

**NOTICE**

Attached are the unaudited interim financial statements of Rockgate Capital Corp. (the "Corporation") for the period ended March 31, 2006. The Corporation's auditor has not reviewed the attached financial statements.

**ROCKGATE CAPITAL CORP.**

"signed"  
Douglas E. Ford  
Director

May 24, 2006

**ROCKGATE CAPITAL CORP.**  
**Balance Sheet**  
Prepared by management (unaudited)

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	<u>March 31, 2006</u>	<u>June 30, 2005</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 199,968	\$ 86,899
Investments [Note 3]	325,500	-
Accounts Receivable [Note 7]	-	4,565
	<u>\$ 524,968</u>	<u>\$ 91,464</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,265	\$ 17,552
Shareholders' equity		
Share capital	\$ 660,190	\$ 100,000
Contributed Surplus	40,000	-
Deficit	<u>(177,487)</u>	<u>(26,088)</u>
	<u>522,703</u>	<u>73,912</u>
	<u>\$ 524,968</u>	<u>\$ 91,464</u>

Approved by the Directors:

"Signed"

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Karl Kottmeier

"Signed"

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Douglas E. Ford

**ROCKGATE CAPITAL CORP.**  
**Statement of Operations and Deficit**  
Prepared by management (unaudited)

	<b>3 Months ended 31 March 2006</b>	3 Months ended 31 March 2005	<b>9 Months Ended 31 March 2006</b>	Inception to 30 June 2005
Revenue	<u>\$ 975</u>	n/a	<u>\$ 975</u>	<u>\$ 0</u>
Expenses				
Legal	6,705	n/a	38,489	11,918
Accounting	3,280	n/a	9,793	8,500
Corp. Finance Fees	-	n/a	-	5,386
Filing Fees	12,257	n/a	28,441	284
Sponsorship Fees	15,375	n/a	15,375	-
Office Supplies	18	n/a	1,024	-
Rent	7,000	n/a	15,750	-
Professional Sevices	1,358	n/a	3,358	-
Bank charges	20		144	
Stock Based Compensation	-	n/a	<u>40,000</u>	<u>-</u>
Total Expenses	<u>46,013</u>	n/a	<u>152,374</u>	26,088
Income (loss) for the period	<u>(45,038)</u>	n/a	<u>(151,399)</u>	<u>(26,088)</u>
Deficit, beginning of period	<u>\$ (132,449)</u>	n/a	<u>\$ (26,088)</u>	<u>\$ 0</u>
Deficit, end of period	<u><u>\$ (177,487)</u></u>	n/a	<u><u>\$ (177,487)</u></u>	<u><u>\$ (26,088)</u></u>
Basic and diluted loss per share	<u><u>\$ (0.01)</u></u>	n/a	<u><u>\$ (0.04)</u></u>	<u><u>\$ (0.04)</u></u>
Weighted average number of shares outstanding	<u><u>4,462,350</u></u>	n/a	<u><u>3,926,868</u></u>	<u><u>663,737</u></u>

**ROCKGATE CAPITAL CORP.**  
**Statement of Cash Flow**  
Prepared by management (unaudited)

	<b>3 Months ended 31 March 2006</b>	3 Months ended 31 March 2005	<b>9 Months Ended 31 March 2006</b>	Inception to 30 June 2005
<b>Operating Activities</b>				
Net income (loss) for the period	\$ (45,038)	n/a	\$ (151,399)	\$ (26,088)
Add item not involving cash:				
Stock-based compensation	-	n/a	40,000	
	<u>(45,038)</u>	n/a	<u>(111,399)</u>	<u>(26,088)</u>
Change in non-cash working capital item:				
Accounts payable and accrued liabilities	(6,908)	n/a	(15,287)	17,552
	<u>(6,908)</u>	n/a	<u>(15,287)</u>	<u>17,552</u>
Net cash used in operating activities	<b>(51,946)</b>	n/a	<b>(126,686)</b>	(8,536)
<b>Financing Activities</b>				
Deposit	-	n/a	4,565	(4,565)
Issuance of common shares	389,960	n/a	560,190	100,000
	<u>389,960</u>	n/a	<u>560,190</u>	<u>100,000</u>
Net cash from financing activities	<b>389,960</b>	n/a	<b>564,755</b>	95,435
<b>Investing Activity</b>				
Short term investment	(155,040)	n/a	(325,000)	-
	<u>(155,040)</u>	n/a	<u>(325,000)</u>	<u>-</u>
Net cash used in investing activity	<b>(155,040)</b>	n/a	<b>(325,000)</b>	
<b>Net cash increase (decrease) in period</b>	<b>\$ 182,974</b>	n/a	<b>\$ 113,069</b>	<b>\$ 86,899</b>
<b>Cash position, beginning of period</b>	<b>16,994</b>	n/a	<b>86,899</b>	0
<b>Cash position, end of period</b>	<b>\$ 199,968</b>	n/a	<b>\$ 199,968</b>	<b>\$ 86,899</b>

1. **Nature of Operations**

The Company was incorporated in the Province of British Columbia on November 23, 2004 under the Business Corporations Act of British Columbia. There were no business operations during the period November 23, 2004 to December 31, 2004. The Company is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4.

The Company's continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an investment of an interest in a Qualifying Transaction (as defined). The Company is required to complete its Qualifying Transaction (as defined) within 24 months of listing on the Exchange. The acquisition will be subject to shareholder and regulatory approval.

2. **Significant Accounting Policies**

Management has prepared the financial statements of the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within the framework of the significant accounting policies summarized below.

a) **Basic and Diluted Loss per Share**

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. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

b) **Financial Instruments**

The carrying value of the Company's financial instruments, consisting of cash, short-term investment and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**ROCKGATE CAPITAL CORP.**  
**Notes to the Financial Statements**  
March 31, 2006

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Note 2 Significant Accounting Policies – (cont'd)

c) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. The future tax assets or liabilities are calculated using the tax rates for the period in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

d) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

e) Stock-based Compensation

The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

3. Short-term Investment

The Company's excess cash balances are held in accounts at Canadian chartered banks. From time to time, these funds are invested in fully insured or Government guaranteed interest bearing instruments. Any invested funds are committed to instruments which mature in no more than 90 days and are redeemable without penalty to principal at any time.

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4. **Share Capital [also Notes 6, 7, 8, 9 and 10]**

a) Authorized:

Unlimited common shares without par value

b) Issued:

		<u>Number</u>	<u>Amount</u>
Issued for cash pursuant to:			
Incorporation	- at \$0.05	150	\$ 7
Private Placement	- at \$0.05	<u>1,999,850</u>	<u>99,993</u>
Balance, June 30, 2005		2,000,000	100,000
Issued for cash pursuant to:			
Initial Public offering	- at \$0.10	2,000,000	200,000
Share issue costs		-	(29,770)
Private Placement (i)	- at \$0.20	<u>1,949,800</u>	<u>389,960</u>
Balance, March 31, 2006		<u>5,949,800</u>	<u>\$ 660,190</u>

(i) shares issued represent part of the private placement referred to in Note 9 and are reflective of funds received prior to the end of the period

c) Options:

Stock-based Compensation Plan

The Company has granted officers, directors and consultants' share purchase options. These options are granted in accordance with the policies of the regulatory authorities.

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Number of options outstanding June 30, 2005	-	\$ -
Granted	600,000	0.10
Exercised	-	-
Number of options outstanding March 31, 2006	<u>600,000</u>	<u>\$ 0.10</u>

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**Notes to the Financial Statements**  
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Note 4 Share Capital – (cont'd)

All outstanding stock options at March 31, 2006 are exercisable on a 1:1 basis and are summarized as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Stock Options</u>
October 18, 2007	\$0.10	200,000
October 18, 2010	\$0.10	400,000
		<u>600,000</u>

For the nine months ended March 31, 2006, the Company recorded a compensation charge of \$40,000. The fair value of each option 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	4.25%
Expected stock volatility	118.8%
Expected dividend yield	Nil
Expected option life	5 years
Weighted average fair value of share purchase options granted	\$0.10

d) Escrow Shares:

The Company has issued 2,000,000 common shares at \$0.05 per share to its directors, officers and founders for gross proceeds of \$100,000. These shares are subject to an escrow agreement to be released in accordance with the CPC policy guidelines.

The net proceeds from all of the Company's financings have certain limitations on them until completion of the Qualifying Transaction.

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Note 4 Share Capital – (cont'd)

e) Warrants:

In conjunction with the Private Placement detailed in Note 9, the Company has agreed to issue one share purchase warrant with each common share purchased. Accordingly, for the nine months ended March 31, 2006 the following warrants are outstanding:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
Number of Warrants outstanding June 30, 2005	-	\$ -
Issued with private placement (i)	1,949,800	0.345
Exercised	-	-
Number of Warrants outstanding March 31, 2006	<u>1,949,800</u>	<u>\$ 0.345</u>

(i) Warrants issued represent part of the private placement referred to in Note 9 and are reflective of funds received prior to the end of the period

All outstanding Warrants at March 31, 2006 are exercisable on a 1:1 basis and are summarized as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Warrants</u>
October 6, 2007	\$0.345	1,949,800
		<u>1,949,800</u>

5. **Corporate Income Tax Loss Carry Forwards**

The Company has available a non-capital loss of \$26,088, which may be carried forward to reduce taxable income in future years. The non-capital losses begin to expire on June 30, 2015.

The significant components of the Company's future income tax assets are as follows:

Non-capital losses	\$ 9,626
Less: valuation allowance	<u>(9,626)</u>
	<u>\$ -</u>

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Note 5 Corporate Income Tax Loss Carry Forwards – (cont'd)

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward period to utilize all the future tax assets.

6. **Related Party Transactions**

During the period ended June 30, 2005, the Company issued 2,000,000 shares of common stock at \$0.05 for cash proceeds of \$100,000 to directors of the Company.

Effective August 1, 2005, the Company entered into a management services agreement with a company controlled by a director of the Company to provide rental space and office services at a month-to-month fee of \$1,750 totaling \$15,750 for the nine months ended March 31, 2006. These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

7. **Initial Public Offering**

On May 30, 2005, the Company entered into an agency agreement with an agent for the issue of up to 2,000,000 shares in an IPO at a price of \$0.10 per share for proceeds of up to \$200,000. This transaction was completed in October 2005 and the Company's shares were listed for trading on the Exchange on October 18, 2005. The Company paid a commission of 10% of gross proceeds to the agent and granted the agent an option to acquire up to 200,000 shares at \$0.10 per share up to October 18, 2007. The Company also paid a corporate finance fee of \$7,500 in two installments and paid a deposit of \$5,000 against the agent's legal expenses.

In conjunction with the IPO, the Company granted to its officers and directors up to 400,000 share purchase options, each option allowing the holder to acquire an additional share of the Company at \$0.10 per share for a period of five years from the listing date of the Company shares on the Exchange.

8. **Ixtapan Gold Property**

The Company has signed an arm's-length letter of intent dated January 6, 2006 with Oro Gold Resources Ltd. ("Oro Gold") pursuant to which the Company has been granted an option to earn up to a 65% undivided interest in the Ixtapan gold property, located 120 kilometers west of Mexico City, Mexico. Oro Gold has agreed to cause the existing concession to be subdivided into two separate concessions to segregate the Company's interests in the property.

The acquisition of an interest in the property and the private placement will constitute the Company's qualifying transaction pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX").

Under the terms of the option agreement, the Company can acquire an initial 51% interest in the gold project by incurring US\$200,000 in expenditures on the project within one year of the date of TSX acceptance of the agreement and issuing 100,000 common shares of the Company within five

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**Notes to the Financial Statements**  
March 31, 2006

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Note 8 Ixtapan Gold Property – (cont'd)

business days of TSX acceptance. The Company has two further options to acquire in total an additional 14% interest (for a total 65% interest) in the gold project by incurring in total an additional US\$800,000 in expenditures on the project over a two-year period and issuing in total an additional 250,000 common shares of the Company. Oro Gold will be the operator during the first year and receive a cash payment of US\$20,000 as a management fee. A finder's fee will be paid in connection with the acquisition of the option.

In conjunction with the acquisition of an interest in the property, the Company intends to complete a non-brokered private placement to raise gross proceeds of up to \$950,000. Finders' fees may be payable in connection with the private placement.

The above agreement and private placement is subject to TSX approval.

By agreement dated January 11, 2006, the Company will incur legal services with respect to the above-mentioned private placement for up to \$950,000. As consideration for the services, the Company shall pay the following fees:

- i) \$7,360 (paid) upon execution of the agreement and is non-refundable. An additional \$7,640 is due upon TSX approval.
- ii) \$7,500 (paid) deposit to pay disbursements that the sponsor may incur, including legal and consulting costs.

In addition, the sponsor may be asked to act as a finder to locate investors. The sponsor will receive a finder's fee in cash or shares at its option equal to 7% of the proceeds received by the Company.

9. **Private Placement**

Further to Note 8 above, Rockgate has negotiated a private placement of 4.75 million units at a price of 20 cents per unit. Each unit consists of one common share of the company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the company at 34.5 cents per share until Oct. 6, 2007. As of March 31, 2006 the Company had received proceeds of \$389,960 from the private placement and had issued 1,949,800 common shares and 1,949,800 common share purchase warrants

The net proceeds of the private placement will be used to finance work programs on the company's Ixtapan gold project in Mexico and for general working capital.

10. **Subsequent Events**

Effective April 25, 2006 Rockgate completed its qualifying transaction consisting of an option to earn up to a 65-per-cent undivided interest in the Ixtapan gold project from Oro Gold Resources, as detailed in Note 8 above. Rockgate has recommenced trading on the TSX Venture Exchange as a Tier 2 listed company under the trading symbol RGT.

Under the terms of the option agreement, the company may earn a 51-per-cent interest by issuing 100,000 shares to Oro Gold and incurring \$200,000 (U.S.) in expenditures on the property within one year. The company may earn an additional 9-per-cent interest by incurring a further \$300,000 (U.S.) in expenditures on the property and by issuing a further 100,000 shares to Oro Gold by the second anniversary. The company may earn an additional 5-per-cent interest by incurring a further \$500,000 (U.S.) in expenditures on the property and by issuing a further 150,000 shares to Oro Gold by the third anniversary.

The Company completed a non-brokered private placement of 4.75 million units at a price of 20 cents per unit. Each unit consists of one common share of the company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the company at 34.5 cents per share until Oct. 6, 2007.

The net proceeds of the private placement will be used to finance work programs on the company's Ixtapan gold project in Mexico and for general working capital.

In connection with the private placement, the Company issued, as a finder's fee, 100,000 common shares and a share purchase warrant entitling the finder to purchase up to 117,500 common shares on the same terms and conditions as contained in the warrants. All securities issued pursuant to the private placement, including the securities issued as a finder's fee, are subject to a hold period expiring on Aug. 7, 2006

11. **Directors & Officers**

Karl Kottmeier, President & Director  
Douglas E. Ford, Chief Financial Officer & Director  
Krister Kottmeier, Director  
Allen V. Ambrose, Director