

KAMINAK GOLD CORPORATION

(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2005

Unaudited

Canadian Funds

Notice of Non-review of Interim Consolidated Financial Statements

The attached interim consolidated financial statements for the three month period ended December 31, 2005 have not been reviewed by the company's auditors.

KAMINAK GOLD CORPORATION*(A Development Stage Company)***Interim Consolidated Balance Sheet***Canadian Funds*Statement 1

ASSETS	As at December 31, 2005 (unaudited)	As at September 30, 2005
Current		
Cash and cash equivalents	\$ 997,993	\$ -
GST receivable	8,486	-
Prepaid expense	5,000	-
	1,011,479	-
Resource Property Costs <i>(Note 6) – Schedule</i>	1,684,673	114,359
	\$ 2,696,152	\$ 114,359
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- Due to related party <i>(Note 9)</i>	\$ 164,885	\$ 122,211
- Trade Payables and Accrued liabilities	18,242	16,152
	183,127	138,363
Continued Operations <i>(Note 2)</i>		
SHAREHOLDERS' EQUITY		
Share Capital <i>(Note 7)</i>	2,596,084	1
Contributed Surplus <i>(Note 8)</i>	45,692	-
Deficit - <i>Statement 2</i>	(128,751)	(24,005)
	2,513,025	(24,004)
	\$ 2,696,152	\$ 114,359

ON BEHALF OF THE BOARD:

"Rob Carpenter", Director**"John Williamson"**, Director

- See Accompanying Notes -

Interim Consolidated Statement of Loss and Deficit

Canadian Funds

	For the Three Months Ended December 31, 2005 (unaudited)	For the 88 Days Ended September 30, 2005
Expenses		
Stock-based compensation	\$ 45,692	\$ -
Investor relations	25,512	-
Consulting	12,180	-
Office and sundry	7,130	851
Accounting and legal	6,234	16,152
Transfer agent fees	3,128	578
Travel and conference	2,851	4,815
Rent	2,013	-
Bank charges and interest	381	-
Listing and filing fees	266	-
	<u>(105,387)</u>	<u>(22,396)</u>
Loss Before the Undernoted	<u>(105,387)</u>	<u>(22,396)</u>
Other Expenses		
Interest income	641	-
Write-off of resource property costs	-	(1,609)
	<u>(104,746)</u>	<u>(24,005)</u>
Net Loss for the Period	<u>(104,746)</u>	<u>(24,005)</u>
Deficit, Beginning of the Period	<u>(24,005)</u>	<u>-</u>
Deficit, End of the Period	<u>\$ (128,751)</u>	<u>\$ (24,005)</u>
Basic and Diluted Loss per Share	<u>\$ (0.01)</u>	<u>\$ (24,005)</u>
Weighted Average Number of Shares Outstanding	<u>11,152,436</u>	<u>1</u>

- See Accompanying Notes -

Interim Consolidated Statement of Cash Flows

Canadian Funds

	For the Three Months Ended December 31, 2005 (unaudited)	For the 88 Days Ended September 30, 2005
Cash Flows from Operating Activities		
Net income (loss) for the period	\$ (104,746)	\$ (24,005)
Items not affected by cash:		
Stock-based compensation	45,692	-
Write-off of Resource Property costs	-	1,609
	<u>(59,054)</u>	<u>(22,396)</u>
Changes in non-cash working capital:		
GST receivable	(8,486)	-
Prepaid expenses	(5,000)	-
Trade Payables and Accrued liabilities	2,089	16,152
	<u>(70,451)</u>	<u>(6,244)</u>
Cash Flows from Investing Activities		
Resource property costs	<u>(356,977)</u>	-
Cash Flows from Financing Activities		
Issuance of share capital, net of issuance costs	1,382,747	1
Advances from related party	42,674	6,243
	<u>1,425,421</u>	<u>6,244</u>
Net Increase (Decrease) in Cash for the Period	997,993	-
Cash, Beginning of the Period	-	-
Cash, End of the Period	\$ 997,993	\$ -

Supplemental Schedule of Non-Cash Investing and Financing Activities

Resource property costs paid directly by a related party	\$ -	\$ 115,968
Issuance of share capital to acquire subsidiary	1,159,900	-
Issuance of share capital to acquire 53.76% of Hunter Properties	18,436	-
Issuance of share capital for property	\$ 35,000	\$ -

Interim Consolidated Schedule of Resource Property Costs

Unaudited
Canadian Funds

	For the Three Months Ended December 31, 2005 (unaudited)			For the 88 days ended September 2005
	Acquisition Costs	Deferred Exploration	Total	
Mineral Interests				
<i>Baker Lake (Uranium), Nunavut</i>				
Claim maintenance	\$ 4,256	\$ -	\$ 4,256	\$ -
Geological consulting	-	1,268	1,268	-
	4,256	1,268	5,524	-
<i>Bathurst, Nunavut</i>				
Acquisition costs - shares	197,025	-	197,025	-
Field and general	-	519	519	-
Geological consulting	-	1,490	1,490	-
Travel and accommodation	-	11,124	11,124	-
	197,025	13,133	210,158	-
<i>Br, Nunavut</i>				
Acquisition costs - shares	284,012	-	284,012	-
Field and general	-	519	519	-
Geological consulting	-	2,125	2,125	-
Travel and accommodation	-	11,124	11,124	-
	284,012	13,768	297,780	-
<i>Churchill, Nunavut</i>				
Acquisition costs – cash	208,350	-	208,350	-
Acquisition costs - shares	552,908	-	552,908	-
Field and general	-	-	-	9,868
Geological consulting	-	8,956	8,956	81,926
	761,258	8,956	770,214	91,794
<i>IME, Nunavut</i>				
Acquisition costs – cash	8,350	-	8,350	-
Acquisition costs – shares	22,159	-	22,159	-
Geological Consulting	-	-	-	642
	30,509	-	30,509	642
Balance Forward	\$ 1,277,060	\$ 37,125	\$ 1,314,185	\$ 92,436

- See Accompanying Notes -

Interim Consolidated Schedule of Resource Property Costs

Canadian Funds

	For the Three Months Ended December 31, 2005 (unaudited)			For the 88 days ended September 2005
	Acquisition Costs	Deferred Exploration	Total	
Balance Brought Forward	\$ 1,277,060	\$ 37,125	\$ 1,314,185	\$ 92,436
<i>Lach, , Nunavut</i>				
Acquisition costs - cash	8,325	-	8,325	-
Acquisition costs – shares	22,093	-	22,093	-
Field and general	-	3,646	3,646	7,241
Geological consulting	-	5,506	5,506	7,062
Recording and staking	11,193	-	11,193	2,300
Travel and accommodation	-	11,124	11,124	505
	41,611	20,276	61,887	17,108
<i>Matrix, Nunavut</i>				
Acquisition costs - cash	8,325	-	8,325	-
Acquisition costs – shares	22,092	-	22,092	-
	30,417	-	30,417	-
<i>Needle, Nunavut</i>				
Acquisition costs - shares	33,863	-	33,863	-
Field and general	-	519	519	-
Geological consulting	-	1,490	1,490	-
Travel and accommodation	-	11,125	11,125	-
	33,863	13,134	46,997	-
<i>Nizi, BC</i>				
Acquisition costs - cash	8,325	-	8,325	-
Acquisition costs – shares	22,092	-	22,092	-
Geological consulting	-	-	-	3,531
	30,417	-	30,417	3,531
<i>Sharpe Lake, Manitoba</i>				
Acquisition costs - cash	2,500	-	2,500	-
Acquisition costs - shares	35,000	-	35,000	-
Geological consulting	-	951	951	-
	37,500	951	38,451	-
<i>Sy, Nunavut</i>				
Recording and staking	13,082	-	13,082	-
Field and supplies	-	2,875	2,875	-
	13,082	2,875	15,957	-
<i>Voigtberg, BC</i>				
Acquisition costs – cash	8,325	-	8,325	-
Acquisition costs – shares	22,093	-	22,093	-
Geological consulting	-	1,585	1,585	1,284
	30,418	1,585	32,003	1,284
<i>Generative</i>				
Geological Consulting	-	-	-	1,609
Resource Property Costs for the Period	1,494,368	75,946	1,570,314	115,968
Balance, Beginning of the Period	2,300	112,059	114,359	-
Less: Write-off of resource property costs on property not acquired	-	-	-	(1,609)
Balance, End of the Period	\$ 1,496,668	\$ 188,005	\$ 1,684,673	\$ 114,359

- See Accompanying Notes -

KAMINAK GOLD CORPORATION

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

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Unaudited

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1. Nature of Operations

Kaminak Gold Corporation ("Kaminak" or "KAM" or the "Company") was incorporated on July 4, 2005 under the Business Corporations Act (British Columbia), and is a development stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties.

The Company became a reporting issuer in Alberta and British Columbia on November 9, 2005 by virtue of a reorganization transaction involving the exchange of securities between Shear Minerals Ltd. ("Shear"), the Company and the shareholders of Shear. The reorganization transaction involved the acquisition from Shear of a 46.24% interest in certain properties ("Hunter Properties") and all of the outstanding shares of 974134 N.W.T. Limited., a wholly-owned subsidiary of Shear which holds the non-diamond properties of Shear. In tandem with the reorganization transaction, the Company acquired the remaining interest in the Hunter Properties from Hunter Exploration Group ("Hunter"), a related party, by issuing common shares and a promissory note. On November 23, 2005, after completion of its private placements, the Company's shares became publicly trading on the TSX Venture Exchange under the symbol "KAM".

2. Continued Operations

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continued existence is dependent upon its ability to raise additional financing and to generate profitable operations in the future.

These interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these consolidated financial statements.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

3. Significant Accounting Policies

a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 974134 N.W.T. Limited, a subsidiary acquired as a result of a reorganization transaction (Note 4). Results of operations of 974134 N.W.T. Limited are included in these consolidated financial statements from the date of acquisition on November 9, 2005.

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3. Significant Accounting Policies – Continued:

b) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at point of purchase of 90 days or less. The Company places its cash with institutes of high credit worthiness.

c) Resource Property Costs

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic diamond body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

The recoverability of the amount capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource 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 conveyancing history characteristic of many resource 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.

d) Asset Retirement Obligations

The Company recognizes the fair value of legal obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost is recognized at fair value when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. No asset retirement costs have been recognized during the current period.

e) Variable Interest Entities

Accounting Guideline 15 defines Variable Interest Entities ("VIE") as entities that have insufficient equity to fund their activities without additional financing or where their investors lack one or more specified essential characteristics of a controlling financial interest. The standard provides guidance for determining when an entity is a VIE and who, if anyone, should consolidate the VIE. During the current period, the Company completed its evaluation and concluded that it has no Variable Interest Entities.

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3. Significant Accounting Policies – Continued

f) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred or future income taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

g) Share Capital

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

h) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

i) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. The treasury stock method assumes that the options and/or warrants are exercised at the beginning of the year (or issue date if later) and the proceeds are used to repurchase outstanding shares of common stock.

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3. Significant Accounting Policies – Continued

j) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

k) Management's 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. In particular, resource property costs may be affected. Actual results could differ from those estimates.

4. Reorganization Transaction

Effective November 9, 2005, pursuant to reorganization transaction (the Spin Out Agreement), the Company acquired from Hunter and Shear, related parties, two groups of properties: the Hunter Properties and the Shear Properties. The Hunter Properties consist of six mineral properties: the Churchill Gold Property, the Lach Gold Property, the Nizi Gold Property, the Matrix Gold Project, the Voigtberg Gold Property and non-diamond rights over the IME Properties. The Shear Properties consist of the Bathurst, BR, Needle, Sy and any non-diamond rights to the Churchill Diamond Projects (except for a 5% non-diamond net profits interest).

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4. Reorganization Transaction - Continued

Details are as follows:

- i) The Company issued 11,225,684 common shares to Shear, to acquire 46.24% of the Hunter Properties and all of the outstanding shares of 974134 N.W.T. Limited, a company which owns the Shear Properties; these shares were distributed to Shear's shareholders pursuant to a spin-out transaction. Subsequent to this spin-out, Shear was no longer the parent of the Company.
 - ii) The Company issued 3,000,000 shares to Hunter together with warrants to acquire an additional 3,000,000 shares at \$0.35 per share to November 9, 2007, to acquire the remaining 53.76% interest in the Hunter Properties. The 3,000,000 shares are subject to escrow restrictions and held on deposit with the Transfer Agent. Ten percent were released upon the Company's public trading, with the balance to be released in equal tranches of 15% every 6 months over 36 months.
 - iii) The Company agreed to reimburse Hunter for exploration costs incurred by Hunter on the Hunter Properties by the issuance of a Promissory Note in favour to Hunter for the principal sum of \$250,000, bearing interest at 5% per annum, with principal and accrued interest to become due and to be paid in full on or before November 9, 2007. The Company may prepay the promissory note at any time and Hunter may elect at any time on written notice to the Company to convert, in whole or in part, the principal amount outstanding into common shares at a deemed price equal to the weighted average closing price of the Company for 20 trading days prior to the date of the written notice. The Company paid this promissory note in full on December 1, 2005.
 - iv) The Company will pay Hunter an advance royalty on the Lach Gold Property in the sum of \$10,000 on June 1st in each of 2008, 2009 and 2010 and \$25,000 on June 1st in each year thereafter, if Kaminak is and remains the beneficial owner of the Lach Gold Property on such dates.
 - v) Hunter retains a 2% gross overriding royalty and a 2% net smelter royalty in all Hunter properties acquired by the Company.
 - vi) Hunter has entered into a voting trust agreement whereby it will grant Shear an irrevocable proxy to vote Hunter's common shares for a period of three years from the issuance of the common shares and the warrants to acquire common shares.
 - vii) Since the above reorganization transaction was between related parties, the properties acquired were recorded in the Company's books at the same amount as the carrying value in the books of Shear and Hunter.
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KAMINAK GOLD CORPORATION
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5. Fair Value of Financial Instruments

At December 31, 2005, the Company's financial instruments consist of cash, GST receivable, prepaid expenses, amounts due to a related party and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from 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.

6. Resource Property Costs:

Details are as follows:

	Acquisition Costs	Exploration Costs	Balance as at December 31, 2005	Balance as at September 30, 2005
Baker Lake, Nunavut	\$ 4,256	\$ 1,268	\$ 5,524	\$ -
Bathurst, Nunavut	197,025	13,133	210,158	-
BR, Nunavut	284,012	13,768	297,780	-
Churchill, Nunavut	761,258	100,750	862,008	91,794
IME, Nunavut	30,509	642	31,151	642
Lach, Nunavut	43,911	35,084	78,995	17,108
Matrix, Nunavut	30,417	-	30,417	-
Needle, Nunavut	33,863	13,134	46,997	-
Nizi, BC	30,417	3,531	33,948	3,531
Sharpe Lake, Manitoba	37,500	951	38,451	-
Sy, Nunavut	13,082	2,875	15,957	-
Voigtberg, BC	30,418	2,869	33,287	1,284
	\$ 1,496,668	\$ 188,005	\$ 1,684,673	\$ 114,359

General

Effective November 9, 2005, pursuant to reorganization transaction (the Spin Out Agreement), the Company acquired from Hunter and Shear, related parties, two groups of properties: the Hunter Properties and the Shear Properties. The Hunter Properties consist of six mineral properties: the Churchill Gold Property, the Lach Gold Property, the Nizi Gold Property, the Matrix Gold Project, the Voigtberg Gold Property and non-diamond rights over the IME Properties. The Shear Properties consist of the Bathurst, BR, Needle, Sy and any non-diamond rights to the Churchill Diamond Projects (except for a 5% non-diamond net profits interest) (Note 4).

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6. Resource Property Costs – Continued:

Under the reorganization transaction, the following items relate to resource properties:

The Company agreed to reimburse Hunter for exploration costs incurred by Hunter on the Hunter Properties by the issuance of a Promissory Note in favour to Hunter for the principal sum of \$250,000, bearing interest at 5% per annum, with principal and accrued interest to become due and to be paid in full on or before November 9, 2007. The Company may prepay the promissory note at any time and Hunter may elect at any time on written notice to the Company to convert, in whole or in part, the principal amount outstanding into common shares at a deemed price equal to the weighted average closing price of the Company for 20 trading days prior to the date of the written notice. The Company paid this promissory note in full on December 1, 2005.

The Company will pay Hunter an advance royalty on the Lach Gold Property in the sum of \$10,000 on June 1st in each of 2008, 2009 and 2010 and \$25,000 on June 1st in each year thereafter, if Kaminak is and remains the beneficial owner of the Lach Gold Property on such dates.

Hunter retains a 2% gross overriding royalty and a 2% net smelter royalty in all Hunter properties acquired by the Company.

The above reorganization transaction was between related parties, the properties acquired were recorded in the Company's books at carrying value in the books of Shear and Hunter.

Baker Lake (Uranium), Nunavut:

By agreement dated January 25, 2006, the Company granted a third party, Pacific Ridge Exploration Ltd., an option to acquire up to a 60% interest in the Baker Lake Uranium Project, Nunavut. The Baker Lake Property forms part of the Churchill property. Under the terms of the Option Agreement, Pacific Ridge has the right to initially earn a 51% interest by December 31, 2008 by making exploration expenditures totalling \$2.0 million dollars and staged payments totalling 400,000 Units to the Company. Each Unit consisting of one common share and one 12-month share purchase warrant with an exercise price set in accordance with market at the time of issuance of the Unit. Pacific Ridge will have the right to increase its interest to 60% by spending an additional \$1.0 million prior to December 31, 2010. Thereafter Pacific Ridge and the Company will form a joint venture in accordance with their interests then held. Underlying interests are held by the Hunter Exploration Group as to a 2% Net Smelter Return interest and Shear Minerals Ltd and Stornaway Diamond Corp. as to an 8.5% Net Profits Interest. The option agreement pertains to all commodities other than diamonds.

Bathurst, Nunavut

The property is subject to a 2% NSR in favour of a third part, Echo Bay Mines Ltd.

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6. Resource Property Costs – Continued

Matrix, Nunavut

By agreement, assigned by Hunter to the Company as a result of the reorganization transaction (Note 4), Pacific Ridge Exploration Ltd., a 50% joint venture partner, and the Company granted Newmont Mining Corporation, a third party the option to earn up to an undivided 70% interest in the Matrix Gold Project by spending \$14 million on exploration.

Needle, Nunavut

The Needle Lake Property is subject to a 1% NSR in favour of a third party, Pinnacle Resources (1996) Ltd.

Sharpe Lake, Manitoba

On October 18, 2005, the Company entered into a Letter of Agreement with a third party to acquire a 100% interest in the 5,000 hectare Sharpe Lake Gold Project. The project is located 550 kilometres northeast of Winnipeg, Manitoba. To earn its interest, the Company paid the vendor \$15,000 (in January 2006) and issued 100,000 common shares, in addition to the initial payment of \$2,500 upon signing of the agreement covering the license renewal fees for the property. On the one-year anniversary of listing on the TSX Venture Exchange, the Company will pay the vendor a further \$15,000 and issue another 100,000 common shares. The vendor will retain a 2% Net Smelter Royalty (NSR). The Company will have the option to buy back 1% of this NSR at anytime by paying the vendor \$1,000,000.

KAMINAK GOLD CORPORATION*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****December 31, 2005**

Unaudited

*Canadian Funds***7. Share Capital**

a) Details as follows:

	Number	Amount
Authorized:		
Unlimited number of common voting shares without par value		
Unlimited number of preferred shares without par value		
Issued:		
One common share – Issued to Shear (Parent Company)	1	\$ 1
Balance – September 30, 2005	1	\$ 1
Acquisition of 974134 N.W.T. Limited (Note 4 (i))	11,225,684	1,159,900
Acquisition of 53.76% of Hunter Properties (Note 4 (ii))	3,000,000	18,436
For cash – Private Placement, flow-through shares	818,585	286,505
For cash – Private Placement	4,657,800	1,164,450
For property	100,000	35,000
Share issuance costs	-	(68,208)
	19,802,070	\$ 2,596,084

b) Private Placements

On November 9, 2005, the Company completed two private placements of 4,657,800 common shares at \$0.25 per share and 818,585 “flow-through” common shares at \$0.35 per share. The proceeds of \$286,505 from the flow-through shares must be used for qualifying exploration expenditures (as defined under the Income Tax Act) and renounced to the flow-through shareholders effective December 31, 2005. After deducting share issuance costs, the Company generated \$1,376,691 net proceeds (gross proceeds of \$1,450,955).

c) Flow-through Shares:

The total proceeds of \$286,505 from the issuance of 818,585 flow-through shares in the November 9 2005 private placement must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2005. The unspent balance of this flow-through issuance at December 31, 2005 was \$228,642. The future income tax liability, estimated to be \$97,755 (by applying the tax statutory rate of 34.12%) resulting from the renunciation of these qualifying expenditures will be recorded in February 2006 when the renunciation tax forms are filed, in accordance with the pronouncement of the CICA Emerging Issue Committee.

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7. Share Capital – Continued:

- d) Pursuant to the reorganization transaction (Note 4), the Company issued 3,000,000 shares to Hunter to acquire the remaining 53.76% interest in the Hunter Properties. The 3,000,000 shares are subject to escrow restrictions and held on deposit with the Transfer Agent. Ten percent were released upon the Company's public trading, with the balance to be released in equal tranches of 15% every 6 months over 36 months. As at December 31, 2005, 2,700,000 of these shares remains in escrow.
- e) 3,000,000 warrants were also issued to Hunter pursuant to the reorganization transaction (Note 4) shares at \$0.35 per share to November 9, 2007. These warrants remain outstanding as at December 31, 2005.
- f) Stock Options

On November 9, 2005, the Company adopted a stock option plan with the following terms:

- i) Options granted can not be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least \$0.10.
- ii) At the time of the grant:
 - a) the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);
 - b) the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);
 - c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;
 - d) the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and
 - e) options issued to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period.

KAMINAK GOLD CORPORATION*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****December 31, 2005**

Unaudited

Canadian Funds

7. Share Capital – Continued:f) *Stock Options – Continued:*

Pursuant to the reorganization transaction, the Company reserves for issuance an aggregate of 1,055,000 common shares for issuance to holders of outstanding incentive stock options granted by Shear. The amount of 897,200 options are to the directors of Shear, exercisable for a period of two years (expiring November 9, 2007) at an exercise price of \$1.00 per share in the first year and \$1.25 per share in the second year. All other options, being the balance of 157,800 options, are exercisable at \$0.35 per share for a period of two years (expiring November 9, 2007).

At December 31, 2005, all of the above 1,055,000 options were outstanding.

The stock-based compensation for the current period amounted to \$45,692, with the offsetting entry to Contributed Surplus.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions used for the stock options granted during the year:

	December 31, 2005
Average risk-free interest rate	3.71%
Expected dividend yield	0%
Expected stock price volatility	100%
Average expected option life in years	1-2 years

8. Contributed Surplus

Balance consists of:

Balance – Beginning of the period	\$	-
Fair value of stock-based compensation		45,692
Balance – December 31, 2005	\$	45,692

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9. Related Party Transactions

Except as disclosed in these interim consolidated financial statements, related party transactions are as follows:

- a) During the period ended September 30, 2005, all expenditures of the Company were paid by Hunter, an unincorporated entity, whose principal is the President/CEO and director of the Company. At September 30, 2005, the Company owed Hunter \$122,211 for these expenditures. To December 31, 2005, the balance outstanding was \$164,885. This balance is non-interest bearing, with no specific terms.
 - b) Included in current period resource property costs are consulting fees paid to the Company's Vice-President of exploration and director, totaling \$19,020 (September 30, 2005 - \$94,445).
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10. Income Taxes

- a) As at September 30, 2005, the fiscal year-end, the Company has incurred certain mineral related expenditures of approximately \$115,968 which may be carried forward indefinitely. These expenditures may be used to reduce prescribed taxable income in future years.
- b) To September 30, 2005, the Company has incurred non-capital loss for tax purposes of approximately \$22,396, which may be carried forward to reduce future taxable income. This loss expires in the year 2015.

The potential future tax benefits of the resource expenditures and non-capital losses have not been reflected in the accounts of the Company because of uncertainty of recovery of these future income tax assets.

11. Subsequent Events

- a) Pursuant to the Company's stock option plan, on January 17, 2006, the Company granted a total of 1,945,000 employee stock options, of which stock options to acquire a total of 1,100,000 common shares were granted to insiders of the Company and 845,000 shares were granted to independent consultants. The options carry an exercise price of \$0.55 per common share, with a hold period of four months, and will expire on January 17, 2011. The stock options will vest in the amount of 25% every three months from date of granting.

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11. Subsequent Events – Continued:

- b) On January 25, 2006, the Company granted a third party, Pacific Ridge Exploration Ltd., an option to acquire up to a 60% interest in the Baker Lake Uranium Project, Nunavut. Under the terms of the Option Agreement, Pacific Ridge has the right to initially earn a 51% interest by December 31, 2008 by making exploration expenditures totalling \$2.0 million dollars and staged payments totalling 400,000 Units to the Company. Each Unit consisting of one common share and one 12-month share purchase warrant with an exercise price set in accordance with market at the time of issuance of the Unit. Pacific Ridge will have the right to increase its interest to 60% by spending an additional \$1.0 million prior to December 31, 2010. Thereafter Pacific Ridge and the Company will form a joint venture in accordance with their interests then held. Underlying interests are held by the Hunter Exploration Group as to a 2% Net Smelter Return interest and Shear Minerals Ltd and Stornaway Diamond Corp. as to an 8.5% Net Profits Interest. The option agreement pertains to all commodities other than diamonds.
- c) On February 14, 2006 and amended February 20, 2006, the Company engaged Canaccord Capital Corporation as lead agent to complete a private placement offering on a best efforts basis of up to 2,000,000 flow-through units (the "FT Units"), at a price of \$0.55 per FT Unit, and 3,800,000 non-flow-through units (the "NFT Units"), at a price of \$0.50 per NFT Unit, for total gross proceeds of up to \$3,000,000. The Agent has been granted an over-allotment option to obtain additional subscriptions of up to 30% of the total offering. Each FT Unit will consist of one flow through common share and half of one non-flow through common share purchase warrant. Each whole common share purchase warrant will be exercisable for a period of 24 months from closing at a price of \$0.70. Each NFT Unit will consist of one common share and one whole common share purchase warrant. Each whole common share purchase warrant shall be exercisable into one common share for a period of 24 months from closing at a price of \$0.60. The Offering is subject to certain conditions, including due diligence and regulatory acceptance. Funds raised from the issuance of the FT common shares will be used for general exploration expenditures, which will constitute Canadian exploration expenses (as defined in the Income Tax Act) and will be renounced for the 2006 taxation year. Proceeds from the NFT Units will be used for general corporate purposes. Both FT and NFT units issued are subject to a four month hold period from the closing date. Kaminak will pay the Agent a cash commission of 8.0% of the gross proceeds raised upon closing. On the closing date of the Offering, the Agent will be granted compensation options equal in number to 10% of the aggregate number of total Units sold at an exercise price equal to \$0.60. The Company has granted the Agent the right of first refusal on all brokered financings for a period of 12 months from closing. The Agent will also be paid a Corporate Finance fee of 100,000 NFT Units, a one time administrative fee of \$5,000, and all reasonable costs and expenses related to the Offering.
- d) The Company is arranging a non-brokered private placement offering of up to 500,000 units at a price of \$0.50 per unit, for total gross proceeds of up to \$250,000. The units will be issued under the same terms as the non-flow-through units to be issued under the brokered private placement. Each unit will consist of one common share and one common share purchase warrant. Each whole common share purchase warrant will be exercisable into one common share for a period of 24 months from closing at a price of \$0.60 per share. The Offering is subject to certain conditions, including regulatory acceptance. Proceeds from the Units will be used for general corporate purposes. The securities issued will be subject to a four month hold period from the closing date.
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