year.

Current liabilities as at December 31, 2005 totalled \$112,152 (2004: \$213,782). This includes the current payables and accrued amounts

Equipment:

Equipment consists of computer equipment, furniture and fixtures for investor relations activities, and five pick-up vehicles used for transportation and exploration-related activities in Mexico. These items are carried at cost net of accumulated amortization.

Amortization is recorded on a declining balance basis at the following annual rates:

Vehicles	20% - 25%
Computer equipment	30%
Furniture and fixtures	20%

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	\$ 71,718	\$ 11,513	\$ 60,205	\$ -
Computer equipment	1,337	200	1,137	-
Furniture and fixtures	2,616	262	2,354	-
	\$ 75,671	\$ 11,975	\$ 63,696	\$ -

There are no comparative figures for 2004, as these numbers are a result of the EXMIN, Inc. acquisition.

Deferred Exploration Costs

The balance sheet of the Company for the Fiscal Year shows deferred expenditures of \$2,407,981 (December 31, 2004: \$169,551). The table presented in section 2 above provides further details.



4. Selected Annual Information

	Year ended Dec 31, 2005 \$	Year ended Dec 31, 2004 \$	Year ended Dec 31, 2003 \$
a) Gross revenue:	Nil	707,048	963,300
b) Loss before extraordinary items:	(994,908)	(274,247)	(697,223)
➤ Per share - basic & diluted:	(0.03)	(0.02)	(0.07)
c) Loss for the year:	(1,118,623)	(428,005)	(887,565)
➤ Per share - basic & diluted:	(0.03)	(0.03)	(0.09)
d) Total assets:	2,915,419	872,616	407,444
e) Long term liabilities:	Nil	Nil	Nil
f) Cash dividends per share:	Nil	Nil	Nil

5. Results of Operations

The Company incurred a loss for the Fiscal Year of \$1,118,623 or \$0.03 per share, compared to \$428,005 or \$0.03 per share for the previous year. The Company did not generate any revenues, and the breakdown of operation expenses is as follows:

EXPENSES	Amount	Percentage
Amortization	2,852	0.29%
Automobile	10,253	1.03%
Bank charges	6,478	0.65%
Consulting	275,382	27.68%
Directors' fees	3,000	0.30%
Filing fees	40,902	4.11%
Investor relations	245,234	24.65%
Miscellaneous	200	0.02%
Office	24,250	2.44%
Professional fees	176,038	17.69%
Property examination cost	156,218	15.70%
Selling, general and administrative	-	0.00%
Stock-based compensation	6,378	0.64%
Travel	47,723	4.80%
	994,908	100.00%

The 2004 financial statements do not provide a breakdown of expenses, and therefore no comparisons will be attempted. Furthermore, the change of business to mining exploration renders any comparison out of proper context.

Revenue for the Fiscal Year was \$nil compared with \$707,848 for the equivalent period in 2004. The decrease in revenue is attributable to the fact that the Company has commenced its new business of exploring and developing mineral properties, which by their nature, does not produce revenues until an economic ore body is found and developed. Revenues in the first part of 2004 were derived from the Company's previous e-learning business operations which ceased in the last half of 2004. The Company had interest income of \$11,060 (2004: \$18,287)

Consulting fees of \$275,383 (2004: \$Nil) include geological studies, administration services and consulting services paid to management.:



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Investor relations expenses of \$245,234 (2004: \$Nil) include an agreement with an investor relations consultant with a monthly cost of US \$5,000, the payment of the Company's investor relations person at a rate of \$2,500 per month, plus certain expenses associated with participation at conferences, etc.

Professional fees of \$176,038 (2004: \$Nil) include audit fees, accounting & administration fees, and legal fees.

Property examination costs of \$156,218 is related to expenses incurred in the examination of exploration projects subject of that were or are of potential interest to the company, but where no acquisition or option agreement was or has been signed.

6. Summary of quarterly results

The following is a summary of quarterly results for each of the eight most recently completed quarters:

	2005 Dec 31	2005 Sep 30	2005 Jun 30	2005 Mar. 31	2004 Dec. 31	2004 Sept. 30	2004 June 30	2004 March 31
Total revenues	-	-	-	-	176,893	185,042	152,140	193,773
Income/(loss) from operations	(324,380)	(214,112)	(421,759)	(34,657)	99,966	(127,285)	(111,029)	(135,899)
Income/(loss) from operations per share	(0.01)	(0.01)	(0.01)	(0.00)	0.00	(0.01)	(0.01)	(0.01)
Loss	(1,118,623)	(351,571)	(425,322)	(17,657)	(36,843)	(132,098)	(117,240)	(141,824)
Net income/(loss) per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Total assets	2,915,419	3,350,267	3,730,262	3,706,980	872,616	1,086,694	236,671	210,549

7. Liquidity

At the end of the Fiscal Year the Company had cash and accounts receivable of \$317,907 (2004: \$606,010).

The Company is an exploration stage company now engaged in the exploration of mineral properties not presently in production. As a consequence, the Company does not presently generate cash flow from operations and it is unlikely that it will generate cash flow from operations in the near future. Continuing operations are therefore dependent upon the Company's ability to secure additional capital as required, which is not assured.

The Company has no long-term obligations outstanding and therefore there are no factors of this type affecting liquidity or future cash flows.



8. Capital Resources

The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions, the Company's ability to achieve certain exploration milestones and its ability to acquire new properties.

9. Off-Balance Sheet arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate to have them in the foreseeable future.

10. Transactions with related parties

- (a) Office administration and accounting fees totalling \$35,950 (2004 – nil) were paid to InterAmerica Consulting & Development Inc., a company owned by Mr. Salvador Miranda, Chief Financial Officer of the Company.
- (b) During the year, 1,000,000 common shares were issued to 2029778 Ontario Inc., a company controlled by Mr. Chuck Lilly, a former director, pursuant to the mineral property agreement for the Street Township property described in section 2(d) above
- (c) During the period, 150,000 stock options were granted to Mr. Jeffrey Dawson, a director of the Company, 150,000 options were granted to Mr. Chuck Lilly, a former Officer of the Company, and 150,000 options to Mr. Chris Tambakis, a former Director of the Company. The 450,000 options have an exercise price of \$0.40 for a duration of five years, but won't vest until 2006. The 300,000 options granted to Messrs. Lilly and Tambakis, now former officer and director, respectively, expired without vesting during the fiscal year.
- (d) Consulting fees totalling \$108,570 (US \$90,000) (2004 - nil) were paid to Mr. Karl J. Boltz, President of the Company.
- (e) Consulting fees totalling \$33,146 (US \$28,000) (2004 - nil) were paid to Mr. Kelsey Boltz, Director of the Company.
- (f) The Company paid \$108,570 (US \$90,000) (2004 - nil) in consulting fees to Mr. Craig Gibson, Executive Vice-President of Exploration of the Company, in relation to geological and exploration work.
- (g) Directors' fees of \$3,000 (2004: \$Nil) were paid to three directors of the Company (\$1,000 to each of Messrs. John Campbell, Jeffrey Dawson and Donald Rankin) as directors' fees for their participation at a board meeting.
- (h) Included in accounts payable and accrued liabilities are the following amounts:
 - a. \$384 (2004: nil) due to a company controlled by Mr. Miranda for accounting and administration services.
 - b. \$20,487 (US \$11,719) (2004: nil) due to Mr. Karl J. Boltz in Consulting fees and reimbursable expenses.
 - c. \$12,116 (US \$10,000) (2004: nil) due to Mr. Gibson in Consulting fees for geological services.
- (i) Included in the gain of forgiveness of debt is \$95,308 in settlement with Mr. Karl Boltz and \$14,817 in settlement with Mr. Craig Gibson.

11. Fourth quarter 2005

The following are the most relevant issues of the Fourth quarter 2005:

- Surface mapping and sampling during the quarter extended the extent of surface mineralization at Reyna de Oro an additional 600 metres east of previously known exposures and several high grade polymetallic veins and areas of copper oxide mineralization have been encountered to the east of the Reyna de Oro deposit. Also, a granodiorite intrusive that may be related to mineralization was encountered approximately 2 kilometres east of the Reyna mine. Geologic data suggests that significant potential exists for additional drill targets near the intrusive body. Therefore, further Phase II drilling using a diamond core rig was postponed to allow delineation of additional drill targets and construction of roads to access this new area.
- Approximately 2 kilometres of new roads were constructed to access the eastern extension of the Reyna de Oro deposit and the area further east. Reconnaissance mapping and sampling in the area as well as on the larger area covered by the Luz de Oro concession has continued.
- At the Tati de Oro project, a geophysical survey was completed and has defined preliminary drill targets below strong high level alteration along the mineralized structural zone.

12. Proposed transactions

On March 22, 2006, the Company announced had signed a letter of intent to enter into an earn-in joint venture contract with Minera Hochschild Mexico S. A. de C. V., a subsidiary of Mauricio Hochschild y Cia. Ltda. ("MHC") of Lima, Peru, regarding EXMIN's 100% owned Moris project, in the Moris district of Chihuahua, Mexico. Upon completion of the terms of the five year, US \$5.65 million option, MHC may earn a 70% interest in the concessions. Of the US \$5.65 million that MHC will invest in the joint venture, US \$4.8 million is earmarked for project development. The remaining US \$850,000 will be paid to EXMIN as annual cash payments or through private placements, by MHC's US subsidiary, over the five year term of the agreement.

13. Changes in accounting policies including initial adoption

Consolidated accounting

Beginning with the interim financial statements for the six months ended June 30, 2005, due to the acquisition of EXMIN, Inc., the numbers will include the accounts of EXMIN, Inc., now a wholly owned subsidiary of the Company in the state of Arizona, U.S.A. and EXMIN, S.A. de C.V., a wholly owned Mexican subsidiary of EXMIN, Inc. The operations and cash flows of EXMIN, Inc. and EXMIN S.A. de C.V. have been included to their date of acquisition on April 14, 2005. All significant inter-company transactions and balances have been eliminated upon consolidation. Neither subsidiary had significant activity from April 1, 2005 to April 14, 2005.

14. Financial instruments

The Company's financial instruments consist of cash, receivables, prepaid expenses, accounts payable and accrued liabilities

The Company only invests its cash in bank term deposits and/or banker's acceptances, instruments that are deemed to be very low risk.

In order to reduce foreign exchange exposure, the Company transfers to its Mexican subsidiary funds required in the short term to meet its obligations.



15. Other MD&A requirements

- a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com, and at the Company's website at www.exmin.com.
- b) Information pursuant to sections of National Instrument 51-102:
- i) Section 5.3: The Company's continued operations are dependent upon the discovery of economically recoverable reserves, its ability to complete necessary financing to complete the development of properties, and upon future profitable production or from the proceeds from disposition of its mineral properties.

- ii) Section 5.4: Outstanding share data:

Please refer to Note 8 to the audited consolidated financial statements for the Fiscal Year for additional descriptive information on the contents of the following tables:

Common shares	Shares #	Amount \$	Contributed Surplus (\$)
Balance, December 31, 2004	20,213,996	4,451,078	572,748
Issuance pursuant to mineral property agreement	1,000,000	100,000	-
Conversion of subscription receipts	8,025,000	3,210,000	-
Share issue costs	-	(760,719)	163,647
Purchase of EXMIN, Inc.	12,000,000	-	-
Exercise of warrants	2,025,000	303,750	-
Adjustment for fractional shares	15	-	-
Stock-based compensation	-	-	6,378
Private placement	600,000	240,000	-
Balance, December 31 2005	43,864,011	7,544,109	742,773
Pursuant to the exercise of share purchase warrants with an exercise price of \$0.15 per share.	1,300,000	195,000	-
Pursuant to a private placement of 14,533,333 units at a price of \$0.15 per unit	14,533,333	1,940,075	-
Balance, date of this MD&A	59,697,344	9,679,184	742,773

Warrants and options	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2004	-	-	667,394	0.825
Granted	18,472,500	0.35	450,000	0.40
Exercised	(2,025,000)	0.15	-	-
Expired/cancelled	-	-	(912,849)	0.69
Outstanding, December 31, 2005	16,447,500	\$ 0.38	204,545	\$ 0.51
Granted	7,266,666	.20	2,505,000	0.26
Exercised	(1,300,000)	0.15	-	-
Expired/cancelled	-	-	-	-
Number outstanding	22,414,166	\$ 0.33	2,709,545	\$ 0.28



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The following incentive stock options and share purchase warrants are outstanding as at the date of this MD&A:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	54,545	\$ 0.825	July 31, 2006
	150,000	0.40	April 14, 2010
	2,505,000	0.26	April 10, 2011
Warrants:	8,135,000	0.15	January 4, 2007
	4,012,500	0.60	February 25, 2007
	4,000,000	0.60	April 14, 2007
	300,000	0.75	April 14, 2010
		0.60	June 14, 2007
Agents' options	702,500	0.40	February 25, 2007
Agents' warrants	1,403,333	0.40	March 28, 2008

The following table details the stock options granted to the date of publication of this MD&A:

Name	Relationship	No. Options	Weighted average Exercise Price (\$)	Expiry date
Jeffrey Dawson	Director	54,545	0.825	July 31, 2006
Jeffrey Dawson	Director	150,000	0.40	April 14, 2010
Karl J. Boltz	Director, Officer	1,000,000	0.26	April 10, 2011
Craig Gibson	Officer	1,000,000	0.26	April 10, 2011
Salvador Miranda	Officer	150,000	0.26	April 10, 2011
John Campbell	Director	50,000	0.26	April 10, 2011
Jeffrey Dawson	Director	50,000	0.26	April 10, 2011
Donald Rankin	Director	50,000	0.26	April 10, 2011
Alene Stolle	Consultant	75,000	0.26	April 10, 2011
Other consultants	Consultants	130,000	0.26	April 10, 2011
Balance, date of this MD&A		2,709,545	0.28	

Directors and Officers:

Directors	Officers
Kelsey Boltz (Chairman) Karl J. Boltz John K. Campbell Jeffrey Dawson Donald Rankin	Karl J. Boltz - President and Chief Executive Officer Craig Gibson, Ph.D. - Executive Vice President of Exploration Salvador Miranda - Chief Financial Officer

Contact information:

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