
**INTERNATIONAL PBX VENTURES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2006**

NOTICE TO READER

Management has prepared the consolidated balance sheet of International PBX Ventures Ltd. as at March 31, 2006 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.
May 28, 2006

International PBX Ventures Ltd.

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED BALANCE SHEETS****AS AT MARCH 31, 2006**

	March 31, 2006 \$	December 31, 2005 \$
ASSETS		
CURRENT ASSETS		
Cash	2,362,106	428,466
Marketable securities [Note 2[d]]	34,000	34,000
Amounts receivable	17,641	12,589
Prepaid expenses and deposits	46,056	29,438
	<u>2,459,802</u>	<u>504,493</u>
PROPERTY AND EQUIPMENT [Note 3]	51,800	46,158
MINERAL INTERESTS [Note 4]	5,451,716	5,100,840
	<u>7,963,319</u>	<u>5,651,491</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities [Note 9]	198,113	244,416
SHAREHOLDERS' EQUITY		
SHARE CAPITAL [Note 5]	14,180,481	12,196,816
SHARE SUBSCRIPTION	847,939	-
CONTRIBUTED SURPLUS [Note 8]	242,038	198,818
DEFICIT	(7,505,252)	(6,988,559)
	<u>7,765,206</u>	<u>5,407,075</u>
	<u>7,963,319</u>	<u>5,651,491</u>

Nature of Operations and Continuance of Business (Note 1)
Commitments (Note 10)

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

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

	Three Months Ended March 31,	
	2006	2005
	\$	\$
REVENUE	-	-
ADMINISTRATIVE EXPENSES		
Administration fees	39,000	22,500
Amortization	1,538	1,765
Bank charges	1,531	626
Consulting	104,667	6,000
Finder's fees	53,526	-
Foreign exchange (gain) loss	76,859	1,777
Investor relations	90,698	45,301
Office, telephone, rent, insurance and secretarial	36,668	22,822
Professional fees	1,220	1,500
Stock-based compensation	43,220	14,600
Transfer agent and regulatory	35,987	5,797
Travel, promotion and mining shows	38,696	52,783
Less: interest income	(6,915)	(1,476)
gain on sale of marketable securities		-
	(516,693)	(173,994)
NET LOSS FOR THE PERIOD	(516,693)	(173,994)
DEFICIT – BEGINNING OF PERIOD	(6,988,559)	(6,246,228)
DEFICIT – END OF PERIOD	(7,505,252)	(6,404,871)
	\$	\$
Net Loss Per Share – Basic and Diluted	(0.01)	(0.01)
Weighted Average Shares Outstanding	39,612,624	29,807,000

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

	Three Months Ended March 31,	
	2006	2005
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(516,693)	(173,994)
Less items not affecting cash		
Amortization	1,538	1,877
Foreign loss (gain)	-	2,370
Finder's fees	3,132	-
Stock-based compensation	43,220	14,600
	(468,804)	(154,148)
Change in non-cash components of working capital		
Amounts receivable	(5,052)	(400)
Prepaid expenses and deposits	(16,618)	(3,545)
Accounts payable and accrued liabilities	(46,303)	60,414
CASH TO OPERATING ACTIVITIES	(536,776)	(97,679)
INVESTING ACTIVITIES		
Acquisition of and expenditures upon mineral interests	(350,876)	(222,256)
Acquisition of property and equipment	(7,180)	(2,751)
	(358,056)	(690,079)
FINANCING ACTIVITIES		
Proceeds from share capital issued	1,980,533	-
Share subscription	847,939	-
	2,828,472	-
INCREASE (DECREASE) IN CASH	1,933,640	(322,686)
CASH - BEGINNING OF PERIOD	428,466	886,619
CASH - END OF PERIOD	2,362,106	563,933
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Issuance of shares for finder fees	3,132	-

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

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 going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at March 31, 2006, the Company has working capital of \$2,261,689 and has incurred losses since inception totalling \$7,505,252. The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

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] Use of 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 date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management's estimates are the determination of impairment of mineral resource properties and stock-based compensation. Actual results may differ from those estimates.

[c] Cash and cash equivalents

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

[d] Marketable securities

Marketable securities are recorded at the lower of cost or fair market value. Losses in value, which are other than temporary, are recognized by writing down the investment to market value. As at March 31, 2006, the fair market value of the securities held was \$131,600 (December 31, 2005 - \$136,400).

[e] 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.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[f] Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

[g] Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

[h] Asset retirement obligations

Effective December 1, 2004, the Company adopted CICA Handbook Section 3110, "Asset Retirement Obligations", which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2005, the Company has not incurred any asset retirement obligation related to the exploration and development of its mineral properties.

[i] 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 included in operations.

[j] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, future income taxes are recognized to reflect the expected future tax consequences arising from tax losses carried forward and temporary differences between the carrying value and the tax bases of the Company's assets and liabilities. The amount of future income tax assets is not recognized until realization is more likely than not.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Flow-through shares

The Company has adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced.

If the Company has sufficient unused tax loss carry forwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry forwards, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

[l] Financial instruments

Financial instruments included in the balance sheet are comprised of cash, marketable securities, amounts receivable, prepaid expenses and deposits, and 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.

[m] Stock-based Compensation

The Company applies the fair value method to stock-based payments to all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

[n] Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

[o] Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

3. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	March 31, 2006 Net Carrying Value \$	Dec. 31, 2005 Net Carrying Value \$
Automotive	55,172	(29,258)	25,914	22,912
Field equipment	2,114	(745)	1,369	1,442
Furniture and office equipment	47,932	(23,415)	24,517	21,804
	105,218	(53,417)	51,800	46,158

4. MINERAL INTERESTS

	Acquisition and Staking \$	Deferred Exploration \$	March 31, 2006 \$	Dec. 31, 2005 \$
Chile				
Tierra de Oro [a]	439,815	1,975,052	2,414,867	2,374,642
San Pedro [b]	11,511	51,303	62,814	62,260
Tabaco [c]	556,321	874,514	1,430,835	1,245,115
Sierra Pintada [d]	81,985	129,739	211,724	164,573
Hornitos [e]	(40,701)	41,099	398	(8,489)
Fuego [f]	12,125	29,886	42,011	38,239
Romerito [g]	6,897	32,696	39,593	34,118
Copaquire [h]	207,445	1,1012,875	1,220,319	1,181,308
Palo Negro [i]	18,732	6,023	24,755	7,207
Chicharra [j]	1,867	2,532	4,399	1,867
	1,295,998	4,155,719	5,451,716	5,100,840

[a] Tierra de Oro, Chile

The Company owns a 100% interest of exploitation concessions and exploration concessions.

San Joint Venture

The exploitation of San Joint Venture proceeds on a 50-50 basis with Aldershot Resources Ltd. As of March 31, 2006, no activities have been undertaken to jointly exploit the San Joint Venture.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[a] Tierra de Oro, Chile (continued)

	Accumulated to December 31, 2005 \$	Expenditures during the period \$	Accumulated to March 31, 2006 \$
Deferred Exploration Expenditures			
Assays	162,669	5,288	167,957
Analysis	24,965	-	24,965
Automotive	84,898	280	85,178
Camp and exploration supplies	31,660	-	31,660
Drilling	294,697	1,266	295,963
Equipment rental	32,338	-	32,338
Geophysical, geological and geochemical	516,745	385	517,130
Mapping	23,957	-	23,957
Office, rent, telephone and professional fees	213,409	(395)	213,014
Personnel	78,082	-	78,082
Project management	306,323	905	307,228
Report writing	32,098	-	32,098
Travel	107,217	319	107,536
	<u>1,909,058</u>	<u>10,165</u>	<u>1,919,223</u>
Acquisition, staking and lease costs	525,320	30,060	555,380
Less: Option payments (received) paid	(59,736)	-	(59,736)
	<u>465,584</u>	<u>30,060</u>	<u>495,644</u>
	<u>2,374,642</u>	<u>40,225</u>	<u>2,414,867</u>

[b] San Pedro, Chile

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

	Accumulated to December 31, 2005 \$	Expenditures during the period \$	Accumulated to March 31, 2006 \$
Deferred Exploration Expenditures			
Assays	2,002	-	2,002
Automotive	2,886	282	3,168
Geophysical, geological and geochemical	5,172	-	5,172
Mapping	662	-	662
Office	30,403	1,724	32,127
Project management	1,179	208	1,387
Travel	6,467	318	6,785
	<u>48,771</u>	<u>2,532</u>	<u>51,303</u>
Acquisition, staking and lease costs	13,489	(1,978)	11,511
	<u>62,260</u>	<u>554</u>	<u>62,814</u>

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[c] Tabaco, Chile

[i] The Company has staked three exploitation concessions 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 instalment of US\$100,000. The remaining amounts are payable in cash in accordance to the following instalment schedule:

On Jan. 15, 2006 US\$100,000 (paid)

On July 15, 2006 US\$ 600,000

On July 15, 2007 US\$ 600,000

On July 15, 2008 US\$ 600,000

[iii] The Company has staked another 10 gold and copper exploration concessions which are 100% owned.

	Accumulated to December 31, 2005 \$	Expenditures during the period \$	Accumulated to March 31, 2006 \$
Deferred Exploration Expenditures			
Assays	50,382	4,321	54,703
Automotive	9,066	1,645	10,711
Camp supplies	2,652	2,176	4,828
Drilling	354,165	41,288	395,453
Environmental surveys	1,400	11,157	12,557
Excavation and road building	47,328	771	48,099
Geophysical, geological and geochemical	208,893	(12,877)	196,016
Mapping	5,652	-	5,652
Office	36,404	1,724	38,128
Project management	85,423	208	85,631
Report writing	3,019	-	3,019
Travel	17,499	2,216	19,715
	821,883	52,631	874,514
Acquisition, staking and lease costs	423,232	133,089	556,321
	1,245,115	185,720	1,430,835

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[d] Sierra Pintada, Chile

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

	Accumulated to December 31, 2005 \$	Expenditures during the period \$	Accumulated to March 31, 2006 \$
Deferred Exploration Expenditures			
Assays	20,731	-	20,731
Automotive	3,870	281	4,151
Geophysical, geological and geochemical	42,870	4,530	47,400
Mapping	4,315	-	4,315
Office	30,338	1,724	32,062
Project management	10,385	208	10,593
Travel	10,169	318	10,487
	122,678	7,061	129,739
Staking costs and taxes	41,895	40,090	81,985
	165,573	47,151	211,724

[e] Hornitos Property, Chile

The Company staked eleven claims, covering 3,200 hectares located 35 kilometres south of Copiapo, Chile.

	Accumulated to December 31 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Automotive	1,896	282	2,178
Field supplies	8	-	8
Geophysical, geological and geochemical	2,210	-	2,210
Mapping	662	-	662
Office, rent, telephone and professional fees	25,979	1,725	27,704
Project management	779	208	987
Report writing	1,275	-	1,275
Travel	5,757	318	6,075
	38,566	2,533	41,099
Acquisition, staking and lease costs	14,945	6,354	21,299
Less: Option payment	(62,000)	-	(62,000)
	(8,489)	8,887	398

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.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[e] Hornitos Property, Chile (continued)

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

As of March 31, 2006, the Company has received \$62,000 in option payments (\$62,000 received in 2005).

[f] Fuego Claims, Chile

The Company staked four claims covering 900 hectares located 50 kilometres west of the Tierra de Oro property.

	Accumulated to December 31 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Automotive	2,206	282	2,488
Geophysical, geological and geochemical	1,509	-	1,509
Mapping	662	-	662
Office, rent, telephone and professional fees	18,752	1,564	20,316
Professional fees	-	368	368
Travel	4,225	318	4,543
	27,354	2,532	29,886
Acquisition, staking and tax costs	10,885	1,240	12,125
	38,239	3,772	42,011

[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.

	Accumulated to December 31 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Automotive	1,831	281	2,112
Field supplies	43	-	43
Geophysical, geological and geochemical	2,500	697	3,197
Mapping	662	-	662
Office, rent, telephone and professional fees	19,415	1,564	20,979
Project management	-	1,065	1,065
Travel	4,321	318	4,639
	28,772	3,924	32,696
Acquisition, staking and tax costs	5,346	1,551	6,897
	34,118	5,475	39,593

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[h] Copaquire Property, Chile

In 2004, 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 as per table below.

As of March 31, 2006, the Company has paid US\$125,000 (2005 – US\$100,000) in accordance with the Option Purchase Agreement.

	Accumulated to December 31 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Assays	25,509	-	25,509
Automotive	11,325	282	11,607
Camp supplies	53,995	-	53,995
Drilling	725,760	2,890	728,650
Environmental	1,542	11,490	13,032
Geophysical and geological	90,936	(17,920)	73,016
Mapping	3,330	-	3,330
Office, rent, telephone	36,407	(6,656)	29,751
Personnel	34,580	-	34,580
Project management	10,103	905	11,008
Professional fees	-	8,873	8,873
Travel	19,634	(110)	19,524
	1,013,121	(246)	1,1012,875
Acquisition, staking and tax costs	168,187	39,258	207,445
	1,181,308	39,011	1,220,319

The following option payments have been made and/or are payable as below:

1. Fiscal 2004 US\$50,000 (paid)
2. On January 16, 2005 US\$25,000 (paid)
3. On July 16, 2005 US\$25,000 (paid)
4. On January 16, 2006 US\$25,000 (paid)
5. On July 16, 2006 US\$500,000
6. On July 16, 2007 US\$750,000
7. On July 16, 2008 US\$750,000

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

4. MINERAL INTERESTS (continued)

[i] Palo Negro Property, Chile

The Company acquired 100% of the rights to a gold and copper exploration property. The Company staked an area of 6,500 hectares in Chile.

	Accumulated to December 31 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Automotive	-	282	282
Geophysical, geological and geochemical	2,795	697	3,492
Office, rent and telephone	-	1,724	1,724
Project management	-	208	208
Travel	-	318	318
	1,013,121	(246)	1,1012,875
Acquisition, staking and tax costs	4,412	14,320	18,732
	7,207	17,548	24,755

[j] Chicharra Property, Chile

The Company acquired 100% of the rights to a gold and copper exploration property. The Company staked an area of 1,200 hectares in Chile.

	Accumulated to December 31, 2005 \$	Expenditures during the period \$	Accumulated to March 31 2006 \$
Deferred Exploration Expenditures			
Automotive	-	282	282
Office, rent and telephone	-	1,724	1,724
Project management	-	208	208
Travel	-	318	318
	-	2,532	2,532
Acquisition, staking and tax costs	1,867	-	1,867
	1,867	2,532	4,399

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

5. SHARE CAPITAL

[a] Authorized:

As of March 31, 2006, the Company had authorized number of common shares without par value were unlimited.

	Shares #	Value \$
Issued as at December 31, 2003	27,345,006	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
Issued as at December 31, 2004	32,475,606	10,389,913
Issued for cash pursuant to:		
Options exercised	362,500	106,375
Warrants exercised	1,066,333	572,157
Private placement	2,500,000	1,125,000
Exercise of stock options – stock option valuation	–	3,371
Issued as at December 31, 2005	36,404,439	12,196,816
Issued for cash pursuant to:		
Warrants exercised	104,867	52,140
Private placement	4,292,277	1,931,525
Issued as at March 31, 2006	40,795,583	14,180,481

[b] Private Placements

During the three months ended March 31, 2006, the Company closed a private placement totalling 4,292,277 units at a price of \$0.45 per unit for total proceeds to the Company of \$1,931,525. Each unit will consist of one common share of the company and one transferable share purchase warrant. Each warrant will entitle the holder to purchase a further common share at a price of \$0.60 for a period of 15 months. Accordingly, the Company issued 4,292,277 shares and 4,292,277 warrants.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

6. STOCK 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 March 31, 2006 and changes during the three months then ended is as follows:

	Number of shares	Weighted average exercise price \$
Outstanding, December 31, 2003	1,850,000	0.14
Granted	500,000	0.34
Exercised	(700,000)	0.10
Cancelled	(1,200,000)	0.16
Outstanding, December 31, 2004	450,000	0.39
Granted	1,050,000	0.64
Exercised	(362,500)	0.40
Outstanding, December 31, 2005	1,037,500	0.64
Granted	700,000	0.55
Expired	(300,000)	0.85
Outstanding, March 31, 2006	1,437,500	0.55

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

6. STOCK OPTIONS (continued)

Additional information regarding options outstanding at March 31, 2006 is as follows:

Exercise Price \$	Number of shares	Outstanding and Exercisable	
		Weighted average remaining Contractual life (years)	Weighted average exercise price \$
0.51	537,500	0.75	0.51
0.68	200,000	0.75	0.68
0.55	700,000	0.75	0.55
	<u>1,437,500</u>	<u>0.75</u>	<u>\$0.55</u>

During the three months ending March 31, 2006 stock-based compensation of \$43,220 (2005 - \$14,600) 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 weighted average assumptions:

	2006	2005
Risk free interest rate	3.70%-3.98%	2.00%-2.29%
Expected life of options (in years)	7 months to 1 year	7 months to 1 year
Expected volatility	60%	60%
Expected dividend yield	0%	0%

7. WARRANTS

	Number of shares	Weighted Average Exercise Price \$
Balance, December 31, 2004	2,500,000	0.50
Granted	2,576,717	0.59
Exercised	(1,066,333)	0.50
Expired	(1,443,667)	0.50
Balance, December 31, 2005	2,566,717	0.60
Granted	4,340,977	0.60
Exercised	(104,867)	0.49
Balance, March 31, 2006	<u>6,801,827</u>	<u>0.60</u>

As at March 31, 2006 the following share purchase warrants were outstanding:

#	Exercise Price \$	Expiry Date
400,000	0.60	February 23, 2006
2,057,000	0.60	March 7, 2006
4,850	0.45	March 7, 2006
4,292,277	0.60	June 9, 2007
<u>47,700</u>	<u>0.60</u>	<u>May 3, 2007</u>
<u>6,801,827</u>		

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

8. CONTRIBUTED SURPLUS

The following table summarizes the continuity of the Company's contributed surplus:

	Amount \$
Balance, December 31, 2005	198,818
Fair value of stock options granted	35,380
Stock options vested	7,840
Balance, December 31, 2005	242,038

9. RELATED PARTY TRANSACTIONS/BALANCES

During the three months ended March 31, 2006 and 2005, the Company was involved in the following related party transactions:

[a] The Company paid to directors or companies controlled by directors \$15,000 (2005 - \$7,500) for administrative services, \$90,667 (2005 - \$15,000) for management services, of which 66,667 have been paid in accordance with a mutual release and resignation agreement with a former director of the Company, and \$2,135 (2005 - \$2,125) for mapping services. Further \$1,220 (2005 - \$1,563) for accounting services has been paid to officers or companies controlled by officers.

[b] The following amounts were paid to a director of the Company:

[i] Property management - \$22,915 (2005 - \$6,327)

[ii] Office and administration - \$11,112 (2005 - \$16,114)

[iii] Geological and geophysical expenditures - \$12,486 (2005 - \$23,237)

[c] Included in accounts payable is \$16,154 (2005 - \$14,147) owing to such director for unpaid fees.

[d] The Company signed a mutual release and resignation agreement with a former director for a settlement amount of \$66,667.

All of the above transactions have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

10. COMMITMENTS

During the three months ended March 31, 2006, the Company entered into:

[a] An Investor Relations and Corporate Communications Services Agreement for a 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.

[b] 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.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

11. 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 at March 31, 2006, the following is a breakdown of the Company's assets by geographical area.

	Canadian \$	Chile \$	Total \$
Cash	2,328,981	33,125	2,362,106
Marketable securities	34,000	—	34,000
Accounts receivable	17,641	—	17,641
Prepaid expenses	42,999	3,057	46,056
Property equipment	20918	30,882	51,800
Mineral interests	—	5,451,716	5,451,716
Total Assets	2,444,539	5,518,780	7,963,319

12. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate of 35.62% of the significant temporary differences, which comprise future tax assets and liabilities, are as follows:

	2005	2004
Future income tax assets		
Non-capital loss carry forwards	\$ 750,885	\$ 819,656
Resource pools	874,625	438,754
Total gross future income tax assets		
Valuation allowance	(1,625,510)	(1,258,410)
Net future income tax asset	\$ -	\$ -

As at December 31, 2005, the Company has non-capital losses carried forward of approximately \$2,534,000 which are available to offset taxable income earned in Canada. These non-capital loss carry forwards expire as follows:

2006	\$ 144,000
2007	114,000
2008	92,000
2009	87,000
2010	518,000
2011	596,000
2012	842,000
	\$2,108,000

The Company has cumulative Canadian Exploration Expenses of \$241,000 which are 100% deductible against taxable income in future years.

The Company has cumulative Canadian Development Expenses of \$1,256,000 which are 30% deductible against taxable income in future years.

The Company has cumulative Foreign Exploration and Development Expenses of \$958,282 which are 10% deductible against taxable income in future years.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**

12. INCOME TAXES (continued)

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion of all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2006, the Company:

- a.) Arranged a non-brokered private placement of 9,019,625 units at a price of \$0.55 per unit for total proceeds of \$4,960,793, subject to regulatory approval. Each unit will consist of one common share of the company and one transferable share purchase warrant. Each warrant will entitle the holder to purchase a further common share at a price of 65 cents for a period of 15 months;
- b.) Issued 376,900 share purchase warrants. Each warrant entitles the holder to purchase a common share at \$0.65 per share until August 23, 2007.
- c.) Issued 1,200,000 stock options to directors of the Company at a price of \$0.75 per share. The options expire in April 20, 2009.