

# **BEARTOOTH PLATINUM CORPORATION**

**(A Development Stage Company)**

## **Interim Financial Statements**

**For the three and six months ending June 30, 2006  
and the three and six months ended June 30, 2005**

### Responsibility for Financial Statements

The accompanying financial statements for Beartooth Platinum Corporation 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 December 31, 2005 audited financial statements. Only changes in accounting policies have been disclosed in these financial statements. These financial statements are unaudited and have not been reviewed by the auditors. These financial 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 judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

# Beartooth Platinum Corporation

(A Development Stage Company)

## Balance Sheets

### U.S. Funds

As at

|  | June 30, 2006<br>(Unaudited)<br>\$ | December 31, 2005<br>(Audited)<br>\$ |
|--|------------------------------------|--------------------------------------|
| <b>ASSETS</b>                            |                                    |                                      |
| Current                                  |                                    |                                      |
| Cash                                     | \$ 1,545,960                       | \$ 855,263                           |
| Amounts receivable                       | 23,996                             | 26,719                               |
| Prepaid expenses                         | <u>136,911</u>                     | <u>29,985</u>                        |
|  | 1,706,867                          | 911,967                              |
| Restricted investments                   | 113,049                            | 111,585                              |
| Property and equipment                   | 82,353                             | 86,278                               |
| Mineral properties (Note 2)              | <u>4,531,521</u>                   | <u>4,302,749</u>                     |
|  | <u>\$ 6,433,790</u>                | <u>\$ 5,412,579</u>                  |
| <b>LIABILITIES</b>                       |                                    |                                      |
| Current                                  |                                    |                                      |
| Accounts payable and accrued liabilities | <u>\$ 185,304</u>                  | <u>\$ 272,902</u>                    |
| <b>SHAREHOLDERS' EQUITY</b>              |                                    |                                      |
| Share capital (Note 3 (a))               | 21,872,635                         | 20,148,247                           |
| Warrants (Note 3 (b))                    | 1,302,502                          | 1,270,808                            |
| Contributed surplus (Note 4)             | 1,317,260                          | 1,297,561                            |
| Deficit                                  | <u>(18,243,911)</u>                | <u>(17,576,939)</u>                  |
|  | <u>6,248,486</u>                   | <u>5,139,677</u>                     |
|  | <u>\$ 6,433,790</u>                | <u>\$ 5,412,579</u>                  |

- See Accompanying Notes to the Financial Statements -

# Beartooth Platinum Corporation

(A Development Stage Company)

## Statement of Shareholders' Equity

### U.S. Funds

Unaudited

|   | Common<br>Shares   | Common<br>Shares  | Contributed<br>Surplus | Share<br>Purchase<br>Warrants | Deficit<br>accumulated<br>during the<br>development<br>stage | Shareholders'<br>equity |
|---|--------------------|-------------------|------------------------|-------------------------------|--|-------------------------|
|   | #                  | \$                | \$                     | \$                            | \$   | \$                      |
| <b>Balance December 31, 2004</b>  | <b>62,988,571</b>  | <b>18,519,690</b> | <b>993,563</b>         | <b>366,607</b>                | <b>-16,110,430</b>   | <b>3,769,429</b>        |
| -Issuance of shares on private placement, net of issuance costs of \$65,327 | 10,550,000         | 474,278           | -                      | 312,852                       | -  | 787,130                 |
| -Issuance of shares on private placement, net of issuance costs of \$12,198 | 10,000,000         | 545,961           | -                      | 278,661                       | -  | 824,622                 |
| -Issuance of shares on private placement, net of issuance cost of \$19,393  | 9,950,000          | 527,339           | -                      | 316,984                       | -  | 844,323                 |
| -Issuance of shares for debt settlement (\$0.10 per share) (Note 6(a)(i))   | 444,580            | 44,458            | -                      | -                             | -  | 44,458                  |
| -Issuance of shares on exercise of stock options                            | 100,000            | 9,500             | -                      | -                             | -  | 9,500                   |
| -Exercise of stock options-valuation  | -                  | 7,160             | (7,160)                | -                             | -  | -                       |
| -Issuance of shares on exercise of warrants                                 | 150,000            | 15,666            | -                      | -                             | -  | 15,666                  |
| -Exercise of warrants-valuation   | -                  | 4,296             | -                      | (4,296)                       | -  | -                       |
| -Stock option compensation expense  | -                  | -                 | 311,158                | -                             | -  | 311,158                 |
| Loss for the year   | -                  | -                 | -                      | -                             | (1,466,509)  | (1,466,509)             |
| <b>Balance – December 31, 2005</b>  | <b>94,183,151</b>  | <b>20,148,247</b> | <b>1,297,561</b>       | <b>1,270,808</b>              | <b>(17,576,939)</b>  | <b>5,139,677</b>        |
| -Issuance of shares on private placement, net of issuance costs \$33,858    | 7,845,000          | 647,768           | -                      | -                             | -  | 647,768                 |
| -Valuation of warrants issued on private placement                          | -                  | (348,818)         | -                      | 348,818                       | -  | -                       |
| -Issuance of shares on exercise of warrants                                 | 10,850,000         | 1,094,597         | -                      | -                             | -  | 1,094,597               |
| -Issuance of shares on exercise of stock options                            | 100,000            | 9,425             | -                      | -                             | -  | 9,425                   |
| -Expiry of warrant valuation  | -                  | -                 | 2,863                  | (2,863)                       | -  | -                       |
| -Exercise of warrants-valuation   | -                  | 314,261           | -                      | (314,261)                     | -  | -                       |
| -Exercise of stock options-valuation  | -                  | 7,155             | (7,155)                | -                             | -  | -                       |
| -Stock option compensation expense  | -                  | -                 | 23,991                 | -                             | -  | 23,991                  |
| Loss for the period   | -                  | -                 | -                      | -                             | (666,972)  | (666,972)               |
| <b>Balance-June 30, 2006</b>  | <b>112,978,151</b> | <b>21,872,635</b> | <b>1,317,260</b>       | <b>1,302,502</b>              | <b>(18,243,911)</b>  | <b>6,248,486</b>        |

- See Accompanying Notes to the Financial Statements -

# Beartooth Platinum Corporation

(A Development Stage Company)

## Statements of Operations and Deficit

U.S. Funds

Unaudited

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|   | Three months ended<br>June 30, |                   | Six months ended<br>June 30, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2006                           | 2005              | 2006                         | 2005              |
|   | \$                             | \$                | \$                           | \$                |
| <b>EXPENSES</b>   |                                |                   |                              |                   |
| Amortization  | 783                            | 261               | 1,044                        | 261               |
| Management fees and wages                                       | 67,035                         | 67,310            | 138,880                      | 88,228            |
| Office and general expenses                                     | 10,052                         | 27,367            | 25,991                       | 38,789            |
| Office rent   | 2,522                          | 2,639             | 4,573                        | 5,146             |
| Professional fees   | 21,663                         | 6,760             | 24,079                       | 8,140             |
| Shareholder information   | 45,388                         | 14,621            | 79,047                       | 20,079            |
| Compensation expense (Note 3(c))                                | 14,393                         | 71,574            | 23,991                       | 175,766           |
| Transfer agent and filing fees                                  | 5,537                          | 6,015             | 12,520                       | 10,316            |
| Travel expenses   | 18,787                         | 12,268            | 33,845                       | 17,704            |
| Other expenses  | 28,971                         | -                 | 28,971                       | -                 |
|   | <u>215,131</u>                 | <u>208,815</u>    | <u>372,941</u>               | <u>364,429</u>    |
| Loss before the undernoted                                      | 215,131                        | 208,815           | 372,941                      | 364,429           |
| Interest income   | (935)                          | (311)             | (1,688)                      | (860)             |
| Foreign exchange loss   | (81,583)                       | (2,484)           | (66,796)                     | (744)             |
| Write-off of mineral properties (Note 2)                        | 48,783                         | -                 | 362,515                      | -                 |
|   | <u>181,396</u>                 | <u>206,020</u>    | <u>666,972</u>               | <u>362,825</u>    |
| <b>NET LOSS FOR THE PERIOD</b>                                  | <b>181,396</b>                 | <b>206,020</b>    | <b>666,972</b>               | <b>362,825</b>    |
| <br>  |                                |                   |                              |                   |
| <b>Loss per basic and diluted share</b>                         | <b>0.00</b>                    | <b>0.00</b>       | <b>0.01</b>                  | <b>0.01</b>       |
| <br>  |                                |                   |                              |                   |
| <b>Weighted average number of<br/>common shares outstanding</b> | <b>112,772,107</b>             | <b>65,172,162</b> | <b>110,722,543</b>           | <b>64,088,855</b> |

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- See Accompanying Notes to the Financial Statements -

# Beartooth Platinum Corporation

(A Development Stage Company)

## Statements of Cash Flows

### U.S. Funds

Unaudited

|  | Three months ended<br>June 30, |           | Six months ended<br>June 30, |           |
|--|--------------------------------|-----------|------------------------------|-----------|
|  | 2006                           | 2005      | 2006                         | 2005      |
|  | \$                             | \$        | \$                           | \$        |
| <b>CASH PROVIDED BY (USED IN):</b>                       |                                |           |                              |           |
| <b>OPERATING ACTIVITIES:</b>                             |                                |           |                              |           |
| Net loss for the period                                  | <b>(181,396)</b>               | (206,020) | <b>(666,972)</b>             | (362,825) |
| Adjustments for non-cash items                           |                                |           |                              |           |
| Amortization   | <b>783</b>                     | 261       | <b>1,044</b>                 | 261       |
| Stock based compensation                                 | <b>14,393</b>                  | 71,574    | <b>23,991</b>                | 175,766   |
| Write-off of mineral properties                          | <b>48,783</b>                  | -         | <b>362,515</b>               | -         |
|  | <b>(117,437)</b>               | (134,185) | <b>(279,422)</b>             | (186,798) |
| Net change in non-cash working capital balances          | <b>(132,819)</b>               | (41,595)  | <b>(191,801)</b>             | (11,650)  |
|  | <b>(250,256)</b>               | (175,780) | <b>(471,223)</b>             | (198,448) |
| <b>FINANCING ACTIVITIES:</b>                             |                                |           |                              |           |
| Issue of common shares, for cash<br>(net of issue costs) | <b>(8,721)</b>                 | 463,178   | <b>647,768</b>               | 463,178   |
| Exercise of warrants                                     | <b>157,117</b>                 | -         | <b>1,094,597</b>             | -         |
| Exercise of stock options                                | <b>9,425</b>                   | -         | <b>9,425</b>                 | -         |
|  | <b>157,821</b>                 | 463,178   | <b>1,751,790</b>             | 463,178   |
| <b>INVESTING ACTIVITIES:</b>                             |                                |           |                              |           |
| Mineral properties                                       | <b>(248,633)</b>               | (176,865) | <b>(588,406)</b>             | (275,529) |
| Restricted investments                                   | <b>(723)</b>                   | (424)     | <b>(1,464)</b>               | 4,139     |
| Plant and equipment                                      | -                              | (10,495)  | -                            | (10,495)  |
|  | <b>(249,356)</b>               | (187,784) | <b>(589,870)</b>             | (281,885) |
| <b>CHANGE IN CASH</b>                                    | <b>(341,791)</b>               | 99,614    | <b>690,697</b>               | (17,155)  |
| CASH, beginning of period                                | <b>1,887,751</b>               | (56,796)  | <b>855,263</b>               | 59,973    |
| CASH, end of period                                      | <b>1,545,960</b>               | 42,818    | <b>1,545,960</b>             | 42,818    |
| <b>SUPPLEMENTARY INFORMATION:</b>                        |                                |           |                              |           |
| Interest paid  | -                              | -         | -                            | -         |
| Income taxes paid  | -                              | -         | -                            | -         |
| Issuance of shares pursuant to a settlement agreement    | -                              | -         | -                            | 44,458    |

- See Accompanying Notes to the Financial Statements -

# Beartooth Platinum Corporation

*(A Development Stage Company)*

## Notes to the Financial Statements

For the six months ended June 30, 2006 (Unaudited)

U.S. Funds

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### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Beartooth Platinum Corporation (the "Company") is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. 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 ability of the Company to raise the necessary financing, the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, 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.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. The Company has a need for equity capital to finance working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for the preparation of interim financial information and they follow the same accounting policies and methods of application as the audited financial statements of the Company for the period ended December 31, 2005. These unaudited interim financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent audited annual financial statements and the notes below.

These financial statements are unaudited and have not been reviewed by the Company's auditors.

# Beartooth Platinum Corporation

(A Development Stage Company)

Notes to the Financial Statements  
For the six months ended June 30, 2006 (Unaudited)  
U.S. Funds

## 2. MINERAL PROPERTIES

|  | June 30, 2005    | December 31, 2005 |
|--|------------------|-------------------|
|  | \$               | \$                |
| <b><u>MONTANA, USA (Platinum)</u></b>                                |                  |                   |
| Opening Balance  | 4,231,378        | 3,040,407         |
| Acquisition costs  |                  |                   |
| Staking, filing and claim rental                                     | 7,990            | 105,541           |
| Exploration costs  |                  |                   |
| Camp and general expenses  | 47,041           | 57,903            |
| Geological   | 176,229          | 491,216           |
| Travel and transportation  | 51,505           | 305,367           |
| Assaying   | 7,989            | 92,258            |
| Drilling   | 179              | 140,763           |
| Claim staking and recording  | 591              |                   |
|  | <u>4,522,902</u> | <u>4,233,455</u>  |
| Write-off of interest in mineral property                            | -                | (2,077)           |
| Closing Balance  | <u>4,522,902</u> | <u>4,231,378</u>  |
| <b><u>SOUTH AFRICA Investigations (Platinum &amp; Palladium)</u></b> |                  |                   |
| Opening Balance  | 71,369           | -                 |
| Acquisition costs  |                  |                   |
| Staking, filing and claim rental                                     | 48               | -                 |
| Option payment   | -                | 50,000            |
|  | <u>71,417</u>    | <u>50,000</u>     |
| Exploration costs  |                  |                   |
| Camp and general expenses  | 941              | 47                |
| Geological   | 82,104           | 14,089            |
| Drilling   | 189,532          | -                 |
| Travel and transportation  | 18,521           | 7,233             |
|  | <u>291,098</u>   | <u>21,369</u>     |
| Write-off of interest in mineral property                            | (362,515)        | -                 |
| Closing Balance  | <u>0</u>         | <u>71,369</u>     |
| <b>OTHER PROPERTIES</b>  |                  |                   |
| Opening Balance  | 2                | 2                 |
| Exploration costs  |                  |                   |
| Geological   | 8,617            | -                 |
| Closing Balance  | <u>8,619</u>     | <u>2</u>          |
| TOTAL  | <u>4,531,521</u> | <u>4,302,749</u>  |

# Beartooth Platinum Corporation

(A Development Stage Company)

## Notes to the Financial Statements

For the six months ended June 30, 2006 (Unaudited)

U.S. Funds

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## 2. MINERAL PROPERTIES (Continued)

### Stillwater Complex, Montana

The Stillwater complex is a platinum group metals target, which is located in the Stillwater and Sweetgrass counties, Montana. Portions of the property are located within the Gallatin and Custer National Forests, on land administered by the US Forest Service. Permits must be obtained for all exploration and development work to be carried out on these properties. There can be no assurances that the Company will be able to obtain all necessary permits in order to place its mineral properties into production.

At June 30, 2006, the Company had an undivided interest in 872 claims in the Stillwater area of Montana. These claims require annual payments of \$125 per claim in August of each year as a claim rental to the Bureau of Land Management. This represents an annual cost of \$101,125 to maintain these properties.

### Desert Charm

In November 2005, Beartooth signed an option agreement to acquire a 70% interest in Desert Charm Trading 189 (Proprietary) Limited ("Desert Charm"), which was amended by extensions in January 2006 and April 2006. Desert Charm owns and controls approximately 27,000 hectares immediately to the west of Lonmin Plc's Limpopo Division, in the Limpopo region of South Africa. It was believed that Desert Charm's property could contain up to 10 kilometers of both the Merensky and UG2 Reefs, the two primary platinum and palladium producing reefs in South Africa. Historic drilling of the Limpopo property indicated reef bearing horizons in drill holes located within 150 meters of the Desert Charm Property. Beartooth paid Desert Charm \$50,000 and conducted due diligence, including drilling to intercept the potential on-strike continuation of the Bushveld Merensky and UG2 mineralization. After drilling two core holes and performing a ground magnetic survey, BTP did not intercept Bushveld Complex rocks containing the platinum and palladium bearing Merensky and UG2 reefs.

The two core holes, which were designed to intersect the potential extensions of the UG2 and Merensky reefs adjacent to Lonmin's Limpopo Property, intercepted the underlying Transvaal metasediments. In addition, a comprehensive ground magnetic program did not locate a magnetic unit known to lie stratigraphically above the Merensky and UG2 mineralized horizons.

The Company's Geologists have interpreted that the Bushveld Complex mafic rocks, containing the Merensky and UG2 reefs, have been attenuated or pinched out in this area.

Consequently, BTP has terminated the option agreement with Desert Charm Trading (Pty) Ltd. The Company therefore wrote off \$362,515 related to the Desert Charm due diligence as at June 30, 2006

# Beartooth Platinum Corporation

(A Development Stage Company)

Notes to the Financial Statements  
For the six months ended June 30, 2006 (Unaudited)  
U.S. Funds

## 3. SHARE CAPITAL

### (a) Common shares

Authorized  
Unlimited common shares without par value

Issued and outstanding:

|                   |               |
|-------------------|---------------|
| Number of shares: | 112,978,151   |
| Amount:           | \$ 21,872,635 |

Share Capital transactions are set out in more detail in the Statement of Shareholders' Equity.

In January 2006, the Company completed a private placement financing. A total of 7,845,000 Units were issued pursuant to the financing for gross proceeds of CAD\$784,500. Each Unit consists of one Common Share and one Common Share purchase warrant at a price of CAD \$0.10 per Unit. Each Warrant entitles the holder to acquire one Common Share of the Company, exercisable at a price of CAD\$0.11 per share until January 3, 2008. Each of the Common Shares and the shares issued upon the exercise of the Warrants were subject to a hold period that expired on May 4, 2006.

### (b) Warrants

|                                   | June 30, 2006      |                                | December 31, 2005  |                                |
|-----------------------------------|--------------------|--------------------------------|--------------------|--------------------------------|
|                                   | Number of Warrants | Weighted average price (CDN\$) | Number of Warrants | Weighted average price (CDN\$) |
| <b>Balance, beginning of year</b> | <b>40,800,000</b>  | <b>0.11</b>                    | 12,487,268         | 0.23                           |
| Granted, private placements       | 7,845,000          | 0.11                           | 30,500,000         | 0.10                           |
| Exercised                         | (10,850,000)       | 0.12                           | (150,000)          | 0.12                           |
| Expired or cancelled              | (100,000)          | 0.12                           | (2,037,268)        | 0.70                           |
| <b>Balance, end of period</b>     | <b>37,695,000</b>  | <b>0.11</b>                    | 40,800,000         | 0.11                           |

Summary of outstanding warrants at June 30, 2006:

| Expiry Date       | Exercise Price (CDN\$) | Warrants Outstanding # | Value \$         |
|-------------------|------------------------|------------------------|------------------|
| August 27, 2006   | 0.25                   | 1,250,000              | 103,183          |
| June 16, 2007     | 0.10                   | 9,400,000              | 278,750          |
| August 18, 2007   | 0.10                   | 10,000,000             | 278,661          |
| December 13, 2007 | 0.10                   | 9,200,000              | 293,090          |
| January 3, 2008   | 0.11                   | 7,845,000              | 348,818          |
|                   |                        | <b>37,695,000</b>      | <b>1,302,502</b> |

# Beartooth Platinum Corporation

(A Development Stage Company)

## Notes to the Financial Statements

For the six months ended June 30, 2006 (Unaudited)

U.S. Funds

### 3. SHARE CAPITAL (continued)

The fair value of each warrant granted was estimated at the date of grant using the Black-Scholes option model with the following assumptions: expected dividend yield 0%, expected volatility 110%, risk-free interest rate ranging from 3.35% to 4.0% and an expected life of two years.

In February 2006, 100,000 warrants with an expiry date of February 6, 2006 and an exercise price of CDN\$0.12 expired unexercised. As a result, the amount of \$2,863 was credited to contributed surplus.

#### (c) Stock Options

During the six months ended June 30, 2006, 200,000 stock options (2005: 950,000) were granted to consultants and an officer of the Company. The total fair value of the options granted, determined to be \$24,180 (2005: \$66,435), was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0% (2005: 0%); expected volatility ranging from 106% to 110% (2005: 110%); risk free interest rate ranging from 4% to 4.5% (2005: 4%); and an expected average life of 5 years (2005: 5 years). The Company records a stock compensation expense over the vesting term of the options granted. The fair value of options vesting in the six months ended June 30, 2006 amounted to \$23,991 which was credited to contributed surplus (note 4). During the six months ended June 30, 2006, 275,000 stock options expired unexercised and 550,000 stock options were cancelled in accordance with the stock option plan.

The following summarizes the stock option activity during the period:

|                                       | June 30, 2006     |   | December 31, 2005 |   |
|---------------------------------------|-------------------|---|-------------------|---|
|                                       | Number of options | Weighted average exercise price (CDN\$) | Number of options | Weighted average exercise price (CDN\$) |
| <b>Balance, beginning of the year</b> | <b>9,692,118</b>  | <b>0.22</b>                             | 9,378,118         | 0.25                                    |
| Granted                               | <b>200,000</b>    | <b>0.16</b>                             | 1,650,000         | 0.11                                    |
| Exercised                             | <b>(100,000)</b>  | <b>0.11</b>                             | (100,000)         | 0.11                                    |
| Expired or cancelled                  | <b>(825,000)</b>  | <b>0.46</b>                             | (1,236,000)       | 0.32                                    |
| <b>Balance, end of period</b>         | <b>8,967,118</b>  | <b>0.20</b>                             | 9,692,118         | 0.22                                    |

# Beartooth Platinum Corporation

(A Development Stage Company)

## Notes to the Financial Statements

For the six months ended June 30, 2006 (Unaudited)

U.S. Funds

### 3. SHARE CAPITAL (continued)

The following table reflects the stock options outstanding as at June 30, 2006:

| Expiry Date       | Exercise Price<br>(CDN\$) | Outstanding      | Exercisable      |
|-------------------|---------------------------|------------------|------------------|
| September 5, 2005 | 0.380                     | 300,000          | 300,000          |
| November 7, 2006  | 0.270                     | 200,000          | 200,000          |
| May 27, 2007      | 0.710                     | 300,000          | 300,000          |
| July 19, 2007     | 0.470                     | 200,000          | 200,000          |
| September 8, 2008 | 0.100                     | 100,000          | 100,000          |
| December 11, 2008 | 0.190                     | 217,118          | 217,118          |
| February 6, 2009  | 0.200                     | 3,500,000        | 3,500,000        |
| March 24, 2009    | 0.400                     | 100,000          | 100,000          |
| October 1, 2009   | 0.125                     | 2,400,000        | 1,800,000        |
| March 6, 2010     | 0.105                     | 100,000          | 75,000           |
| March 14, 2010    | 0.110                     | 500,000          | 250,000          |
| May 2, 2010       | 0.100                     | 150,000          | 112,500          |
| August 1, 2010    | 0.100                     | 500,000          | 500,000          |
| December 13, 2010 | 0.155                     | 200,000          | 100,000          |
| February 28, 2011 | 0.150                     | 100,000          | 25,000           |
| May 1, 2011       | 0.170                     | 100,000          | 25,000           |
|                   |                           | <b>8,967,118</b> | <b>7,804,618</b> |

### 4. CONTRIBUTED SURPLUS

|  | June 30, 2006    | December 31, 2005 |
|--|------------------|-------------------|
|  | \$               | \$                |
| <b>Balance, beginning of the year</b>  | <b>1,297,561</b> | 993,563           |
| Value of options granted/vested for officers and directors during the period | <b>12,897</b>    | 250,414           |
| Value of options granted/vested for consultants during the period            | <b>11,094</b>    | 60,744            |
| Exercise of options, valuation reallocation                                  | <b>(7,155)</b>   | (7,160)           |
| Warrants expired – unexercised   | <b>2,863</b>     | -                 |
| <b>Balance, end of period</b>  | <b>1,317,260</b> | 1,297,561         |

# Beartooth Platinum Corporation

*(A Development Stage Company)*

Notes to the Financial Statements

For the six months ended June 30,2006 (Unaudited)

U.S. Funds

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## **5. RELATED PARTY TRANSACTIONS**

The Company shares its premises with other companies, some of which have common directors and/or officers. The Company reimburses the related companies for its proportional share of the expenses. The Company paid \$13,014 to a Company controlled by a director for administrative services. A director of the Company is also a director of Valencia Venture Inc.

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.