

INTERNATIONAL BARYTEX RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(Unaudited and Unreviewed)

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

**CONSOLIDATED STATEMENTS OF
DEFERRED EXPLORATION COSTS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

These financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

INTERNATIONAL BARYTEX RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited and Unreviewed)

	March 31 2006	December 31 2005
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,147,022	\$ 2,362,071
Investment in related company (Note 7)	23,614	23,614
Accounts receivable	5,056	23,871
GST receivable	4,093	2,372
Accrued interest receivable	3,329	-
Loan receivable (Note 3)	410,075	405,144
Due from related parties (Note 7)	50,483	37,862
Prepaid expenses	30,127	23,407
	1,673,799	2,878,341
CAPITAL ASSETS (Note 4)	133,436	83,083
ADVANCES TO SHITURU MINING CORPORATION (Note 5)	116,676	46,758
MINERAL PROPERTIES AND DEFERRED COSTS (Note 5)	9,371,989	2,324,014
	\$ 11,295,900	\$ 5,332,196
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 27,843	\$ 19,785
Due to related parties (Note 7)	2,504	-
	30,347	19,785
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	15,836,501	9,816,577
CONTRIBUTED SURPLUS (Note 6)	1,790,334	1,533,815
DEFICIT	(6,361,282)	(6,037,981)
	11,265,553	5,312,411
	\$ 11,295,900	\$ 5,332,196

APPROVED BY THE DIRECTORS

"Roman Shklanka"

Director

"Leo King"

Director

The accompanying notes are an integral part of these financial statements

INTERNATIONAL BARYTEX RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Unaudited and Unreviewed)

	Three Months Ended March 31	
	<u>2006</u>	<u>2005</u>
REVENUE		
Interest income	\$ 17,471	\$ 2,593
Management services	10,140	10,140
	<u>27,611</u>	<u>12,733</u>
EXPENSES		
Amortization	1,397	368
Interest expense	147	91
Filing fees	8,585	4,100
General exploration	12,750	-
Management fees	14,400	10,200
Office and miscellaneous	4,715	3,671
Professional fees	7,692	210
Rent	8,472	8,161
Stock-option compensation	258,093	-
Transfer agent fees	2,525	1,207
Travel and accommodation	10,432	372
Wages and employee benefits	20,328	19,375
	<u>349,536</u>	<u>47,755</u>
	(321,925)	(35,022)
Loss from write-down of deferred costs	(1,376)	(1,155)
Bad debt written off	-	(1,243)
	<u>(323,301)</u>	<u>(37,420)</u>
NET LOSS FOR THE PERIOD	(323,301)	(37,420)
DEFICIT, BEGINNING OF PERIOD	(6,037,981)	(4,968,424)
DEFICIT, END OF PERIOD	<u>\$ (6,361,282)</u>	<u>\$ (5,005,844)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average number of shares	<u>30,645,131</u>	<u>22,923,773</u>

The accompanying notes are an integral part of these financial statements

INTERNATIONAL BARYTEX RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and Unreviewed)

	Three Months Ended March 31	
	2006	2005
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (323,301)	\$ (37,420)
Add items not involving use of cash:		
Loss from write-down of deferred costs	1,376	1,155
Amortization	1,397	368
Provision for bad debt	-	1,243
Stock based compensation	258,093	-
	(62,435)	(34,654)
Non-cash working capital items		
Investment in related company	-	(23,614)
Accounts receivable	18,815	(79)
GST receivable	(1,721)	592
Due (from) to related parties	(10,117)	15,885
Accrued interest receivable	(3,329)	4,659
Prepaid expenses	(6,720)	(2,624)
Accounts payable and accrued liabilities	8,058	(872)
	(57,449)	(40,707)
FINANCING ACTIVITIES		
Shares issued for cash, net of share issue costs	162,350	315,000
	162,350	315,000
INVESTING ACTIVITIES		
Loan receivable	(4,931)	-
Addition to equipment	(59,253)	-
Advances to Shituru Joint Venture	(69,918)	-
Mineral properties	(574,750)	-
Deferred costs	(611,098)	-
	(1,319,950)	-
NET CASH (OUTFLOW) INFLOW	(1,215,049)	274,293
CASH, BEGINNING OF PERIOD	2,362,071	655,021
CASH, END OF PERIOD	\$ 1,147,022	\$ 929,314
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Financing activities that do not have a direct impact on current cash flows are excluded from cash flow statements:		
Cash paid for interest	\$ 147	\$ 91
Cash paid for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

INTERNATIONAL BARYTEX RESOURCES LTD.
SCHEDULE OF MINERAL PROPERTIES AND DEFERRED COST
(Unaudited and Unreviewed)

	Mel Property	Barb Property	Shituru Property	China Project	Total
THREE MONTHS ENDED MARCH 31, 2006					
MINERAL PROPERTY					
Balance, December 31, 2005	\$ 1	\$ 1	\$ 1,835,678	\$ -	\$ 1,835,680
Additions during the period:					
Property payment in cash	-	-	574,750	-	574,750
Property payment in shares	-	-	5,856,000	-	5,856,000
	-	-	6,430,750	-	6,430,750
Less write down	-	-	-	-	-
Balance, March 31, 2006	1	1	8,266,428	-	8,266,430
DEFERRED EXPLORATION EXPENSES					
Balance, December 31, 2005	-	-	488,334	-	488,334
Additions during the period:					
Amortization	-	-	7,503	-	7,503
Drilling	-	-	120,580	-	120,580
Environmental study	-	-	12,000	-	12,000
Field expenses	-	-	188,826	-	188,826
Geological consultants	-	-	78,600	-	78,600
Office administration	-	-	36,167	-	36,167
Permits and fees	105	1,050	11,613	-	12,768
Surveys	-	-	11,916	-	11,916
Travel and accommodation	-	-	82,608	221	82,829
Vehicle and equipment expenses	-	-	10,331	-	10,331
Wages	-	-	57,081	-	57,081
	105	1,050	617,225	221	618,601
Less write down	(105)	(1,050)	-	(221)	(1,376)
Balance, March 31, 2006	-	-	1,105,559	-	1,105,559
TOTAL MINERAL PROPERTIES AND DEFERRED COSTS	\$ 1	\$ 1	\$ 9,371,987	\$ -	\$ 9,371,989
YEAR ENDED DECEMBER 31, 2005					
MINERAL PROPERTY					
Balance, December 31, 2004	\$ 1	\$ 1	\$ -	\$ 1	\$ 3
Additions during the period:					
Property payment in cash			1,752,930		1,752,930
Other acquisition expenses			82,748		82,748
			1,835,678		1,835,678
Less write down	-	-	-	(1)	(1)
Balance, December 31, 2005	1	1	1,835,678	-	1,835,680
DEFERRED EXPLORATION EXPENSES					
Balance, December 31, 2004	-	-	-	-	-
Additions during the period:					
Amortization	-	-	12,374	-	12,374
Assays	-	-	58	-	58
Drilling	-	-	54,963	-	54,963
Field expenses	-	-	57,664	-	57,664
Geological consultants	-	-	115,871	-	115,871
Office administration	-	-	44,433	-	44,433
Permits and fees	105	4,305	20,185	-	24,595
Travel and accommodation	-	-	156,619	-	156,619
Vehicle and equipment expenses	-	-	26,167	-	26,167
	105	4,305	488,334	-	492,744
	(105)	(4,305)	-	-	(4,410)
Balance, December 31, 2005	-	-	488,334	-	488,334
TOTAL MINERAL PROPERTIES AND DEFERRED COSTS	\$ 1	\$ 1	\$ 2,324,012	\$ -	\$ 2,324,014

The accompanying notes are an integral part of these financial statements

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

1. NATURE OF OPERATIONS

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis. As of March 31, 2006, the Company has accumulated losses of \$6,361,282. Its ability to continue as a going concern is dependant upon the ability of the Company to generate profitable operations in the future, and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Romanex Resources Limited.

b) Mineral Properties and Exploration Costs

Mineral properties are carried at cost until they are brought into production at which time they are depleted on a unit of production basis.

Costs relating to exploration and to the China Project are deferred until the properties are brought into production, at which time the deferred costs are to be amortized on a unit of production basis, or until the properties are abandoned or sold, or when it has been determined that there is evidence of permanent impairment at which time the deferred costs are written off or written down.

The mineral properties and deferred costs are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. When there is evidence of impairment, the net carrying amount of the asset will be written down to its net recoverable amount which is the estimated undiscounted future net cash flows expected to result from the asset and its eventual disposition. The loss on impairment written off is not reversed even if circumstances change and the net recoverable amount subsequently increases.

The amounts shown as mineral properties and deferred costs on the China project represent unamortized costs to date and do not necessarily reflect present or future values.

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate amongst other things, to depreciation, determination of impairment of interest in mineral properties and deferred costs on the China project.

d) General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activities to operations as incurred.

e) Depreciation of Capital Assets

Capital assets are recorded at cost and are depreciated annually at the following rates:

Computer hardware	-	30% declining balance method
Mining equipment	-	30% declining balance method
Office furniture and equipment	-	20% declining balance method
Computer software	-	100% declining balance method
Leasehold improvement	-	Straight line over 14 months

Further, capital costs are amortized at one-half of the annual rate in the year of acquisition.

f) Financial Instruments

The carrying values of cash and equivalents, GST receivable, accounts receivable, prepaid expenses and accounts payable approximate their fair market value because of the short-term maturity of these instruments. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

g) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Stock-based Compensation

Effective for fiscal years beginning on or after January 1, 2002, public companies are required to adopt the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for Canadian Stock-based Compensation. These recommendations require that all stock-based payments to non-employees and direct awards of stock to employees be accounted for using a fair value based method of accounting. However, the standard permitted the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees with the addition of pro-forma information.

Effective for the years beginning on or after January 1, 2004, pro-forma disclosure only will no longer be permitted and the fair value of all stock options granted must be accounted for. The Company has prospectively adopted the new policy for the fiscal year ended December 31, 2004.

i) Escrow shares

Shares issued with escrow restrictions are recorded at their issue price and not revalued upon release from escrow.

j) Basic and Diluted Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution by including other common share equivalents, including outstanding stock options and outstanding warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

k) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognised for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis for assets and liabilities as well as for benefit of losses available to be carried forward to future years for tax purposes. These future taxes are measured by the provisions of currently enacted tax laws. Management believes that it is not sufficiently likely that the Company will generate sufficient taxable income to allow the realization of future assets and therefore the Company has fully provided against these assets.

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Asset Retirement Obligation

The Company has adopted the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. The new section requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and arising from the acquisition, development or normal operation of those assets. Such asset retirement cost must be 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 to operations on a systematic basis over its useful life. There is no material impact on the financial statements resulting from the adoption of Section 3110 in the current period.

3. LOAN RECEIVABLE

By agreement dated September 19, 2005 and subsequently amended on October 7, 2005, the Company entered into a loan agreement with Geo-logical Drilling Ltd. ("Geodrill"), a private drilling contractor whereby the Company agreed to loan Geodrill up to \$400,000 for the purpose of acquiring a drill for use in diamond drilling of the Shituru Property in Congo. The loan bears a simple interest rate at Bank of Canada rate plus 2% and is guaranteed by the owner of Geodrill as well as secured by the drill equipment. The loan is repayable from 30% of all Geodrill's invoiced charges to the Company on a monthly basis.

4. CAPITAL ASSETS

	Three Months Ended			December 31
	March 31, 2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 5,864	\$ 2,763	\$ 3,101	\$ 1,788
Furniture and equipment	19,541	4,090	15,451	12,715
Vehicles	130,781	18,425	112,356	65,209
Leasehold improvements	6,743	4,215	2,528	3,371
	<u>\$ 162,929</u>	<u>\$ 29,493</u>	<u>\$ 133,436</u>	<u>\$ 83,083</u>

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

5. MINERAL PROPERTIES

a) Mel Property

The Company acquired from Breakwater Resources Ltd. (“Breakwater”) an undivided 100% interest in the Mel Property situated in the Watson Lake Mining District, Yukon Territory. As of March 31, 2006, the Company paid \$1,000,000 and incurred \$1,372,375 pre-production expenditures, including \$472,706 incurred by Cominco. The Company also issued 600,000 fully paid and non-assessable common shares of the Company to Breakwater and has agreed to pay a royalty of 1% of any Net Smelter Returns from the property to Breakwater. The Mel Property currently consists of 257 mineral claims.

Pursuant to an agreement dated September 10, 1996, Sutton Resources waived its back in right to the Mel Property. As consideration, the Company issued 100,000 shares and agreed to issue a further 100,000 shares within 30 days of development of a mine on the property.

During the year ended December 31, 2004, the carrying value of the acquisition costs and the deferred exploration costs of the Mel property were written down to a nominal value. Subsequent to December 31, 2004, all deferred exploration cost relating to this property were written off in the period when they were incurred.

b) Barb Property

The property consists of 31 mineral claims situated in the Watson Lake Mining District, Yukon Territory. During the year ended December 31, 2001, the cost of this mineral property was written down to a nominal value of \$1 while the deferred exploration costs of \$229,296 were fully written off. Subsequent to 2001, all deferred exploration costs relating to this property were written off in the period when they were incurred.

c) Shituru Property

By agreement dated May 27, 2005 and subsequently amended on February 20, 2006, the Company acquired an option to purchase up to a 86.67% interest in East China Capital Holdings Ltd. (“ECCH”) which company’s sole asset is an option to acquire a 75% share interest in the Shituru copper-cobalt deposit from Generale Des Carrieres et des Mines (“Gecamines”) by agreeing to provide all funds to place the property into production. When the option is fully exercised, the Company will indirectly hold a 65% interest in the Shituru Property which is located one kilometer east of the Gecamines hydro metallurgical complex on the eastern limits of the City of Likasi in the Democratic Republic of Congo. In accordance with the terms of the agreement, the Company agreed to pay a total of US\$5,000,000 and issue 6,950,000 common shares of the Company in stages as follows:

- (1) payment of US\$200,000 upon execution of the agreement (paid);
- (2) payment of US\$1,300,000 (paid) and issuance of 1,600,000 common shares (issued) of the Company to acquire a 30% interest in ECCH within five days following the later of the date when the agreement is accepted for filing with the TSX Venture Exchange (“TSX Acceptance Date”) and the date when the legal title of the Shituru Property has been transferred to a joint venture corporation;

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

5. MINERAL PROPERTIES

c) Shituru Property (continued)

- (3) payment of US\$500,000 (paid) and issuance of 1,600,000 common shares (issued) of the Company on or before February 18, 2006 plus US\$500,000 on or before April 18, 2006 to acquire an additional 20% interest in ECCH (Note 10);
- (4) payment of US\$1,000,000 on or before July 18, 2006 to acquire an additional 10% interest in ECCH (Note 10);
- (5) payment of US\$1,500,000 and issuance of 2,150,000 common shares of the company to acquire an additional 5% interest in ECCH upon completion of a feasibility report and a production decision is made;
- (6) issuance of 1,600,000 common shares of the Company to acquire an additional 21.67% interest in ECCH upon commencement of commercial production.

In addition, the Company must also assume certain obligations with respect to the underlying option agreement between ECCH and Gecamines, which includes US\$300,000 payment within seven months of legal title transfer to the joint venture company, US\$700,000 payment within 30 days of submission of the feasibility study, and a further US\$1,500,000 payment in seven monthly payments commencing in the fourth month after the start of commercial production. The property is subject to a 1.5% to 2% net sales revenue royalty to be negotiated depending on the results of the feasibility study.

Title to the property has been transferred to Shituru Mining Corporation, a company in common ownership with the optionor of the property. The Company will earn its interest in the property through ownership in Shituru Mining Corporation.

d). Deferred Costs on China Project

By an agreement dated November 7, 2002 and subsequently amended on January 16, 2003, the Company entered into an option agreement with Asia Now Resources Ltd. ("AN") whereby the Company was granted an option to acquire all of AN's interest (up to 75%) in the Dulong tin-zinc property located in the Yunnan Province of China. As consideration, the Company had agreed to issue to AN 2,500,000 shares of the Company and incur up to US\$7,000,000 in exploration. During the year ended December 31, 2004, the total costs of \$158,713 incurred to date on the China project were written down to a nominal value of \$1. The remaining balance was written off during the year ended December 31, 2005. Subsequent to 2005, all deferred exploration costs relating to this property were written off in the period when they were incurred.

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

6. SHARE CAPITAL

- a) Authorized
100,000,000 common shares without par value (Note 10)
- b) Issued and Fully Paid

	Number of Shares	Amount
Balance, December 31, 2004	22,407,829	\$ 5,341,083
Issued pursuant to warrants exercised - \$0.30	1,175,000	352,500
Issued pursuant to stock options exercised - \$0.13	55,000	7,150
Issued pursuant to stock options exercised - \$0.28	25,000	7,000
Issued pursuant to private placement - \$1.07 net of share issuance costs of \$361,974	4,540,607	4,496,475
Stock option compensation on agent's warrants	-	(387,631)
	28,203,436	9,816,577
Balance, December 31, 2005	28,203,436	9,816,577
Issued pursuant to warrants exercised - \$1.40	86,250	120,750
Issued pursuant to stock options exercised - \$0.13	320,000	41,600
Issued for mineral property	3,200,000	5,856,000
Stock option compensation on option exercised	-	1,574
	31,809,686	15,836,501
Balance, March 31, 2006		

In July 2005, the Company completed a non-brokered private placement of 4,540,607 units at the price of \$1.07 per unit. Each unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase one additional common share at the price of \$1.40 per share for a period of two years. The warrants will be subject to an acceleration clause whereby if the common shares of the Company trade above \$2.00 for a period of 10 consecutive trading days, the Company may require warrant holders to exercise the warrants within 30 days of formal notice from the Company. In consideration for the above financing, the Company paid certain finders \$337,275 in commissions and issued agent's warrants to purchase up to 307,800 shares of the company on and subject to the same terms as the private placement warrants.

c) Stock Options

The Company has granted employees and directors stock options. These options are granted in accordance with the policies of regulatory authorities. A summary of the status of the stock option plan as of March 31, 2006 and December 31, 2005 and changes during the periods then ended is presented below:

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

6. SHARE CAPITAL

c) Stock Options (continued)

	Three Months March 31, 2006		Year Ended December 31, 2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of period	2,000,000	\$ 0.66	1,430,000	\$ 0.45
Granted	150,000	1.61	650,000	1.06
Exercised/expired	(320,000)	0.13	(80,000)	0.18
Outstanding and exercisable at end of period	<u>1,830,000</u>	\$ 0.83	<u>2,000,000</u>	\$ 0.66

As at March 31, 2006, the following directors and employee stock options were outstanding:

Number of Shares	Weighted Average Exercise Price Per Share	Expiry Date
90,000	0.27	October 29, 2006
310,000	0.20	January 23, 2008
580,000	0.80	August 23, 2009
50,000	0.80	July 27, 2009
650,000	1.06	September 28, 2010
25,000	1.54	January 10, 2011
125,000	1.62	March 27, 2011

These options entitle the holder thereof the right to acquire one common share for each option held.

As disclosed in Note 2(h), effective January 1, 2004, the Company has adopted the new policy to record the fair value of compensation expense on the granting of stock options.

For the year ended December 31, 2005, the Company recorded a stock-option compensation charge of \$818,584 in respect of the stock options for the 650,000 shares granted. The fair value of these stock options, which vested immediately at the date of grant, is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

Risk free interest rate	3.58%
Expected life of options	5 years
Expected dividend yield	0.0%
Expected stock price volatility	170.8%

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

6. SHARE CAPITAL

c) Stock Options (continued)

During the three months ended March 31, 2006, the Company recorded a stock-option compensation charge of \$258,093 in respect of the stock options for the 150,000 shares granted. The fair value of these stock options, which vested immediately at the date of grant, is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

Risk free interest rate	4.05%
Expected life of options	5 years
Expected dividend yield	0.0%
Expected stock price volatility	164.8%

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

Stock based compensation charges are expensed for the stock options granted with a corresponding increase to contributed surplus. Upon exercise of stock options the consideration paid will be credited to share capital.

e) Share Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,848,407	\$ 1.40
Exercised	(86,250)	1.40
Outstanding, end of period	<u>4,762,157</u>	\$ 1.40

During the year ended December 31, 2005 the Company recorded a share issuance cost of \$387,631 in respect of the agent's warrants for 307,800 shares granted during the period. The fair value of these warrants, which vested immediately at the date of grant, is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

Risk free interest rate	3.58%
Expected life of options	5 years
Expected dividend yield	0.0%
Expected stock price volatility	170.8%

INTERNATIONAL BARYTEX RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited and Unreviewed)
MARCH 31, 2006 AND 2005

6. SHARE CAPITAL (continued)

e) Contributed Surplus

	Three Months Ended March 31 2006	Year Ended December 31 2005
Outstanding at beginning of year	\$ 1,533,815	\$ 327,600
Stock option compensation		
Stock option granted	258,093	818,584
Agent's warrants granted	-	387,631
Agent's warrants exercised	(1,574)	-
Outstanding, end of year	\$ 1,790,334	\$ 1,533,815

7. RELATED PARTY TRANSACTIONS

- a) The amounts due by or to related parties are non-interest bearing and are unsecured with no specific terms of repayment. These transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value and is the amount of consideration established and agreed to by the related parties.
- b) During the period, the Company paid \$14,400 (2005 - \$10,200) for management fees and \$50,273 (2005 - \$1,155) for reimbursement of exploration expenses to a private company controlled by a director.
- c) During the period \$3,030 (2005 - \$210) for accounting services was paid to a company controlled by an officer of the Company.
- d) During the period \$14,450 (2005 - \$11,806) for secretarial and book-keeping services was paid to an officer of the Company.
- e) During the period bad debts of \$Nil (2005 - \$1,243) was written off from an amount due from a related company.
- f) During the period management services fees of \$10,140 (2005 - \$10,140) were received from a company related by common directors.
- g) During the three month period ended March 31, 2005, the Company acquired 472,289 shares of a private company with common directors at the price of \$0.05 per share pursuant to a debt settlement agreement.

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8. LEASING COMMITMENT

There are minimum rental obligations under an operating lease for office premises which expires on July 31, 2011 as follows:

2006	\$	45,142
2007		45,816
2008		46,656
2009		47,832
2010		47,832
2011		27,902
		<u>\$ 261,180</u>

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable segment, being the acquisition and exploration of mineral properties in Congo.

10. SUBSEQUENT EVENTS

- a) Subsequent to March 31, 2006, 1,359,450 warrants were exercised at the price of \$1.40 per share to net the Company \$1,903,230.
- b) Subsequent to March 31, 2006, the agreement relating to Shituru Property was again amended. The US\$500,000 and US\$1,000,000 cash payments that were due on April 18, 2006 and July 18, 2006 respectively have been changed to May 18, 2006, which the Company has now paid.
- c) During the annual general and special meeting on May 18, 2006, the Company passed a special resolution to increase its authorized common share capital to an unlimited number of common shares.
- d) In May 2006, 50,000 stock options were exercised at the price of \$0.20 per share to net the Company \$10,000.