

INTERNATIONAL PBX VENTURES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2005
(UNAUDITED)

NOTICE TO READER

Management has prepared the consolidated balance sheet of International PBX Ventures Ltd. as at September 30, 2005 and the consolidated statements of operations and deficit and cash flows for the three months then ended. They have not been audited, or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.
October 31, 2005

International PBX Ventures Ltd.

International PBX Ventures Ltd.
Consolidated Balance Sheet
For the nine months ended September 30, 2005
(Unaudited)

	Sept. 30, 2005	Sept. 30, 2004	December 31, 2004
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash	546,427	424,022	930,119
Marketable securities [Note 3]	26,800	42,000	42,000
Accounts receivable	16,443	4,391	10,418
Prepaid expenses	10,404	6,952	9,421
	600,074	477,365	991,958
PROPERTY AND EQUIPMENT [Note 4]	52,859	61,807	57,727
MINERAL INTERESTS [Note 5]	4,651,356	3,342,430	3,286,470
	5,304,289	3,881,602	4,336,155
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and accruals [Note 7]	60,899	23,097	23,615
Amount owing to a former director [Note 7]	95,855	95,855	95,855
	156,754	118,952	119,470
SHAREHOLDERS' EQUITY			
CAPITAL STOCK [Note 6]	11,895,413	9,640,068	10,389,913
CONTRIBUTED SURPLUS	182,854	-	73,000
DEFICIT	(6,930,732)	(5,877,418)	(6,246,228)
	5,147,535	3,762,650	4,216,685
	5,304,289	3,881,602	4,336,155

(See accompanying notes to the financial statements)

Nature of Operations and Continuance of Business (Note 1)

Approved on behalf of the Board: "Gary Medford" "Verna Wilson"
 Gary Medford, Director Verna Wilson, Director

International PBX Ventures Ltd.
Consolidated Statement of Operations and Deficit
For the nine months ended September 30, 2005
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2005 \$	September 30, 2004 \$	Sept. 30, 2005 \$	Sept. 30, 2004 \$
ADMINISTRATIVE EXPENSES				
Administration fee	9,000	7,500	25,500	22,500
Amortization	1,594	1,034	4,117	2,807
Bank charges	674	332	2,129	746
Consulting expenses	40,150	-	59,633	-
Foreign Exchange	(125,714)	17,561	(60,740)	29,595
Finder's Fee	10,143	-	24,483	-
Investor relations	65,247	31,364	150,683	168,712
Insurance	-	-	10,115	-
Management fees	30,000	-	75,000	60,000
Office, telephone, rent and secretarial	17,448	14,912	43,882	29,990
Professional fees	25,081	7,293	33,161	20,439
Stock –based compensation	95,254	-	109,854	-
Transfer agent and regulatory	5,371	2,626	23,022	10,584
Travel, promotion and mining shows	95,229	8,889	193,790	42,920
TOTAL EXPENSES	(269,477)	(91,511)	(694,629)	(388,293)
Less interest income	3,712	(207)	(10,124)	(1,807)
Mineral Interest Written Off	-	-	-	30,000
NET LOSS FOR THE PERIOD	(273,188)	(91,304)	(684,504)	(416,486)
DEFICIT, BEGINNING OF PERIOD	(6,657,544)	(5,786,114)	(6,246,228)	(5,460,932)
DEFICIT, END OF PERIOD	(6,930,732)	(5,877,418)	(6,930,732)	(5,877,418)
LOSS PER SHARE (Weighted average basis)	(0.01)	(0.01)	(0.02)	(0.02)
Weighted Average Shares Outstanding	33,915,040	23,526,426	33,649,238	23,526,426

(See accompanying notes to the financial statements)

International PBX Ventures Ltd.
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2005
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net Loss for the year	(273,188)	(91,304)	(694,504)	(416,486)
Less items not affecting cash				
Amortization	1,594	1,034	4,117	2,807
Amortization charged to mineral interests	-	-	-	6,362
Stock based compensation	95,254	-	109,854	-
	(176,340)	(92,338)	(570,533)	(425,655)
Change in non-cash components of working capital	48,415	6,942	45,476	(17,194)
CASH TO OPERATING ACTIVITIES	(127,926)	(85,396)	(525,057)	(442,849)
FINANCING ACTIVITIES				
Capital stock issued for cash	337,875	18,750	1,505,500	650,710
Capital stock issued for property acquisition	-	-	-	55,000
Subscriptions received	-	-	-	(12,500)
	337,875	18,750	1,505,500	693,210
INVESTING ACTIVITIES				
Acquisition of and expenditures upon mineral interests	(451,172)	(213,124)	(1,354,852)	(594,354)
Acquisition of property and equipment	(4,928)	(2,722)	(9283)	(35,112)
	(455,527)	(215,846)	(1,364,135)	(629,466)
INCREASE (DECREASE) IN CASH	(245,578)	(282,492)	(383,692)	(379,105)
CASH - BEGINNING OF PERIOD	792,005	706,514	930,119	803,127
CASH - END OF PERIOD	546,427	424,022	546,427	424,022

(See accompanying notes to the financial statements)

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

The Company is an exploration stage company and is in the business of acquiring and exploring mineral properties in Chile. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The recoverability of carrying amounts for mineral claims and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral claims and options could be written-off.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments, if any, which may be appropriate should the Company be unable to continue as a going concern entity.

The Company intends to remain viable through receiving proceeds from private placements of its shares and option proceeds from its mineral concessions in the form of cash, shares and exploration commitments.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Chilean subsidiary, Minera IPBX Ltda., and its wholly owned Canadian subsidiary, Tierra de Oro Resources Ltd.

[b] Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

[c] Marketable securities

Marketable securities are recorded at cost. Losses in value, which are other than temporary, are recognized by writing down the investment to market value.

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[d] Property and equipment

Amortization is recorded at rates sufficient to amortize asset cost over the anticipated useful life of the asset. The amortization rate for furniture and office equipment is 30% on the declining balance basis.

[e] Mineral claims and deferred exploration costs

The Company records its interests in mineral properties at cost. Costs relating to these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. These costs will be amortized over the estimated useful life of the property following commencement of production, or written off if the mineral properties or projects are sold or allowed to lapse. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off.

The Canadian Institute of Chartered Accountants released Accounting Guideline 11 - Enterprises in the Development Stage ("AcG11").

Pursuant to AcG11 there should be a presumption of impairment in the carrying amount of deferred development costs of enterprises in the development stage engaged in extractive operations when any of the following conditions exist:

- [i] the enterprise's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- [ii] exploration results are not promising and no more work is being planned in the foreseeable future; or
- [iii] remaining lease terms are insufficient to conduct necessary studies or exploration work.

Once an impairment has been determined then a portion of the carrying value will be written down to net realizable value.

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[f] Income taxes

The Company uses the liability method for recording income taxes and records future income tax liabilities or assets for temporary differences between the tax basis of an asset or liability and its carrying amount on the balance sheet, using tax rates anticipated to apply in the periods that the differences are expected to reverse.

[g] Share issue costs

Commissions and expenses associated with issuing shares are offset against the related share offering as incurred. Finder's fees are expensed as incurred.

[h] Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles used in Canada requires management to make estimates and assumptions that affect the reported amounts of assets, particularly the recoverability of accounts receivable, capital assets and goodwill, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

[i] Financial instruments

Financial instruments included in the balance sheet are comprised of cash, marketable securities, accounts receivable, prepaid expenses, accounts payable and accrued liabilities. The fair values of these balance sheet items are equivalent to their carrying value because of the short-term maturity of those instruments. The Company is not party to any derivative instruments.

[j] Foreign currency translation

The Company's Chilean subsidiary is considered a fully integrated foreign subsidiary whereby monetary assets and liabilities have been translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and revenue and expense items are translated at the rates prevailing at their respective historical transaction dates. Gains and losses resulting from foreign exchange translation are reflected in operations for the year.

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Stock-Based Compensation

Effective July 1, 2003, the Company adopted prospectively, the fair value method to recognize options granted. Accordingly, all stock-based payments are measured at the fair value of the equity instruments issued on the date of grant. The fair value of stock-based payments is periodically re-measured until counter-party performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

[l] Loss per share

The Company uses the treasury stock method for the calculation and presentation of both basic and diluted loss per share

3. MARKETABLE SECURITIES

As of September 30, 2005, the market value of all marketable securities owned by the Company totaled \$78,000 (December 31, 2004 - \$38,000).

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

4. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	Sept. 30 2005 Net Book Value \$	December 31 2004 Net Book Value \$
Automotive	54,674	(23,937)	30,737	37,737
Field equipment	2,095	(545)	1,551	433
Furniture and office equipment	39,732	(19,159)	20,572	19,557
	<u>96,501</u>	<u>(43,641)</u>	<u>52,860</u>	<u>57,727</u>

5. MINERAL INTERESTS

As of September 30 2005, the Company's mineral interests are as follows:

	Acquisition and Staking \$	Deferred Exploration \$	Total Sept. 30, 2005 \$	Total Dec. 31, 2004 \$
Chile				
Tierra de Oro [a]	405,506	1,658,455	2,063,961	1,942,179
San Pedro [b]	10,686	45,878	56,564	41,667
Tabaco [c]	419,087	735,240	1,154,327	1,006,596
Sierra Pintada [d]	41,340	113,687	155,026	111,748
Hornitos [e]	(52,602)	84,294	31,692	16,104
Fuego [f]	11,298	24,326	35,625	20,878
Romerito [g]	5,509	24,719	30,228	15,124
Copaquire [h]	163,792	960,141	1,123,933	132,174
	<u>1,004,616</u>	<u>3,646,740</u>	<u>4,651,356</u>	<u>3,286,470</u>

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[a] Tierra de Oro, Chile

The Company owns a 100% interest in 3,456 hectares of exploitation concessions and 2,500 hectares of exploration concessions.

	Accumulated to December 31, 2004 \$	Expenditures during the period \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Assays	158,709	1,502	160,211
Analysis	-	25,126	25,126
Automotive	61,716	2,142	63,858
Camp and exploration supplies	23,804	333	24,137
Drilling	224,832	1,342	226,174
Equipment rental	24,348	145	24,493
Geophysical, geological and geochemical	424,257	29,517	453,774
Mapping	23,085	872	23,957
Office, rent, telephone & professional fees	153,852	15,765	169,617
Personnel	57,717	1,930	59,647
Project management	275,859	8,314	284,173
Professional fees	-	2,132	2,132
Report writing	25,589	122	25,711
Travel	85,469	1,224	86,693
	1,539,237	90,466	1,629,703
Acquisition, staking and lease costs	463,626	31,288	466,162
Less: Option payments received	(60,684)	28	(60,656)
	402,942	31,316	434,258
	1,942,179	121,782	2,063,961

San Joint Venture:

The San Joint Venture consists of 300 hectares of exploitation claims. The exploitation of San Joint Venture proceeds on a 50-50 basis with Aldershot Resources Ltd.

As of September 30, 2005, no activities have been undertaken to jointly exploit the San Joint Venture.

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[b] San Pedro, Chile

The Company staked 600 hectares of exploration concessions in Northern Chile.

	Accumulated to December 31, 2004 \$	Expenditures during the period \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Assays	1,899	6	1,905
Automotive	1,196	1,064	2,260
Geophysical, geological and geochemical	4,165	1,723	5,888
Mapping	662	-	662
Office	20,369	7,944	28,313
Project management	1,030	70	1,100
Travel	2,506	3,243	5,749
	31,828	14,051	45,878
Acquisition, staking and lease costs	9,840	846	10,686
	41,668	14,897	56,564

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[c] Tabaco, Chile

[i] The Company has staked three exploration concessions consisting of 900 hectares which are 100% owned by the Company.

[ii] The Company has entered into an agreement, which replaces previous agreements to acquire a 100% interest (393 hectares) in the Tabaco Prospect in Chile over the following four years for US\$2,000,000. On July 15, 2005, the Company has paid its first installment of US\$100,000. The remaining amounts are payable in cash in accordance to the following installment schedule:

On Jan. 15, 2006 US\$ 100,000
On July 15, 2006 US\$ 600,000
On July 15, 2007 US\$ 600,000
On July 15, 2008 US\$ 600,000

	Accumulated to December 31, 2004 \$	Expenditures during the Year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Assays	49,863	1,073	50,936
Automotive	7,338	286	7,624
Camp supplies	2,619	81	2,700
Drilling	371,998	2,220	374,218
Excavation and road building	25,307	151	25,458
Geophysical, geological and geochemical	141,647	481	142,128
Mapping	662	4,990	5,652
Office	26,410	63	26,473
Project management	82,462	2,184	84,646
Report writing	3,038	(1,982)	1,056
Travel	13,915	433	14,348
	725,260	9,980	735,240
Acquisition, staking and lease costs	281,338	137,748	419,087
	1,006,599	147,728	1,154,327

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[d] Sierra Pintada, Chile

The Company staked fourteen exploration claims covering 3,300 hectares.

	Accumulated to December 31, 2004 \$	Expenditures during the Year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Assays	20,071	709	20,780
Automotive	2,159	1,159	3,318
Geophysical, geological and geochemical	32,952	9,538	42,490
Mapping	662	3,653	4,315
Office	20,154	3,027	23,181
Project management	9,797	192	9,989
Travel	5,926	3,689	9,615
	91,721	21,966	113,687
Acquisition, staking and lease costs	20,027	21,313	41,340
	111,748	43,278	155,026

[e] Hornitos Property, Chile

The Company staked eleven claims, covering a 3,200 hectare property located 35 kilometers south of Copiapo in Chile.

	Accumulated to December 31, 2004 \$	Expenditures during the Year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Automotive	299	3,059	3,358
Field supplies	9	1,000	1,009
Geophysical, geological and geochemical	1,739	16,152	17,891
Mapping	662	-	662
Office, rent, telephone and professional fees	16,112	20,924	37,036
Project management	655	5,057	5,712
Report writing	1,350	2,008	3,358
Travel	2,027	13,241	15,268
	22,853	61,441	84,294
Acquisition, staking and lease costs	9,251	147	9,398
Less: Option payment	(16,000)	(46,000)	(62,000)
	16,104	15,588	31,692

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[e] Hornitos Property, Chile (continued)

On August 20, 2004, the Company entered into an Option Agreement with Aldershot Resources Ltd. (“Aldershot”) to explore and develop the eleven exploration concessions in the property (“Hornitos Group of Claims”). Aldershot will pay the Company a total of \$370,000 to acquire a 65% undivided interest in and to the Hornitos Group of Claims and committed to pay a total of \$1.3 million in “best effort” exploration expenditure over the following four years. Aldershot will act as Operator for the duration of the Option Agreement.

On September 28, 2005, the Company amended the Option Agreement deferring Aldershot’s commitment to pay exploration expenditure by nine months.

As of September 30, 2005, the Company has received \$62,000 in option payments (\$16,000 received in 2004).

[f] Fuego claims, Chile

The Company staked four claims, covering a 900 hectare property located approximately 50 kilometres west of the Tierra de Oro property.

	Accumulated to December 31, 2004 \$	Expenditures during the Year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Automotive	597	1,069	1,666
Geophysical, geological and geochemical	979	1,167	2,146
Mapping	662	-	662
Office, rent, telephone and professional fees	8,290	7,877	16,167
Travel	401	3,231	3,632
	10,929	13,397	24,326
Acquisition, staking and lease costs	9,949	1,349	11,298
	20,878	14,747	35,625

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
(Unaudited)

5. MINERAL INTERESTS (continued)

[g] Romerito claims, Chile

The Company acquired the right to a 70% interest in three copper/gold exploitation concessions, covering 225 hectares. The vendors will retain a 30% interest. Cost of the acquisition is 100% of the maintenance of the concessions and the cost of setting up a Chilean private company in which the Company's wholly owned subsidiary, Minera IPBX Ltda ("Minera") will hold 70% and Geoexploraciones S.A. will hold 30%. Minera, will, at its own cost and discretion, undertake to enhance the value of the property by geological mapping, sampling and drilling for a period of one year. At March 31, 2006, the Company may continue or withdraw from the agreement.

	Accumulated to December 31, 2004 \$	Expenditures during the Year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Automotive	219	1,058	1,277
Field Supplies	42	2	44
Geophysical, geological and geochemical	833	1,284	2,117
Mapping	662	-	662
Office, rent, telephone and professional fees	8,930	7,904	16,834
Project Management	-	53	53
Travel	498	3,235	3,733
	11,184	13,535	24,719
Acquisition, staking and tax costs	3,937	1,572	5,509
	15,121	15,107	30,228

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
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5. MINERAL INTERESTS (continued)

[h] Copaquire Property, Chile

The Company entered into an Option Purchase Agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to acquire the Copaquire copper-molybdenum porphyry, Region II in Chile. Pursuant to this agreement, the Company can purchase a 100% interest, subject to a 2% NSR for US\$2,100,000 in cash and US\$2,000,000 in work commitments over four years. The Company paid US\$25,000 in January 2005 and US\$25,000 in July 2005. As of September 30, 2005, the Company has paid US\$100,000 (2004 – US\$50,000) in accordance with the Option Purchase Agreement.

	Accumulated to December 31, 2004 \$	Expenditures during the year \$	Accumulated to Sept. 30, 2005 \$
Deferred Exploration Expenditures			
Assays	-	25,673	25,673
Automotive	734	10,083	10,817
Camp supplies	-	53,343	53,343
Drilling	-	716,527	716,527
Geophysical, geological and geochemical	31,517	25,781	57,298
Mapping	662	2,668	3,330
Office, rent, telephone and professional fees	10,458	15,358	25,816
Personnel	-	34,802	34,802
Project management	-	10,060	10,060
Professional fees	-	8,930	8,930
Travel	1,660	11,883	13,543
	45,031	915,110	960,141
Acquisition, staking and lease costs	87,143	76,649	163,792
	132,174	991,759	1,123,933

International PBX Ventures Ltd.
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6. CAPITAL STOCK

[a] Authorized:

As of June 10, 2005, the Company increased its 100,000,000 common shares to an unlimited number of common shares without par value.

	Shares #	Value \$
Issued as at December 31, 2002	18,913,406	6,579,308
Issued for cash pursuant to:		
Options exercised	140,000	14,000
Warrants exercised	3,335,000	432,750
Private placement	4,856,600	1,828,300
Issued for acquisition of mineral interests	100,000	80,000
<hr/> Issued as at December 31, 2003	<hr/> 27,345,006	<hr/> 8,934,358
Issued for cash pursuant to:		
Options exercised	700,000	70,000
Warrants exercised	1,085,600	346,210
Agent warrants exercised	345,000	120,750
Agent units exercised	400,000	55,000
Private Placement	2,500,000	749,845
Issued for acquisition of mineral interests	100,000	55,000
<hr/> Issued as at December 31, 2004	<hr/> 32,475,606	<hr/> 10,389,913
Issued for cash pursuant to:		
Options exercised	250,000	100,000
Warrants exercised	170,500	85,250
Agent warrants exercised	390,500	195,250
Private placement	2,500,000	1,125,000
<hr/> Issued as at September 30, 2005	<hr/> 35,786,606	<hr/> 11,895,413

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
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6. CAPITAL STOCK (continued)

[b] Options

The Company has implemented a stock option plan (“the Plan”) to be administered by the Board of Directors. Pursuant to the Plan the Board of Director’s has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted.

The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than five years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest fully upon the expiry of a four-month hold period, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

A summary of the status of the Company's stock options outstanding as at September 30, 2005 and changes during the nine months then ended is as follows:

	Number of Shares	Weighted Average Exercise Price \$
Outstanding, December 31, 2002	1,740,000	0.10
Granted	250,000	0.40
Exercised	(140,000)	0.10
<hr/>		
Balance, December 31, 2003	1,850,000	0.14
Granted	500,000	0.34
Exercised	(700,000)	(0.10)
Cancelled	(1,200,000)	0.16
<hr/>		
Balance, December 31, 2004	450,000	0.39
Granted	1,050,000	0.64
Exercised	(250,000)	0.40
<hr/>		
Outstanding, September 30, 2005	1,250,000	0.60

International PBX Ventures Ltd.
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6. CAPITAL STOCK (continued)

[b] Options (continued)

Additional information regarding options outstanding at September 30, 2005 is as follows:

Options Outstanding and Exercisable

Exercise Prices	Number of shares	Weighted average remaining contractual life (years)	Weighted average Exercise price
\$0.38	200,000	0.1	\$0.38
\$0.51	550,000	4.8	\$0.51
\$0.68	200,000	4.8	\$0.68
\$0.85	300,000	0.5	\$0.85
	1,250,000	3.0	\$0.60

During the nine months ending September 30, 2005 stock-based compensation of \$109,854 (2004 - \$73,000) has been charged to operations pursuant to vesting schedules for options grants. The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	2.00% to 2.29%
Expected life of options	6 months to 1.5 years
Expected volatility	55% to 60%
Expected dividend yield	0%

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
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6. CAPITAL STOCK (continued)

[c] Warrants

	Number of shares	Weighted Average Exercise Price \$
Outstanding, December 31, 2002	3,960,000	0.13
Granted	4,856,000	0.48
Exercised	(3,335,000)	(0.13)
Expired	(475,000)	(0.15)
<hr/>		
Balance, December 31, 2003	5,006,600	0.47
Granted	2,900,000	0.48
Exercised	(1,430,600)	(0.33)
Expired	(3,976,000)	(0.51)
<hr/>		
Balance, December 31, 2004	2,500,000	0.50
Granted	2,576,717	0.59
Exercised	(561,000)	0.50
<hr/>		
Balance, September 30, 2005	4,515,717	0.55

As of September 30, 2005, 4,515,717 warrants are outstanding with a weighted average exercise price of \$0.55 per share. 1,939,000 warrants expire on December 21, 2005 and 451,000 warrants expire on February 23, 2006, and 2,125,717 expire on March 7, 2006.

[d] Private Placement

During the nine months ended September 30, 2005, the Company closed a private placement totaling 2,500,000 units at a price of \$0.45 per unit for total proceeds to the Company of \$1,125,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable for a period of eight months at a price of \$0.60 per share. Accordingly, the Company issued 2,500,000 shares and 2,500,000 warrants.

International PBX Ventures Ltd.
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7. RELATED PARTY TRANSACTIONS/BALANCES

During the nine months ended September 30, 2005, the Company paid \$25,500 (2004 - \$25,500) for administrative services, \$75,000 (2004 - \$60,000) for management services, and \$22,275 (2004 - \$8,600) for mapping services to director or companies controlled by directors. The Company paid further \$39,500 (2004 - \$5,253) for consulting services and investor relations services to a director, who was appointed President on June 10, 2005, and \$5,503 (2004 - \$2,320) for accounting services to a company controlled by an officer. The following amounts were paid to a director and former President of the Company and were recorded at their exchange amounts:

- [a] Project management - \$22,236 (2004 - \$5,104)
- [b] Office and administration - \$41,710 (2004 - \$28,007)
- [c] Geological and geophysical expenditures - \$72,933 (2004 - \$61,565)

Included in accounts payable is \$9,166 (2004 - \$7,702) owing to the former President for unpaid fees.

A former director is owed \$95,855 (2004 - \$95,855). To date, management has been unsuccessful in attempting to settle this claim on a basis satisfactory to the Company. The Company is under no duress to pay this amount.

International PBX Ventures Ltd.
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2005
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8. LOSSES AND DEDUCTIONS FOR TAX PURPOSES

The Company has Canadian income tax losses of approximately \$1,835,000, which are available to reduce taxable income of future years. The losses expire as follows:

Year	\$	Year	\$
2005	284,000	2009	87,000
2006	144,000	2010	518,000
2007	114,000	2011	596,000
2008	92,000		

The future income tax asset associated with these losses is approximately \$660,000 using a tax rate of 36%. As realization of this asset is not more likely than not a valuation allowance of \$660,000 reduces this asset to Nil.

The Company has Canadian and foreign exploration and development expenditures available to reduce taxable income of future years. These expenditures, totaling some \$2,111,000 can be claimed at rates varying from 10% to 100% and have no expiry dates. The potential benefits of income tax losses and exploration and development expenditures will be recognized in the accounts when realized.

9. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

During the nine months ended September 30, 2005, the Company entered into:

- [i] An Investor Relations and Corporate Communications Services Agreement for consideration of \$5,000 per month (2004 - \$7,500). The agreement was in effect until June 30, 2005 and has been extended until June 30, 2006. Pursuant to the agreement, the Company granted 350,000 stock options. Each option entitles the holder to purchase one common share of the Company at an exercise price of \$0.51 for a period of eighteen months, expiring January 5, 2007.
- [ii] A twelve months contractual obligation with a consultant to obtain financial consulting and advisory services for a monthly commitment of \$2,500. The contract is in effect until June 30, 2006.
- [iii] A twelve months contractual obligation with a consultant to obtain services as Chairman of the Company's Financial Advisory Committee for a monthly commitment of \$5,000. The contract is in effect until June 30, 2006.

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10. SEGMENTED INFORMATION

The Company is in business of acquiring and exploring mineral properties in Chile. Although all of its mineral interests are located in Chile, some costs were incurred in Canada. As of September 30, 2005, the following is a breakdown of the Company's assets by geographical area.

	Canadian \$	Chile \$	Total \$
Cash	540,322	6,105	546,427
Marketable securities	26,800	-	26,800
Accounts receivable	11,849	4,594	16,443
Prepaid expenses	10,345	59	10404
	<hr/> 589,316	<hr/> 10,758	<hr/> 600,074
Property equipment	16,363	36,497	52,860
Mineral interests	958,755	3,692,601	4,651,356
	<hr/> 975,118	<hr/> 3,729,098	<hr/> 4,704,216
Total Assets	<hr/> 1,564,433	<hr/> 3,739,856	<hr/> 5,304,289

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2005, the Company

- a) Received regulatory approval for a private placement to raise \$5,000,000 at a unit price of \$0.85. Each unit comprises of a common share and a fifteen month half warrant. Two half warrants will be required to purchase a common share at a price of \$1.05 for the first seven months and \$1.30 for the following eight months.
- b) On October 6, 2005, the Company received \$6,375 from the exercise of 12,500 options.