

# Dentonia Resources Ltd.



Suite #880 - 609 Granville Street, Vancouver, BC. V7Y 1G5

Tel: (604) 682-1141 Fax: (604) 682-1144 Website: [www.dentonia.net](http://www.dentonia.net) Email: [dentonia@telus.net](mailto:dentonia@telus.net)

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## **DENTONIA RESOURCES LTD.**

**(An Exploration Stage Company)**

**Unaudited Financial Statements for  
the 1<sup>st</sup> Quarter ended November 30, 2005**

**and**

**Interim Management's Discussion and Analysis  
to January 23, 2006**

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**DENTONIA RESOURCES LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**NOVEMBER 30, 2005 AND 2004**  
(Unaudited - see Notice to Reader)

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MANNING ELLIOTT  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Phone: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

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**NOTICE TO READER**

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We have compiled the balance sheet of Dentonia Resources Ltd. as at November 30, 2005 and the statements of operations and deficit, and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

*Manning Elliott LLP*

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

January 24, 2006

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**DENTONIA RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited - see Notice to Reader)

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	As at November 30, 2005 \$	As at August 31, 2005 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	617,987	674,813
Accounts receivable	24,450	13,885
Prepaid expenses	<u>34,704</u>	<u>2,760</u>
	677,141	691,458
INVESTMENTS AND ADVANCES (Note 3)	240,537	240,537
CAPITAL ASSETS (Note 5)	7,349	7,964
MINERAL PROPERTIES (Note 4)	<u>571,580</u>	<u>295,639</u>
	<u>1,496,607</u>	<u>1,235,598</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>19,605</u>	<u>100,232</u>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK (Note 6)	9,258,900	8,840,200
CONTRIBUTED SURPLUS (Note 6)	70,350	65,762
DEFICIT	<u>(7,852,248)</u>	<u>(7,770,596)</u>
	<u>1,477,002</u>	<u>1,135,366</u>
	<u>1,496,607</u>	<u>1,235,598</u>

APPROVED BY THE BOARD

"Adolf A. Petancic" Director

"H. Martyn Fowlds" Director

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**DENTONIA RESOURCES LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT****FOR THE PERIOD ENDED NOVEMBER 30, 2005 AND 2004**(Unaudited - see Notice to Reader)

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	2005	2004
	\$	\$
<b>GENERAL EXPENSES</b>		
Accounting and legal	2,466	1,682
Amortization	616	152
Bank charges and interest	106	88
Consulting fees	2,625	7,000
Office and miscellaneous	4,685	7,633
Rent	3,329	4,018
Shareholder and public relations	10,107	10,020
Stock based compensation	4,588	1,875
Telephone and communications	1,375	726
Transfer agent and filing fees	5,264	3,406
Travel and entertainment	2,500	-
Wages and benefits	<u>45,665</u>	<u>28,029</u>
	83,326	64,629
<b>OTHER INCOME (EXPENSES)</b>		
Expense recoveries	-	392
Equity investment losses	-	(5,000)
Interest	<u>1,674</u>	<u>-</u>
	1,674	(4,608)
<b>NET LOSS FOR THE PERIOD</b>	(81,652)	(69,237)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(7,770,596)</u>	<u>(7,499,943)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(7,852,248)</u>	<u>(7,569,180)</u>
<b>BASIC LOSS PER SHARE</b>	<u>(0.01)</u>	<u>(0.01)</u>

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**DENTONIA RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED NOVEMBER 30, 2005 AND 2004**  
(Unaudited - see Notice to Reader)

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	2005 \$	2004 \$
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(81,652)	(69,237)
Items not involving cash		
Amortization	616	152
Equity investment losses	-	5,000
Stock-based compensation	<u>4,588</u>	<u>1,875</u>
	(76,448)	(62,210)
Change in non-cash working capital items	<u>(123,137)</u>	<u>825</u>
	<u>(199,585)</u>	<u>(61,385)</u>
FINANCING ACTIVITIES		
Capital stock issued	<u>418,700</u>	<u>100,800</u>
INVESTING ACTIVITIES		
Expenditures on mineral properties	(275,941)	(32,656)
Proceeds from disposal of capital assets	-	-
Increase in investments and advances	<u>-</u>	<u>(5,000)</u>
	<u>(275,941)</u>	<u>(37,656)</u>
INCREASE (DECREASE) IN CASH	(56,826)	1,759
CASH - BEGINNING OF PERIOD	<u>674,813</u>	<u>224,566</u>
CASH - END OF PERIOD	<u><u>617,987</u></u>	<u><u>226,325</u></u>

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**DENTONIA RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

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1. NATURE OF OPERATIONS

The Company is in the business of acquiring and exploring mineral properties. There has been no determination whether properties held contain mineral reserves which are economically recoverable.

The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the assumption that the Company is a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain necessary financing to discharge its liabilities as they become due, and upon attaining future profitable operations.

Because a precise determination of certain assets and liabilities is dependent on future events, the preparation of the financial statements involves the use of estimates based on careful judgement and actual results may differ from such estimates.

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Northernera Diamonds Inc.

b) Investments

The investment in DHK Resources Ltd. is recorded using the equity method of accounting.

c) Capital assets

Capital assets are stated at cost less accumulated amortization, which is recorded over the useful lives of the assets on the declining balance basis at the following annual rates:

Computer	30%
Furniture and fixtures	20%

d) Income taxes

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

e) Mineral properties

Costs relating to the acquisition and exploration of mineral properties are deferred until the properties are placed into commercial production, sold, or abandoned. These costs are to be amortized over the estimated useful life of the property following commencement of production, or written off as properties are sold or abandoned.

f) Foreign currency translation

Transactions and balances in foreign currencies are translated to Canadian dollars using the temporal method. Accordingly, revenue, expenses and non-monetary balances are translated at exchange rates prevailing at the transaction dates, and monetary balances are translated at the rate prevailing at the balance sheet date with resulting gains and losses recognized in income.

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**DENTONIA RESOURCES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****g) Stock-based compensation**

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

**h) Loss per share**

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

**i) Fair market value of financial instruments**

The carrying value of cash, accounts receivable and accounts payable approximate fair market value because of the short maturity of those instruments.

**j) Interim financial statements**

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management reflect all normal recurring adjustments necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

**3. INVESTMENTS AND ADVANCES**

The Company owns a one-third interest in DHK Resources Ltd. ("DHK"), a Northwest Territories corporation which has various interests in potentially diamond bearing mineral claims in the Lac de Gras area of the Northwest Territories.

The investment has been written down to \$nil as a result of recognizing the proportionate share of the losses of DHK.

**4. MINERAL PROPERTIES**

	November 30, 2005	August 31, 2005
	\$	\$
Tintina Gold Belt - HY property	167,566	166,207
Tintina Gold Belt - ELF property	14,053	14,053
Pellatt Lake	14,800	14,800
Atkinson Gold Prospect	319,978	81,992
Thomlinson Creek Property	<u>55,183</u>	<u>18,587</u>
	<u>571,580</u>	<u>295,639</u>

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**DENTONIA RESOURCES LTD.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

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4. MINERAL PROPERTIES (continued)

Tintina Gold Belt, Yukon Territories

Pursuant to an Option Agreement dated September 4, 2003 (amended October 14, 2004 and March 18, 2005), the Company acquired the right to obtain a 100% interest in 56, two-post mineral claims (the "HY property"), located north of the Hyland River, approximately 185km north of Watson Lake, within the Tintina Gold Belt, southeastern Yukon, Watson Lake Mining District. 48 claims are recorded in the name of Phelps Dodge Corporation of Canada, and 8 claims, staked by the Company at its own cost, are held in trust by a director of the Company. All of these claims are subject to the terms of the Option Agreement.

Pursuant to the agreement, the Company has paid \$17,491 in staking costs, consulting fees and other expenditures and must complete a \$100,000 work commitment in the first year and a total \$750,000 work commitment by March, 2011. The Company is also required to make cash payments totalling \$110,000 in stages over the next 6 years (\$20,000 paid).

The Company has also staked for its own and sole account, 6, two-post mineral claims (the "ELF property") located 175km northeast of Watson Lake, within the Tintina Gold Belt.

Lac de Gras, Northwest Territories

The Company, through its 1/3 equity position in DHK Diamonds Inc., holds, indirectly, pursuant to a Joint Venture Agreement dated December 6, 2002, interests in 3 mineral leases, which are recorded in the name of BHP Billiton Diamonds Inc.

Pellatt Lake, Northwest Territories

The Company has staked for its own and sole account 7 mineral claims and holds, indirectly, through its 1/3 equity position in DHK Diamonds Inc., an interest in another 6 mineral claims at Pellatt Lake, Northwest Territories.

Atkinson Gold Prospect

The Company has entered into an agreement to obtain a 100% interest in 5 claim groups referred to as the Atkinson Gold Prospect, in the Porcupine Mining District, Ontario. Pursuant to the agreement, the Company has issued 150,000 shares and paid \$60,391 in staking costs, engineering fees and other expenditures and must complete a \$350,000 work commitment by May 1, 2006. The Company is also required to make cash payments totalling \$990,000 in stages over the next 10 years.

Thomlinson Creek Property

The Company has entered into an Option Agreement to acquire a 100% interest in certain mineral claims located in the Omineca mining division of British Columbia. Pursuant to the agreement, the Company has paid \$4,707 of a \$30,000 work commitment to be completed by February 25, 2006, and must pay to the Optionors a total of \$1,015,000 over the next 10 years (\$10,000 paid).

**DENTONIA RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	November 30, 2005 Net Book Value	August 31, 2005 Net Book Value
	\$	\$	\$	\$
Computer	24,076	18,345	5,731	6,262
Furniture and fixtures	<u>23,245</u>	<u>21,627</u>	<u>1,618</u>	<u>1,702</u>
	<u>47,321</u>	<u>39,972</u>	<u>7,349</u>	<u>7,964</u>

6. CAPITAL STOCK

Authorized:

Unlimited common shares without par value

Issued:

	#	\$
August 31, 2004	22,727,208	7,770,170
Private placements	7,521,836	951,725
Agent's commission	150,000	22,500
Warrants exercised	2,575,000	264,500
Share issue costs	-	(168,695)
August 31, 2005	32,974,044	8,840,200
Warrants exercised	3,987,000	398,700
Options exercised	<u>200,000</u>	<u>20,000</u>
November 30, 2005	<u>37,161,044</u>	<u>9,258,900</u>

a) Private placements:

In October 2004, the Company completed a non-brokered private placement of 1,680,000 units at \$0.06 per unit for total proceeds of \$100,800. Each unit consisted of one common share and one non-transferable share purchase warrant exercisable at \$0.10 per share to October 7, 2005 and at \$0.20 per share after October 7, 2005 to October 7, 2006.

In December 2004, the Company completed a non-brokered private placement of 976,666 flow-through units at \$0.15 per unit and 845,000 non-flow-through units at \$0.12 per unit for total proceeds of \$247,900. Each unit consists of one share and one non-transferable share purchase warrant exercisable at \$0.16 for the flow-through shares and at \$0.13 for the non-flow-through shares, expiring December 29, 2005.

Also in December 2004, the Company completed a brokered private placement of 804,034 units at \$0.75 per unit or total proceeds of \$603,025. Each unit consists of 3 non-flow-through common shares, two flow-through common shares and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company until February 28, 2007, at a price of \$0.20 per share on or before February 28, 2006, and at a price of \$0.30 per share on or before February 28, 2007.

**DENTONIA RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

6. CAPITAL STOCK (continued)

a) Private placements (continued):

In relation to this private placement, the Company paid a cash commission of 7.5% of the gross proceeds, issued 150,00 shares as a corporate finance fee, paid a finder's fee of 5% of the gross proceeds and issued Agent's options to acquire 522,620 shares at \$.15 per share expiring February 28, 2007 and, thereafter, warrants to purchase up to 104,524 additional shares at \$0.20 per share in the first year and \$0.30 per share in the second year.

b) Options:

The Company has a stock option plan to grant options to directors, officers, employees, dependent contractors and consultants of the Company. The plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time at the discretion of the Board. Options under the plan will be for a term of up to 5 years from the date of their grant and will be exercisable at a price not less than the Discounted Market Price.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2004	1,665,000	\$ 0.13
Granted	772,620	0.13
Exercised	<u>(50,000)</u>	<u>\$ 0.12</u>
Balance, August 31, 2005	2,387,620	0.13
Granted	155,000	0.13
Exercised	<u>(200,000)</u>	<u>0.10</u>
Balance, November 30, 2005	<u>2,342,620</u>	<u>\$ 0.11</u>
Weighted average fair value of options granted		<u>\$ 0.05</u>

All of the options outstanding are currently exercisable and have expiry dates ranging from April 22, 2006 to December 9, 2007.

c) Stock-based compensation

During the year ended August 31, 2005, the Company issued 250,000 (2004 - 910,000) stock options to directors and consultants and issued 522,620 to agents. As a result \$7,250 (2004 - \$28,200) was recorded as stock-based compensation, \$30,312 (2004 - \$Nil) was recorded as share issue costs, and \$37,562 (2004 - \$28,200) was credited to contributed surplus.

During the period ended November 30, 2005, the Company issued 155,000 stock options to consultants. A total of \$4,588 was recorded as stock-based compensation and credited to contributed surplus.

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**DENTONIA RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED NOVEMBER 30, 2005 AND 2004**

(Unaudited - see Notice to Reader)

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6. CAPITAL STOCK (continued)

c) Stock-based compensation (continued)

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

Risk-free interest rate	2.77% to 2.89%
Expected life of options	2 - 3 years
Expected volatility	50%
Expected dividend yield	0.0%

d) Warrants

Warrants have been granted and are exercisable in whole or in part until expiry allowing the holders to purchase a maximum of 2,167,858 common shares at exercise prices ranging from \$0.10 to \$0.30 and expiring between September 7, 2005 and February 28, 2007.

7. RELATED PARTY TRANSACTIONS

Included in the determination of net loss for the period are salaries and fees to a director recorded at their exchange amounts of \$45,500 (2004 - \$35,000), and stock based compensation to directors recorded at their fair values of \$3,750 (2004 - \$nil). Also, included in mineral properties are fees paid to a director recorded at the exchange amount of \$12,000 (2004 - \$nil).

8. LOSSES CARRIED FORWARD

At the end of the last fiscal year, the Company has approximately \$1,056,000 in non-capital losses which can be applied to reduce future taxable income, expiring as follows:

	\$
2006	201,000
2007	144,000
2008	122,000
2009	105,000
2010	60,000
2014	156,000
2015	268,000

Cumulative Canadian Development and Exploration Expenses of approximately \$2,047,150 are available to reduce future taxable income, and net capital losses which can be applied to reduce future taxable gains amount to \$304,000.

9. SUBSEQUENT EVENT

On December 23, 2005, the Company completed a private placement of 12,183,501 non-flow-through units at \$0.15 per unit and 6,260,000 flow-through units at \$0.20 per unit for total proceeds of \$3,079,525. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.25 per share in the first year and at \$0.35 per share in the second year. All securities issued under this private placement are subject to a four month plus one day hold period, expiring on April 24, 2006.

# Dentonia Resources Ltd.



**FORM 51-102F1 – MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the First Quarter Ended November 30, 2005  
(Unaudited Financial Statements)**

**Prepared as at January 23, 2006**

## **DESCRIPTION OF BUSINESS AND REPORT DATE**

Dentonia Resources Ltd. (“Dentonia” or the “Company”) was incorporated in the Province of British Columbia on May 31, 1979 under the name Rubicon Resources Ltd., changed its name to Dentonia Resources Ltd. on October 19, 1979

Currently, the Company, either directly or indirectly through its 1/3 equity interest in DHK Diamonds Inc. (“DHK”), has interests or has under option two diamond, two gold, and one copper-molybdenum property, these properties are in the early stages of exploration.

The Company is a reporting issuer in British Columbia and Alberta, became a publicly traded company on the Vancouver Stock Exchange in 1982 and continues to trade on the TSX Venture Exchange (the “Exchange”), under the symbol “DTA”, and is registered as a foreign exempt corporation under section 12g3-2(b), file #82-627, with the Securities & Exchange Commission.

The Company prepared its financial statements in Canadian dollars and in accordance with Canadian generally accepted accounting principles and its Management’s Discussion and Analysis (MD&A) should be read in conjunction with its unaudited financial statements for the quarters ended November 30, 2005 and 2004 and the audited financial statements for the fiscal years ended August 31, 2005 and 2004.

## **OVERALL PERFORMANCE**

As of November 30, 2005 the Company had a total working capital of \$657,536, compared with a working capital of \$691,226 as of August 31, 2005, the fiscal year end, and \$221,629 at the end of the same period in the prior fiscal year.

For the first three months ended November 30, 2005, the Company recorded a net loss of \$81,652 or \$0.01 per share, compared to net loss of \$69,238 or \$0.01 per share for the same period in the prior fiscal year.

With funds raised through its private placement completed on December 23, 2005, earlier financings, and the exercise of warrants and options up to January 23, 2006, Dentonia has approximately \$3,500,000 on hand, sufficient to make its pro rata contribution to the

exploration and sampling of the DO27 Kimberlite, the exploration of DO18 Kimberlite and surrounding claims at Lac de Gras, NWT, in the total estimated amount of \$16,233,000 for 2006, or in the case of Dentonia, a pro rata contribution of \$1,030,000 for the two exploration phases in 2006. To date, Dentonia advanced \$416,062.50 towards these programs.

Additionally, Dentonia is in a position to carry out meaningful exploration programs at the Atkinson Gold Prospect, Ontario and the Thomlinson Creek Molybdenum Prospect, British Columbia. No exploration is currently planned for the HY Prospect, Tintina Gold Belt, Yukon.

As of January 23, 2006, the Company had a total **working capital of \$3,530,882, \$1,339,056** are flow-through funds, to be expended on “Canadian Exploration Expenditures” as defined by the “Canadian Income Tax Act”.

## **PROPERTY SUMMARIES**

### **DIAMONDS**

#### **(1) Drilling Underway at the DO-27 Kimberlite Pipe**

Core drilling at the DO-27 kimberlite pipe has commenced. The DO-27 pipe is part of the WO diamond project and is located 23 kilometres southeast of the Diavik Diamond Mine. The first of two core drill rigs, operated by Connors Drilling, began drilling on Jan. 12, 2006, with the objective of collecting geological and geotechnical information in advance of large-diameter, bulk sample drilling, which is scheduled to commence late January/early February, 2006.

The WO diamond project comprises a total of 15,107 hectares and currently contains nine known kimberlite pipes, the largest of which is DO-27, which covers an area in excess of nine hectares. A 151-tonne mini-bulk sampling program conducted by Peregrine at DO-27 during 2005, revealed an average grade of 0.98 carat per tonne from five of six R.C. holes drilled. A sixth R.C. hole returned an average grade of 0.7 carat per tonne, different geology.

As reported earlier, these grades compared favorably with published data for kimberlite pipes at BHP Billiton's Ekati Diamond Mine. The annual information form of Dia Met Minerals, dated June 14, 2000, reported, as part of the feasibility study, an average grade for five of the Ekati pipes of 1.09 carats per tonne. The average value was reported as \$84 (U.S.) per carat.

Three independent valuations on the diamonds collected from five of six R.C. holes returned values of \$59 (U.S.) to \$78 (U.S.) per carat. The average values ranged from \$53 (U.S.) to \$67 (U.S.) per carat for the six R.C. holes, with the highest valued diamond being a 1.85-carat, clean, white octahedron, valued at \$1,591 (U.S.) to \$2,063 (U.S.).

The valuations were actual primary producer sales values on the day of the valuation, not modelled valuations. As bulk sample sizes increase, there may be a correlation with higher average diamond values as a proportionally larger population of larger, higher-value diamonds may be recovered. Due to small size of the mini bulk sample, modeling of the diamond size distribution and diamond values to predict average diamond value in a larger sample were not attempted.

The bulk sample that will be collected this winter will be extracted from the DO-27, using two, 24-inch diameter, reverse circulation (RC) drill rigs operated by Encore Drilling of Edmonton. The sample will be processed at BHP Billiton's Ekati diamond mine test plant starting in the second quarter of 2006.

### **Micro Diamond Results - DO27**

**New Micro Diamond Results indicate Main Vent or Southern Lobe of DO-27 may have a grade greater than 1 carat per tonne, 0.42, 0.22, 0.12 & 0.11 carat diamonds found in N.Q. diameter (47mm) core holes**

Core drilling results at the DO-27 kimberlite, are now available and have returned consistent micro-diamond values indicating that the Main Vent of the 9 hectare pipe may have grades greater than 1 carat per tonne. All grade predictive curves based on micro-diamond sampling of the main vent have reached or exceeded 1 carat per tonne and have not approached the asymptote, indicative of a possible higher grade, the mini bulk sample itself graded, 0.98 carats/tonne from 5 of the RC drill holes.

A total of 2245 meters in 11 N.Q. core holes were drilled into DO-27. Four holes were drilled into the Main Vent of the pipe and the remaining holes were drilled into the north-eastern subsidiary lobe of the DO-27.

The purpose of the core drilling was:

- To better understand the internal geology and diamond distribution of DO-27 in relation to the two apparently different kimberlite phases encountered during the reverse circulation ("RC"), mini-bulk sample, drilling program.
- To gain information on the extent and geology of the DO-27 pipe below 200 meters, and
- To better understand the geology and diamond distribution of the north-eastern lobe of DO-27, and how it relates to the main pipe.

Micro-diamond results have now been received from the Saskatchewan Research and Geo-Analytical Council ("SRC") for three holes (DO-27-05-02, DO-27-05-03, and DO-27-05-08), drilled into the Main Vent of DO-27, and all returned values consistent with a strongly diamondiferous kimberlite. The presence of large diamonds, up to 0.42 carats, in micro-diamond samples is extremely encouraging. The fact that relatively small diameter

core holes (47 mm) are consistently encountering diamonds of this size bodes well for the ultimate grade of the pipe.

The micro-diamond results were also quite consistent throughout the pipe, with grade predictive plots indicating grades greater than 1 carat/tonne from the main vent, which represents the majority of the DO-27 pipe.

**(2) DO-18 Kimberlite**

In addition to the bulk sampling program that has commenced on DO-27, the joint venture partners are awaiting microdiamond results from seven core holes drilled during the summer of 2005 on the nearby DO-18 kimberlite. DO-18 is in excess of three hectares in size, and located approximately 700 metres north of DO-27. Previous drilling at DO-18 returned encouraging microdiamond results as high as 1.41 carats per tonne over 242 metres. The microdiamond analyses from the holes drilled in 2005 are being performed by Saskatchewan Research Council Geoanalytical Laboratories in Saskatoon, and results are expected in February, 2006. In the event that results are encouraging, a mini-bulk sampling program will be conducted at DO-18 during the summer of 2006. (land based)

Previous drilling and the results of a Falcon™ gravity survey previously flown by BHP Billiton in 2001, over DO-27 and DO-18, suggest that a third pipe may be located between the DO-18 and DO-27 kimberlites. Further core drilling is planned this year in the area between the DO-27 and DO-18 kimberlites to test this hypothesis. Drilling is also planned on a number of other high-priority targets within the WO diamond project area that have coincident geophysical and geochemical anomalies.

DHK Diamonds Inc. holds a 20% interest in the WO diamond project, which includes both the DO-27 and DO-18 kimberlites, and Dentonia has a 1/3 equity interest in DHK Diamonds Inc. or net 6.67% interest.

**(3) Pellatt Lake Claim Block – NWT, Canada**

Falcon™ Airborne Gravity Gradiometer Survey (Falcon™ Survey) Completed – Geophysical Data

The Company has been advised by Peregrine that it has completed a Falcon™ Survey over the Pellatt Lake property (the “Property”) at a cost of \$187,000, and possible kimberlite intrusions have been identified.

This property is located approximately 40km to the northeast of the Ekati Diamond Mine at Lac de Gras and immediately adjacent to and north of DeBeers Hardy Lake leases.

From various news releases, e.g. Majescor’s news releases, December 21, 2004 and March 30, 2005, DeBeers’ Hardy Lake mineral leases appear to contain 25 kimberlite intrusions, varying in size from 0.2 hectares to 5 hectares.

A strong possibility exists that this kimberlite cluster or field of kimberlite clusters may extend into the Pellatt Lake claim block.

Dentonia and DHK Diamonds Inc., in which Dentonia has a 1/3 equity position, have optioned their respective claims to Peregrine. Under the agreement, Peregrine has to carry both the Company and DHK to production to obtain a 75% interest in any kimberlite discovered.

## **GOLD**

### **(1) Atkinson Gold Prospect, Abitibi Greenstone Belt, Porcupine Mining Division, 25km South of the Detour Lake Mine, Ontario**

The Atkinson Gold Prospect, Porcupine Mining Division, Ontario, located at the northern margin of the Abitibi Greenstone Belt, about 15km south of the Detour Lake Mine (below James Bay), consists of four claim groups, the Lipton, Atkinson West, Nash, Horner, two targets were drilled on the Horner claims, October/November 2005, with negative results and no further work at this claim block is planned at this time.

Dentonia has now signed drill contract with Major Drilling Group International Inc. ("Major") dated January 9, 2006 for a minimum of 2,000 meters of BQ drilling, to commence on or about February 1<sup>st</sup>, 2006, initially at the Lipton claims. Dentonia has made a \$80,000 deposit and the cost of this program is estimated at \$350,000.

#### a) Lipton Claim Block

On the Lipton group, significant gold mineralization, defined by a number of drill holes in 1996, grading better than 2.5 g/t, the best hole 10.7 g/t over 9m, and geophysical surveys, the latest being Dentonia's ground magnetometer survey in April/May 2005, have defined targets to be explored by diamond drilling during the upcoming program.

Dentonia's ground magnetometer survey, April/May 2005, mapped a deep seated magnetic feature, 60m below surface, to the northeast of the 1996 drill hole, (10.7 g/t), which will be tested during this proposed program.

This mineralized zone is interpreted to be open down dip and along strike to the north-east.

Geophysical surveys, have also defined 11 targets, in addition to this gold zone, on the Lipton claims which are to be explored by diamond drilling.

Previous drill intersections of this zone, which has now been extended, are summarized as follows:

Hole	From(m)	To(m)	Length(m)	Au (g/t)
96-03	82.00	95.00	13.00	7.50
Including	83.00	92.00	9.00	10.70
96-11	77.00	88.00	11.00	2.87
Including	81.00	82.00	1.00	22.63
96-12	79.00	82.00	1.00	22.63
Including	79.00	80.00	1.00	1.70
96-13	68.00	70.00	2.00	0.36
96-14	85.00	86.00	1.00	0.54
96-16	79.00	81.50	2.50	0.58
96-18	84.00	85.00	1.00	1.03
96-19	19.00	21.00	2.00	0.65
96-21	75.00	77.00	2.00	0.52
96-22	45.00	46.00	1.00	2.91
96-27	70.00	71.00	1.00	2.53
96-29	66.00	84.00	18.00	0.69
Including	67.00	69.00	2.00	3.08

It should be noted that Noranda (now Falconbridge) staked to the east and adjacent to the Lipton claims and to the east and adjacent to Atkinson West claims of the Company and has commenced an exploration program.

b) Atkinson West

Geophysical surveys and diamond drilling on the Atkinson West claim group, to date, have indicated the presence of a geological structure, a sequence of folded and volcanic rocks, trending east-west, dipping moderately to steeply to the south.

In 1974 Amoco's hole 6-1 intersected a 1.5m thick zone grading 2.7 g/t gold. Dentonia's drill hole AW-05- 01, October/November 2005, located 80m to the west of drill hole 6-1 was drilled to a depth of 155m, and intersected pyrite and pyrrhotite with minor chalcopyrite over a 12m thick section with slightly elevated to anomalous gold values, i.e. 309 ppb gold. Several targets along this trend have been identified and may be tested by diamond drilling during the proposed program.

Under the Option Agreement the Company has the right to earn a 100% in the Atkinson Gold Prospect, subject to a 2% royalty, with Dentonia retains buy-out-right.

(2) **HY Gold Prospect, Tintina Gold Belt, South Eastern Yukon**

Dentonia has currently no plans to carry out any further exploration on this property. It has complied with the terms of the option agreement between Phelps Dodge and itself.

## **Copper Molybdenum**

### **Thomlinson Creek Copper Molybdenum Property, near Hazelton, British Columbia**

A prospecting and sampling crew completed a program at Thomlinson Creek Copper, Molybdenum, Tungsten Prospect to determine the extent of a large geochemical anomaly and the locations of possible drill holes (6).

Drill hole #6, drilled by Noranda in 1981, at the eastern part of this geochemical anomaly intersect 6m of 0.17% Cu and 0.236% Mo, having an approximate gross value of \$150 per tonne at today's metal prices.

At this stage Dentonia has posted a bond of \$15,500, and has obtained all permits, required to commence a drill program late spring early summer 2006.

Dentonia has an option to earn 100% in the Thomlinson Creek Prospect, by making further payments over 10 years, subject to royalties with Dentonia retaining buy-out-rights.

## **RESULTS OF 1<sup>st</sup> QUARTER OPERATIONS**

### **Three Months Ended November 30, 2005**

The Company experienced a net loss of \$81,652 or \$0.01 per share for the first 3 months of Fiscal 2006, compared to a net loss of \$69,237 or \$0.01 per share for the first 3 months of Fiscal 2005. Of these amounts, general and administrative expenses accounted for \$81,652 in the first 3 month of Fiscal 2006, compared \$69,237 in the first 3 month of Fiscal 2005.

Promotion and investor relations expenses remained at \$10,107. Investor relations activities generally consisted of the dissemination of news releases, the mailing of brochures, maintaining a corporate website at [www.dentonia.net](http://www.dentonia.net) and meetings with shareholders, brokers and investors and dissemination of information through publications in Stockwatch and Stockgroup.

Wages, benefits and legal fees increased by \$18,420 during the 3 months of Fiscal 2006 due to an increase of corporate activities.

Promotion and investor relations costs were \$10,107 while in the 1st quarter in the prior fiscal year, promotion and investor relations expenses were \$10,020 and consisted in each case of wages, web-site maintenance, and mailing costs.

## **FINANCINGS**

### **Warrants and Options Exercised During the 1<sup>st</sup> Quarter and to the Date of This Report**

During the month of November and December, 2005, 479,000 share purchase warrants at \$0.13 a warrant for \$62,270, 810,666 share purchase warrants at \$0.16 a warrant for \$129,707, and 90,700 share purchase warrants at \$0.20 for \$18,140 were exercised. In addition 695,000 options at \$0.10 per share were exercised providing a further \$69,500 to the Company.

### **Private Placements**

During the 3 month period expiring on November 30, 2005, the Company commenced a non brokered private placement which was completed on December 23, 2005, netting the Company \$1,252,000 flow-through funds and \$1,827,525 non-flow-through funds, in total \$3,079,525. The number of units issued were 6,260,000 flow-through at \$0.20, consisting of 1 common share and 1 non-transferable non-flow-through warrant attached exercisable over 2 years, during the 1<sup>st</sup> year at \$0.25 and during the 2<sup>nd</sup> year at \$0.35, and 12,183,501 non-flow-through units at \$0.15, with warrant attached, exercisable over 2 years, during the 1<sup>st</sup> year at \$0.25 and during 2<sup>nd</sup> year at \$0.35.

The funds raised by this private placement and the exercise of warrants and options will be used for general corporate purposes, the financing of the sampling of the Main Lobe or Southern Lobe of the DO27, core drilling and possible sampling of the DO18, and the flow-through funds in the amount of \$1,252,000 for "Canadian Exploration Expenditures" on the Atkinson gold prospect and the Thomlinson Creek copper molybdenum prospect.

### **EIGHT MOST RECENTLY COMPLETED QUARTERS WITH LAST QUARTER ENDED NOVEMBER 30, 2005**

<b><u>Fiscal Year 2006/2005</u></b>				
	<b>Nov 30, 2005</b>	<b>Aug 31, 2005</b>	<b>May 31, 2005</b>	<b>Feb. 28, 2005</b>
Total Revenue	\$1,674	\$Nil	\$Nil	\$Nil
General and administrative expenses	83,326	318,566	93,655	85,884
Write off of exploration costs on outside properties and properties abandoned	Nil	Nil	Nil	Nil
Income (Loss) from continuing operations:				
- In total	(81,652)	(270,653)	(91,997)	(85,884)
- Basic and diluted loss per Share	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	1,496,607	1,235,599	985,142	1,096,540
Total Long Term Financial Liabilities	Nil	Nil	Nil	Nil
Cash Dividends Declared per share	Nil	Nil	Nil	Nil

<b><u>Fiscal Year 2005/2004</u></b>				
	<b>Nov. 30, 2004</b>	<b>Aug. 31, 2004</b>	<b>May 31, 2004</b>	<b>Feb. 28, 2004</b>
Total Revenue	\$Nil	\$Nil	\$7,413	\$Nil
General and administrative expenses	64,238	36,128	55,477	39,971
Write off of exploration costs on outside properties and properties abandoned	5,000	Nil	Nil	Nil
Income (Loss) from continuing operations:				
- In total	(69,238)	(36,128)	(48,064)	(39,971)
- Basic and diluted loss per Share	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	339,356	305,175	74,938	72,316
Total Long Term Financial Liabilities	Nil	Nil	Nil	Nil
Cash Dividends Declared per share	Nil	Nil	Nil	Nil

Fully diluted loss per share is not been presented.

### **LIQUIDITY**

All of the Company's properties are at the exploration stage. The Company does not expect to generate any revenues in the near future and will have to continue to rely upon the sales of equity securities to raise capital. Fluctuations in the Company's share price may affect its ability to obtain future financing and the rate of dilution to existing shareholders.

The Company had working capital of \$657,536 at November 30, 2005 compared to working capital of \$221,629 at November 30, 2004.

### **CAPITAL RESOURCES**

The Company sees the exercise of stock options and warrants as a source of capital and as of the date of this Report, the stock options and warrants outstanding are in-the-money. See Note 6 of the interim financial statement for a list of the stock options and warrants outstanding at November 30, 2005 and page 11 and 12 of this MD&A.

### **RISKS AND UNCERTAINTIES**

The risks and uncertainties affecting the Company remain substantially unchanged from those disclosed in the Annual MD&A, with the exception of financing. To the date of this MD&A, the Company completed a non-brokered private placement and with the exercise of warrants and options, \$3,359,142 were realized by the Company. It is the management's opinion that the proceeds from these financings should be sufficient to carry out the Company's planned exploration programs and to meet the Company's ongoing administrative expenses for a period of at least twelve months.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in the MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in this MD&A.

## **OFF BALANCE SHEET ARRANGEMENTS – DHK DIAMONDS INC. (“DHK”)**

The Company’s interests in the WO claim block, mineral leases SAS1, 2, 3 and six (6) Pellatt Lake claims, are indirectly held through DHK, a private company incorporated under the laws of NWT, in which the Company has a 1/3 equity position.

To date, the following advances were made, by way of shareholder’s loan and subscription for common shares, the latter at \$100 per share, by the respective shareholders of DHK.

### Shareholders’ Advances

Dentonia Resources Ltd.	\$712,468
Horseshoe Gold Mining Inc.	656,612
Kettle River Resources Ltd.	<u>598,764</u>
	<u>\$1,967,844</u>

### Current Shareholdings and Subscriptions in DHK

<u>Name of Subscribers</u>	<u>Number of Common Shares Held</u>	<u>Amount of Subscription</u>
Dentonia Resources Ltd.	682	\$68,200
Horseshoe Gold Mining Inc.	682	\$68,200
Kettle River Resources Ltd.	682	<u>\$68,200</u>
		<u>\$204,600</u>

Current cash balance in DHK’s bank account is approximately \$24,277.14. 2005/2006, and is up to date with its contribution to the WO diamond exploration and \$162,617 is owed to “Archon” for drill testing the DHK and WI claim blocks in 2001, and the WO claim block in 2003, these payments are subject to obtaining a “written reports”, detailing the exploration results; to date no such report has been received.

## **TRANSACTIONS WITH RELATED PARTIES**

See Note 7 of the interim financial statement for a list of transactions with related parties.

## **PROPOSED TRANSACTIONS**

The board of directors is not aware of any proposed transactions involving an asset or business or business acquisition or disposition which may have an effect on financial condition, results of operations and cash flows, other than those in the normal course of the Company's business.

## **DISCLOSURE OF OUTSTANDING SHARES, WARRANTS AND OPTIONS AS OF THE DATE OF THE REPORT**

As of Jan. 23, 2006 Total Issued and Outstanding shares: 57,164,911 common shares

### **As of the Date of the Report, the following Directors' and Employees' Options are outstanding:**

<b>Name</b>	<b>No. of Shares</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
Adolf A. Petancic	300,000	0.10	March 26, 2007
Brian E. Weir	200,000	0.10	March 26, 2007
H. Martyn Fowlds	300,000	0.10	March 26, 2007
Max Braden	60,000	0.10	April 22, 2006
Robert Culbert	50,000	0.12	October 1, 2006
Peter Aven	10,000	0.12	October 1, 2006
Ronald McMillan	250,000	0.10	March 26, 2007
Felix Kaminsky	155,000	0.13	December 9, 2007
<b>TOTAL:</b>	<b>1,325,000</b>		

### **As of the Date of the Report, the following Agent's option is outstanding:**

<b>Name</b>	<b>No. of Shares</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
Research Capital Corporation	522,620	0.15	February 28, 2007

### **As of the date of this Report, the following warrants are outstanding:**

<b>Number of Warrants</b>	<b>Price</b>	<b>Expiry</b>
950,000	\$0.20 per share if exercise on or before September 7, 2006.	September 7, 2006
400,000	\$0.20 per share if exercise on or before October 7, 2006.	October 7, 2006
713,334	\$0.20 per share if exercise on or before February 28, 2006. \$0.30 per share if exercise after February 28, 2006 and on or before February 28, 2007.	February 28, 2007
*104,524	\$0.20 per share if exercise on or before February 28, 2006. \$0.30 per share if exercise after February 28, 2006 and on or before February 28, 2007.	February 28, 2007
18,443,501	\$0.25 per share if exercise on or before Dec. 23, 2006. \$0.35 per share if exercise after Dec. 23, 2006 and on or before Dec. 23, 2007	December 23, 2007
<b>TOTAL: 20,611,359</b>		

\*The warrants at the date hereof have not been issued but shall be issued to the Agent, Capital Research, if and when it exercises its Agent's option.

### **INVESTOR RELATIONS**

The Company during the three-month period under review retained staff to disseminate press releases and other material to the media, interested shareholders, investors, and brokers.

### **APPROVAL**

The Board of Director of Dentonia Resources Ltd. has approved the disclosures contained in this Interim MD&A. A copy of this MD&A and unaudited financial statements ended November 3, 2006 will be provided to anyone who requests this information.

### **ADDITIONAL INFORMATION**

For press releases and other up-dated information, please contact the Company either by phone (604) 682-1141, fax (604) 682-1144, e-mail at [dentonia@telus.net](mailto:dentonia@telus.net), or refer to the Company's website [www.dentonia.net](http://www.dentonia.net) or refer to SEDAR website [www.sedar.com](http://www.sedar.com).

FORM 52-109F2

*CERTIFICATION OF INTERIM FILINGS*

I, *Adolf A. Petancic, President and Chief Executive Officer of Dentonia Resources Ltd.*, certify that:

- 1) I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *Dentonia Resources Ltd.*, (the issuer) for the interim period ending *November 30, 2005*;
- 2) Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
- 3) Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
- 4) The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by other within those entities, particularly during the period in which the interim filings are being prepared;
  - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
- 5) I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: January 23, 2006

"Adolf A. Petancic"

Adolf A. Petancic  
President and Chief Executive Officer

FORM 52-109F2

*CERTIFICATION OF INTERIM FILINGS*

I, **Blaine Bailey**, Chief Financial Officer of **Dentonia Resources Ltd.**, certify that:

- 1) I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of **Dentonia Resources Ltd.**, (the issuer) for the interim period ending **November 30, 2005**;
- 2) Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
- 3) Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
- 4) The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by other within those entities, particularly during the period in which the interim filings are being prepared;
  - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
- 5) I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: January 23, 2006

"Blaine Bailey"  
Blaine Bailey  
Chief Financial Officer