

Nayarit Gold Inc.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2006

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Nayarit Gold Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the September 30, 2005 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Nayarit Gold Inc. have not performed a review of the unaudited consolidated financial statements for the three and six months ended March 31, 2006 and March 31, 2005.

Nayarit Gold Inc.

(A Development Stage Company)

Consolidated Balance Sheets (Prepared by Management)

	March 31, 2006 (Unaudited)	September 30, 2005 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 3,687,335	\$ 820,930
Prepaid and sundry receivables	<u>260,366</u>	<u>124,666</u>
	3,947,701	945,596
Equipment (Note 3)	66,804	1,438
Mining interests (Note 4)	<u>1,565,562</u>	<u>1,094,008</u>
	<u>\$ 5,580,067</u>	<u>\$ 2,041,042</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ <u>250,476</u>	\$ <u>81,131</u>
Shareholders' Equity		
Share capital (Note 6(b))	5,387,876	2,508,395
Shares to be issued (Note 6(d)(iii))	19,000	-
Warrants (Note 6(c))	1,458,031	524,805
Contributed surplus (Note 6(e))	968,629	579,620
Deficit	<u>(2,503,945)</u>	<u>(1,652,909)</u>
	<u>5,329,591</u>	<u>1,959,911</u>
	<u>\$ 5,580,067</u>	<u>\$ 2,041,042</u>

Going Concern (Note 1)

Approved on behalf of the Board:

Signed "John A. Ryan" , Director

Signed "Gerald Shefsky" , Director

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Nayarit Gold Inc.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit (Prepared by Management) (Unaudited)

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005	Cumulative from date of incorporation November 27, 2003
Operating expenses					
Stock-based compensation	\$ 194,849	\$ -	\$ 424,058	\$ -	\$ 1,003,678
Management and consulting fees	97,386	26,196	143,646	49,044	393,770
Promotion	84,095	-	116,032	-	340,714
Professional fees	41,839	49,014	49,145	68,680	112,665
Travelling expenses	4,985	5,903	8,931	11,574	39,386
Insurance expense	9,962	539	19,525	539	39,962
Office and general	3,197	608	6,116	4,687	28,581
Transfer agent, listing and filing fees	45,745	-	48,825	-	62,721
Occupancy costs	4,088	4,933	8,248	6,540	20,618
Communications	1,807	-	3,815	-	8,961
Interest and bank charges	1,488	263	2,407	621	5,707
Foreign exchange (gain) loss	79	-	1,061	(36)	2,176
Amortization	19,531	139	19,639	278	20,323
	<u>509,051</u>	<u>87,595</u>	<u>851,448</u>	<u>141,927</u>	<u>2,079,262</u>
Loss before the under noted	<u>(509,051)</u>	<u>(87,595)</u>	<u>(851,448)</u>	<u>(141,927)</u>	<u>(2,079,262)</u>
Other (expense) income					
Transaction costs in excess of cash acquired	-	-	-	-	(249,578)
Interest income	412	-	412	226	2,073
Net loss for the period	<u>(508,639)</u>	<u>(87,595)</u>	<u>(851,036)</u>	<u>(141,701)</u>	<u>(2,326,767)</u>
Deficit, beginning of period	(1,995,306)	(95,431)	(1,652,909)	(41,325)	-
Fair value of net liabilities assumed on RTO	-	-	-	-	(177,178)
Deficit, end of period	<u>\$ (2,503,945)</u>	<u>\$ (183,026)</u>	<u>\$ (2,503,945)</u>	<u>\$ (183,026)</u>	<u>\$ (2,503,945)</u>
Loss per share - (Note 6(f))	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	
Weighted average outstanding shares	<u>26,960,888</u>	<u>9,500,001</u>	<u>26,184,265</u>	<u>8,739,727</u>	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Nayarit Gold Inc.

(A Development Stage Company)

Consolidated Statements of Cash Flows (Prepared by Management) (Unaudited)

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005	Cumulative from date of incorporation November 27, 2003
Operating activities					
Net loss for the period	\$ (508,639)	\$ (87,595)	\$ (851,036)	\$ (141,701)	\$ (2,326,767)
Items not involving cash					
Amortization	19,531	139	19,639	278	20,323
Stock-based compensation	194,849	-	424,058	-	1,003,678
Stock options exercised in lieu of salary	19,000	-	19,000	-	19,000
Transaction costs	-	-	-	-	188,904
Change in non-cash operating working capital					
Prepays and sundry receivables	(81,094)	(12,496)	(135,700)	(18,802)	(251,274)
Accounts payable and accrued liabilities	167,530	73,073	169,345	91,732	74,703
	<u>(188,823)</u>	<u>(26,879)</u>	<u>(354,694)</u>	<u>(68,493)</u>	<u>(1,271,433)</u>
Financing activities					
Issuance of private placement units, net of costs	2,987,190	-	2,987,190	300,000	6,017,191
Exercise of warrants	743,801	-	743,801	-	743,801
Exercise of options	46,667	-	46,667	-	46,667
Advances from Great Horn Inc.	-	-	-	-	(48,046)
	<u>3,777,658</u>	<u>-</u>	<u>3,777,658</u>	<u>300,000</u>	<u>6,759,613</u>
Investing activities					
Transaction costs	-	-	-	-	(8,402)
Advances to					
Canhorn Chemical Corporation	-	(49,847)	-	(80,179)	(103,002)
Deferred charges	-	(33,703)	-	(70,303)	(82,703)
Purchase of equipment	(85,005)	-	(85,005)	-	(87,127)
Mineral property expenditures	(240,130)	(32,962)	(471,554)	(128,713)	(1,528,013)
Cash acquired on RTO	-	-	-	-	8,402
	<u>(325,135)</u>	<u>(116,512)</u>	<u>(556,559)</u>	<u>(279,195)</u>	<u>(1,800,845)</u>
Change in cash and cash equivalents during the period	3,263,700	(143,391)	2,866,405	(47,688)	3,687,335
Cash and cash equivalents, beginning of period	<u>423,635</u>	<u>222,251</u>	<u>820,930</u>	<u>126,548</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 3,687,335</u>	<u>\$ 78,860</u>	<u>\$ 3,687,335</u>	<u>\$ 78,860</u>	<u>\$ 3,687,335</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Nayarit Gold Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements (Prepared by Management)

For the Three and Six Months Ended March 31, 2006

(Unaudited)

1. Nature of business, accounting policies and going concern

Nayarit Gold Inc. (the "Company" or "Nayarit") is a Canadian mineral exploration company engaged in locating, acquiring and exploring for gold and base metals primarily in Mexico. The Company was incorporated pursuant to the laws of Ontario on November 27, 2003. To date, the Company has not earned significant revenue and is considered to be in the development stage.

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Mexico (2005 - Same). As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements for loss for the period also represent segment amounts. At March 31, 2006, all of the Company's mineral properties are located in Mexico and substantially all cash is on deposit with Canadian chartered banks.

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

The Company has an accumulated deficit of \$2,503,945 and a current operating loss of \$851,036. The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and its ability to obtain third party financing. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used.

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended March 31, 2006 may not necessarily be indicative of the results that may be expected for the year ending September 30, 2006.

The consolidated balance sheet at September 30, 2005 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended September 30, 2005. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended September 30, 2005.

Nayarit Gold Inc.

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Notes to Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****2. New accounting pronouncement**

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments – Recognition and Measurement and Handbook Section 3865, Hedges. The effect of these new standards is undetermined.

3. Equipment

	Cost	Accumulated amortization	March 31, 2006 Net	September 30, 2005 Net
Computer equipment	\$ 12,567	\$ (1,683)	\$ 10,884	\$ 1,438
Software	<u>74,560</u>	<u>(18,640)</u>	<u>55,920</u>	<u>-</u>
	<u>\$ 87,127</u>	<u>\$ (20,323)</u>	<u>\$ 66,804</u>	<u>\$ 1,438</u>

4. Mining interests

Refer to Supplement I of the March 31, 2006 unaudited consolidated financial statements for a breakdown of material costs.

Property	Balance September 30, 2005	Additions	Balance March 31, 2006
Orión (a)	\$ 175,426	\$ 45,590	\$ 221,016
La Estrella (a)	671,323	157,679	829,002
El Magnifico (a)	247,259	127,048	374,307
Bonanza I (b)	-	76,937	76,937
Reese (b)	-	24,198	24,198
Gross (d)	-	11,441	11,441
Project generation (c)	<u>-</u>	<u>28,661</u>	<u>28,661</u>
	<u>\$ 1,094,008</u>	<u>\$ 471,554</u>	<u>\$ 1,565,562</u>

(a) For a description of these properties, refer to Note 5 of the audited consolidated financial statements for the year ended September 30, 2005.

(b) The Company acquired the 200 hectare (494 acre) Bonanza I concession in November 2005 under the Mexican government's lottery system for disposing of forfeited concessions. The Bonanza I concession lies within the boundaries of the El Magnifico concession. The 3,165 hectare (7,821 acre) Reese concession was staked in November 2005, contiguous with the southeast quadrant of the El Magnifico concession. Nayarit holds a 100% interest in both of these concessions, whose acquisition increases the Company's land holdings within the Orión Gold Project to 11,689 hectares (28,885 acres).

(c) Project generation relates to expenses incurred with respect to mineral properties that the Company considers for acquisition. Upon completion of the acquisition of the mineral properties, the costs are allocated to specific projects in mineral properties. Should the properties not be acquired the cost will be written off in the period the acquisition prospect is abandoned.

(d) The Company staked the 82,300 hectare Gross concession contiguous with, and extending south from, the existing Orión Project lands. The staking consolidated several interesting historical mineral occurrences and increased Nayarit's land position of titled and pending lands to more than 93,950 hectares.

Nayarit Gold Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****5. Related party transactions**

Included in accounts payable and accrued liabilities is \$17,395 (2005 - \$nil) owing to officers of the Company for management fees and expenses incurred on behalf of the Company. The above related party transactions have occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Share capital**(a) Authorized**

Unlimited number of common shares

(b) Issued

	<u>Number of shares</u>	<u>Amount</u>
Balance, September 30, 2005 (audited)	25,407,641	\$ 2,508,395
Private placement (i)	4,056,000	3,042,000
Warrant valuation (i)	-	(1,018,056)
Exercise of warrants	4,897,002	743,801
Fair value of warrants exercised	-	84,830
Exercise of stock options	133,332	46,667
Fair value of options exercised	-	35,049
Cost of issue	-	(54,810)
Balance, March 31, 2006 (unaudited)	<u>34,493,975</u>	<u>\$ 5,387,876</u>

(i) The Company completed a non-brokered private placement financing of \$3,042,000 comprising of 4,056,000 Units, sold at \$0.75 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share for \$1.25 until March 20, 2007. All securities issued in conjunction with the offering will be subject to a hold period, which expires on July 21, 2006. No finder's fees or commissions were paid in conjunction with this financing.

The fair value of the warrants issued was determined to be \$0.502 per warrant or \$1,018,056 in the aggregate using the Black-Scholes pricing model. The following weighted average assumptions were used: risk-free interest rate of 3.75%, dividend yield of 0%, expected stock volatility of 78.57% and an expected life of 1 year.

(c) Warrants

The following is a continuity of warrants for the period ended March 31, 2006:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
Balance, September 30, 2005 (audited)	9,392,148	\$ 0.26
Granted - (Note 6(b)(i))	2,028,000	1.25
Exercised	<u>(4,897,002)</u>	<u>0.15</u>
Balance, March 31, 2006 (unaudited)	<u>6,523,146</u>	<u>\$ 0.63</u>

Nayarit Gold Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****6. Share capital (continued)****(c) Warrants (continued)**

The following are the warrants outstanding at March 31, 2006:

	<u>Number of warrants</u>	<u>Black scholes value</u>	<u>Exercise price (\$)</u>	<u>Expiry date</u>
	1,400,000	\$ 76,533	0.25	December 26, 2006
	2,417,289	240,707	0.40 - 0.45	April 30, 2007
	35,000	3,200	0.50	April 30, 2007
(1)	642,857	119,535	0.35	April 30, 2007
	<u>2,028,000</u>	<u>1,018,056</u>	1.25	March 20, 2007
	<u>6,523,146</u>	<u>\$ 1,458,031</u>		

(1) 1 unit equals 1 common share and one-half of a warrant that can be exercised for \$0.40 until April 30, 2006 and \$0.45 until April 30, 2007.

(d) Stock options

The following is a continuity of options for the period ended March 31, 2006:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
Balance , September 30, 2005 (audited)	4,950,000	\$ 0.35
Cancelled (i)(iii)	(516,668)	0.36
Expired	(50,000)	0.35
Exercised (i)(iii)	(183,332)	0.36
Granted (ii)	<u>400,000</u>	<u>0.85</u>
Balance, March 31, 2006 (unaudited)	<u>4,600,000</u>	<u>\$ 0.40</u>

(i) On December 8, 2005, one of the directors resigned from the Company. The director had until March 8, 2006 to exercise 133,332 vested stock options at an exercise price of \$0.35. The director exercised these options during the period ended March 31, 2006. The remaining stock options of 266,668 were cancelled.

(ii) The fair value of the options granted was determined to be \$0.647 per option or \$258,800 in the aggregate using the Black-Scholes pricing model. The following weighted average assumptions were used: risk-free interest rate of 4.00%, dividend yield of 0%, expected stock volatility of 100% and an expected life of 5 years.

(iii) On March 10, 2006, an officer of the Company resigned. The Board of Directors passed a resolution vesting 50,000 options on an accelerated basis. The officer was entitled to exercise 50,000 options at a price of \$0.38. The officer exercised these options during the period ended March 31, 2006. However, the shares were not issued until subsequent to the period end. The remaining 250,000 options that had been granted to this officer were cancelled.

Nayarit Gold Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****6. Share capital (continued)****(d) Stock options (continued)**

The following are the options outstanding at March 31, 2006:

<u>Options outstanding</u>	<u>Options exercisable</u>	<u>Value</u>	<u>Exercise price</u>	<u>Expiry date</u>
3,700,000	1,850,000	\$ 870,323	\$ 0.35	May 18, 2010
500,000	-	73,920	0.38	September 21, 2010
<u>400,000</u>	<u>-</u>	<u>22,086</u>	0.85	February 21, 2011
<u><u>4,600,000</u></u>	<u><u>1,850,000</u></u>	<u><u>\$ 966,329</u></u>		

(e) Contributed surplus

The following is a continuity of contributed surplus for the period ended March 31, 2006:

	Contributed Surplus
Balance, September 30, 2005 (audited)	\$ 579,620
Vesting of stock options	424,058
Exercise of stock options	<u>(35,049)</u>
Balance, March 31, 2006 (unaudited)	<u><u>\$ 968,629</u></u>

(f) Loss per share (LPS)

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for stock options and warrants. The effect of potential issuances of shares under stock options and warrants would be anti-dilutive, and accordingly basic and diluted LPS are the same.

7. Income taxes

The estimated taxable income for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

For further information about the Company's losses for tax purposes, refer to the audited September 30, 2005 consolidated financial statements. The benefits of these losses and the estimated loss for the period are not recognized in these consolidated financial statements.

Nayarit Gold Inc.

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Notes to Consolidated Financial Statements (Prepared by Management)

For the Three and Six Months Ended March 31, 2006

(Unaudited)

8. Subsequent events

An aggregate of 1,915,000 stock options exercisable at \$1.30 per share for a five year term were granted on May 3, 2006 to directors, officers, employees and consultants. On May 4, 2006 the Company granted an additional 75,000 stock options exercisable at \$1.33 per share for a five year term.

Subsequent to March 31, 2006, 1,256,431 warrants were exercised for cash proceeds of \$485,522.

Nayarit Gold Inc.

(A Development Stage Company)

Supplement I to the Consolidated Financial Statements (Prepared by Management)**For the Six Months Ended March 31, 2006****(Unaudited)****Mining interest activities**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
Orión				
Acquisition and carrying costs	\$ 175	\$ 1	\$ 416	\$ 1
Assays and analyses	2,009	-	2,347	-
Office and general	469	-	1,310	5,384
Professional and consulting fees	12,310	-	20,751	5,092
Drilling	-	-	72	-
Field supplies	343	-	481	-
Field equipment	-	-	366	-
Travel	2,745	-	4,863	-
Meals	1,026	-	1,540	-
Hotels	949	-	1,573	-
Labour	2,347	-	3,070	-
Maps, copies and publications	2,328	-	2,803	-
General exploration	-	82,824	-	82,824
Communications	605	-	927	-
Mining duties, permits, fees and taxes	1,619	-	1,619	-
Road and access	-	-	2,365	-
Insurance	234	-	234	-
Software	-	-	153	-
Computer	-	-	610	-
Donations	-	-	36	-
Bank charges	54	-	54	-
	<u>\$ 27,213</u>	<u>\$ 82,825</u>	<u>\$ 45,590</u>	<u>\$ 93,301</u>

Nayarit Gold Inc.

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Supplement I to the Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****Mining interest activities (continued)**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
La Estrella				
Acquisition and carrying costs	\$ 175	\$ 64,947	\$ 65,631	\$ 150,458
Assays and analyses	12,985	-	14,717	-
Office and general	811	-	1,638	-
Professional and consulting fees	17,850	-	40,409	4,500
Drilling	-	-	410	-
Field supplies	839	-	1,007	-
Field equipment	-	-	366	-
Travel	4,793	-	10,488	-
Meals	1,628	-	3,124	-
Hotels	1,783	-	3,783	-
Labour	3,983	-	8,166	-
Maps, copies and publications	485	-	1,697	-
General exploration	66	52,778	152	52,778
Communications	996	-	1,668	-
Mining duties, permits, fees and taxes	1,580	-	1,580	-
Road and access	-	-	1,419	-
Software	-	-	264	-
Computer	1	-	1,055	-
Donations	-	-	37	-
Bank charges	68	-	68	-
	<u>\$ 48,043</u>	<u>\$ 117,725</u>	<u>\$ 157,679</u>	<u>\$ 207,736</u>

Nayarit Gold Inc.

(A Development Stage Company)

Supplement I to the Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****Mining interest activities (continued)**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
EI Magnifico				
Acquisition and carrying costs	\$ 175	\$ 21,294	\$ 175	\$ 21,294
Assays and analyses	3,217	-	11,490	-
Office and general	521	-	1,706	-
Professional and consulting fees	31,390	-	60,793	3,893
Field supplies	1,176	-	1,455	-
Field equipment	-	-	366	-
Travel	6,579	-	12,883	-
Meals	2,413	-	3,662	-
Hotels	4,083	-	5,196	-
Labour	12,126	-	15,267	-
Maps, copies and publications	582	-	1,106	-
General exploration	-	70,910	-	70,910
Communications	648	-	1,210	-
Mining duties, permits, fees and taxes	5,637	-	5,637	-
Road and access	-	-	5,540	-
Software	-	-	104	-
Computer	-	-	416	-
Donations	-	-	42	-
	<u>\$ 68,547</u>	<u>\$ 92,204</u>	<u>\$ 127,048</u>	<u>\$ 96,097</u>
	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
Bonanza I				
Acquisition and carrying costs	\$ 2,780	\$ -	\$ 4,226	\$ -
Assays and analyses	4,522	-	7,435	-
Office and general	494	-	1,169	-
Professional and consulting fees	18,012	-	36,133	-
Field supplies	598	-	737	-
Travel	4,299	-	7,743	-
Meals	1,143	-	2,568	-
Hotels	2,649	-	4,920	-
Labour	5,798	-	9,480	-
Maps, copies and publications	513	-	884	-
Communications	268	-	732	-
Software	-	-	174	-
Computer	-	-	693	-
Donations	-	-	43	-
	<u>\$ 41,076</u>	<u>\$ -</u>	<u>\$ 76,937</u>	<u>\$ -</u>

Nayarit Gold Inc.

(A Development Stage Company)

Supplement I to the Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****Mining interest activities (continued)**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
Reese				
Acquisition and carrying costs	\$ 7,674	\$ -	\$ 10,824	\$ -
Assays and analyses	316	-	316	-
Office and general	150	-	454	-
Professional and consulting fees	4,871	-	4,871	-
Field supplies	251	-	322	-
Travel	1,158	-	3,496	-
Meals	451	-	722	-
Hotels	829	-	995	-
Labour	1,385	-	1,388	-
Maps, copies and publications	468	-	468	-
Communications	191	-	243	-
Donations	-	-	68	-
Bank charges	31	-	31	-
	<u>\$ 17,775</u>	<u>\$ -</u>	<u>\$ 24,198</u>	<u>\$ -</u>
	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
Gross				
Assays and analyses	\$ 142	\$ -	\$ 142	\$ -
Office and general	388	-	388	-
Professional and consulting fees	4,841	-	4,841	-
Field supplies	1,055	-	1,055	-
Travel	1,887	-	1,887	-
Meals	627	-	627	-
Hotels	646	-	646	-
Labour	738	-	738	-
Maps, copies and publications	874	-	874	-
Communications	243	-	243	-
	<u>\$ 11,441</u>	<u>\$ -</u>	<u>\$ 11,441</u>	<u>\$ -</u>

Nayarit Gold Inc.

(A Development Stage Company)

Supplement I to the Consolidated Financial Statements (Prepared by Management)**For the Three and Six Months Ended March 31, 2006****(Unaudited)****Mining interest activities (continued)**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Six months ended March 31, 2006	Six months ended March 31, 2005
Project generation				
Acquisition and carrying costs	\$ -	\$ -	\$ 2,626	\$ -
Assays and analyses	356	-	356	-
Office and general	176	-	176	-
Professional and consulting fees	11,291	-	11,291	-
Field supplies	238	-	238	-
Travel	5,740	-	5,740	-
Meals	1,055	-	1,055	-
Hotels	1,345	-	1,345	-
Labour	5,052	-	5,052	-
Maps, copies and publications	422	-	422	-
Communications	310	-	310	-
Bank charges	50	-	50	-
	<u>\$ 26,035</u>	<u>\$ -</u>	<u>\$ 28,661</u>	<u>\$ -</u>
TOTAL	<u>\$ 240,130</u>	<u>\$ 292,754</u>	<u>\$ 471,554</u>	<u>\$ 397,134</u>